

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 859

Short Title: Contributions to PACs.

(Public)

Sponsors: Senator Goldston.

Referred to: Election Laws.

April 12, 1989

A BILL TO BE ENTITLED

AN ACT TO ALLOW PERSONS OTHER THAN INDIVIDUALS TO MAKE LIMITED CONTRIBUTIONS TO POLITICAL ACTION COMMITTEES OF PROFESSIONAL ASSOCIATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 163-278.9(a) reads as rewritten:

"(a) The treasurer of each candidate and of each political committee shall file under verification with the Board the following reports:

(1) Organizational Report. – The appointment of the treasurer as required by G.S. 163-278.7(a), the statement of organization required by G.S. 163-278.7(b), and a report of all contributions and expenditures not previously reported shall be filed with the Board no later than the tenth day following the day the candidate files his notice of candidacy or the tenth day following the organization of the political committee, whichever occurs first. Any candidate whose campaign is being conducted by a political committee which is handling all contributions and expenditures for his campaign shall file a statement with the Board stating such fact at the time required herein for the organizational report. Thereafter, the candidate's political committee shall be responsible for filing all reports required by law.

(1a) Organizational Report of Professional Association Accepting Certain Contributions. In addition to any other requirements of this Article, in order to lawfully accept any contribution permitted by G.S. 163-278.19(f), the organizational statement of the political committee of a

1 professional association shall state that it is a political committee of a
2 professional association and can accept contributions from persons
3 other than individuals. An organizational statement which does not so
4 indicate can be amended to so show. The State Board of Elections
5 shall periodically make public a list of political committees designated
6 under this subdivision. No professional association may have more
7 than one political committee designated under this subdivision.

- 8 (2) Preprimary Report. – The treasurer shall file a report with the Board no
9 later than the tenth day preceding the primary election.
- 10 (3) Postprimary Report(s). – The treasurer shall file a report with the
11 Board no later than the tenth day after the primary election if the
12 candidate was eliminated in the primary. If there is a second primary,
13 the treasurer shall file a report with the Board no later than the tenth
14 day after the second primary election if the candidate was eliminated
15 in the second primary.
- 16 (4) Preelection Report. – The treasurer shall file a report with the Board
17 not later than the tenth day preceding the general election.
- 18 (5) Repealed by Session Laws 1985, c. 164, s. 1, effective January 1,
19 1986.
- 20 (6) Annual Reports.– If contributions are received or expenditures made
21 during a calendar year, for which no reports are otherwise required by
22 this Article, any and all such contributions and expenditures shall be
23 reported by the last Friday in January of the following year."

24 Sec. 2. G.S. 163-278.15 reads as rewritten:

25 "**§ 163-278.15. No acceptance of contributions made by corporations, foreign and**
26 **domestic.**

27 ~~No~~ Except as provided by G.S. 163-278.19(f), no candidate, political committee,
28 political party, or treasurer shall accept any contribution made by any corporation,
29 foreign or domestic, regardless of whether such corporation does business in the State of
30 North Carolina."

31 Sec. 3. G.S. 163-278.19 reads as rewritten:

32 "**§ 163-278.19. Violations by corporations, business entities, labor unions,**
33 **professional associations and insurance companies.**

34 (a) Except as provided in ~~G.S. 163-278.19(b)~~, ~~subsections (b) or (f) of this section~~,
35 it shall be unlawful for any corporation, business entity, labor union, professional
36 association or insurance company directly or indirectly:

- 37 (1) To make any contribution or expenditure (except a loan of money by a
38 national or State bank or federal or State savings and loan association
39 made in accordance with the applicable banking or savings and loan
40 association laws and regulations and in the ordinary course of
41 business) in aid or in behalf of or in opposition to any candidate or
42 political committee in any election or for any political purpose
43 whatsoever;

1 (2) To pay or use or offer, consent or agree to pay or use any of its money
2 or property for or in aid of or in opposition to any candidate or
3 political committee or for or in aid of any person, organization or
4 association organized or maintained for political purposes, or for or in
5 aid of or in opposition to any candidate or political committee or for
6 any political purpose whatsoever; and

7 (3) To reimburse or indemnify any person or individual for money or
8 property so used or for any contribution or expenditure so made;

9 and it shall be unlawful for any officer, director, stockholder, attorney, agent or member
10 of any corporation, business entity, labor union, professional association or insurance
11 company to aid, abet, advise or consent to any such contribution or expenditure, or for
12 any person or individual to solicit or knowingly receive any such contribution or
13 expenditure. Any officer, director, stockholder, attorney, agent or member of any
14 corporation, business entity, labor union, professional association or insurance company
15 aiding or abetting in any contribution or expenditure made in violation of this section
16 shall be guilty of a misdemeanor as hereinafter set out, and shall in addition be liable to
17 such corporation, business entity, labor union, professional association or insurance
18 company for the amount of such contribution or expenditure, and the same may be
19 recovered of him upon suit by any stockholder or member thereof.

20 (b) It shall, however, be lawful for any corporation, business entity, labor union,
21 professional association or insurance company to communicate with its employees,
22 stockholders or members and their families on any subject; to conduct nonpartisan
23 registration and get-out-the-vote campaigns aimed at their employees, stockholders, or
24 members and their families; or for officials and employees of any corporation, insurance
25 company or business entity or the officials and members of any labor union or
26 professional association to establish, administer, contribute to, and to receive and solicit
27 contributions to a separate segregated fund to be utilized for political purposes, except
28 as provided in G.S. 163-278.20, and those individuals shall be deemed to become and
29 be a political committee as that term is defined in G.S. 163-278.6(14) or a referendum
30 committee as defined in G.S. 163-278.6(18b); provided, however, that it shall be
31 unlawful for any such fund to make a contribution or expenditure by utilizing
32 contributions secured by physical force, job discrimination, financial reprisals or the
33 threat of force, job discrimination or financial reprisals, or by dues, fees, or other
34 moneys required as a condition of membership or employment or as a requirement with
35 respect to any terms or conditions of employment, including, without limitation, hiring,
36 firing, transferring, promoting, demoting, or granting seniority or employment-related
37 benefits of any kind, or by moneys obtained in any commercial transaction whatsoever.

38 (c) A violation of this section is a misdemeanor. In addition, the acceptance of
39 any contribution, expenditure, payment, reimbursement, indemnification, or anything of
40 value under subsection (a) shall be unlawful and the defendant shall be subject to the
41 same punishment as set forth in this subsection.

42 (d) Whenever a candidate or treasurer is an officer, director, stockholder,
43 attorney, agent, or employee of any corporation, business entity, labor union,
44 professional association or insurance company, and by virtue of his position therewith

1 uses office space and communication facilities of the corporation, business entity, labor
2 union, professional association or insurance company in the normal and usual scope of
3 his employment, the fact that the candidate or treasurer receives telephone calls, mail, or
4 visits in such office which relates to activities prohibited by this Article shall not be
5 considered a violation under this section.

6 (e) Notwithstanding the prohibitions specified in this Article and Article 22 of
7 this Chapter, a political committee organized under provisions of this Article shall be
8 entitled to receive and the corporation, business entity, labor union, professional
9 association, or insurance company designated on the committee's organizational report
10 as the parent entity of the employees or members who organized the committee is
11 authorized to give reasonable administrative support that shall include, but not be
12 limited to, record keeping, computer services, billings, mailings to members of the
13 committee, and such other support as is reasonably necessary for the administration of
14 the committee.

15 The approximate cost of any record keeping, computer services, billings, mailings,
16 office supplies, and office space provided on a continuing basis shall be submitted to the
17 committee, in writing, and the committee shall include that cost on the annual report
18 required by ~~G.S. 163-278.9(a)(e)~~G.S. 163-278.9(a)(6). Also included in the report shall
19 be the approximate allocable portion of the compensation of any officer or employee of
20 the corporation, business entity, labor union, professional association, or insurance
21 company who has devoted more than thirty-five percent (35%) of his time during
22 normal business hours of the corporation, business entity, labor union, professional
23 association, or insurance company during the period covered by the required report. The
24 approximate cost submitted by the parent corporation, business entity, labor union,
25 professional association, or insurance company shall be entered on the committee's
26 annual report as the final entry on its list of 'contributions' and a copy of the written
27 approximate cost received by it shall be attached.

28 The administrative support given by a corporation, business entity, labor union,
29 professional association, or insurance company shall be designated on the books of the
30 corporation, business entity, labor union, professional association, or insurance
31 company as such and may not be treated by it as a business deduction for State income
32 tax purposes.

33 (f) Notwithstanding any other provision of law, it is lawful for any corporation,
34 business entity, labor union, professional association or insurance company to make a
35 total contribution not in excess of five hundred dollars (\$500.00) in any calendar year to
36 the political committee of any professional association which has been designated under
37 G.S. 163-278.9(a)(1a)."

38 Sec. 4. This act shall become effective with respect to contributions made on
39 or after September 1, 1989.