

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1053

Short Title: Stop Corporate Political Contributions.

(Public)

Sponsors: Representatives Baddour; Hensley, Insko, Luebke, and Mosley.

Referred to: Rules, Calendar and Operations of the House.

April 21, 1997

A BILL TO BE ENTITLED

AN ACT TO STOP THE FLOW OF CORPORATE POLITICAL CONTRIBUTIONS
INTO NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. G.S. 163-269 reads as rewritten:

"§ 163-269. Violations by corporations.

It shall be unlawful for any corporation doing business in this State, either domestic or foreign charter, directly or indirectly to make any contribution or expenditure in aid or in behalf of any candidate or campaign committee in any primary or election held in this State, or for any political purpose whatsoever, or for the reimbursement or indemnification of any person for money or property so used, or for any contribution or expenditure so made; or for any officer, director, stockholder, attorney or agent of any corporation to aid, abet, advise or consent to any such contribution or expenditure, or for any person to solicit or knowingly receive any such contribution or expenditure.

Any contribution by a corporation doing business in this State, by either domestic or foreign charter, is deemed to have been made for a political purpose if it is made:

(1) With the intent or purpose of expressly advocating the election or defeat of any candidate in any election as defined in Article 22A of this Chapter whether made directly or indirectly; or

- 1 (2) In response to a solicitation by a candidate or committee as defined in
2 that Article, or by any representative thereof, by whom it is represented
3 that such contribution will be used directly or indirectly to expressly
4 advocate the election or defeat of any candidate, or for the benefit of
5 any political committee or political party as defined in that Article.

6 The solicitation of any contribution from any corporation of either domestic or foreign
7 charter on the representation that the funds contributed will be used, directly or indirectly,
8 to expressly advocate the election or defeat of any candidate shall be deemed to be a
9 violation of this section.

10 A contribution shall be deemed to have been made indirectly if it is made to any
11 committee or political party account with the intent or purpose of being exchanged in
12 whole or in part for any other funds to be contributed to any candidate or committee as
13 defined in Article 22A or to offset any other funds transferred or contributed to any
14 candidate, committee, or political party.

15 Any officer, director, stockholder, attorney or agent of any corporation aiding or
16 abetting in any contribution or expenditure made in violation of this section shall, in
17 addition to being guilty of a Class 2 misdemeanor as hereinafter set out, be liable to such
18 corporation for the amount of such contribution or expenditure, and the same may be
19 recovered of him upon suit by any stockholder thereof. Any person violating this section
20 shall be guilty of a Class 2 misdemeanor."

21 Section 2. G.S. 163-278.19(a) reads as rewritten:

22 "(a) Except as provided in G.S. 163-278.19(b), it shall be unlawful for any
23 corporation, business entity, labor union, professional association or insurance company
24 directly or indirectly:

- 25 (1) To make any contribution or expenditure (except a loan of money by a
26 national or State bank or federal or State savings and loan association
27 made in accordance with the applicable banking or savings and loan
28 association laws and regulations and in the ordinary course of business)
29 in aid or in behalf of or in opposition to any candidate or political
30 committee in any election or for any political purpose whatsoever;

- 31 (2) To pay or use or offer, consent or agree to pay or use any of its money
32 or property for or in aid of or in opposition to any candidate or political
33 committee or for or in aid of any person, organization or association
34 organized or maintained for political purposes, or for or in aid of or in
35 opposition to any candidate or political committee or for any political
36 purpose whatsoever; and

- 37 (3) To reimburse or indemnify any person or individual for money or
38 property so used or for any contribution or expenditure so made;

39 and it shall be unlawful for any officer, director, stockholder, attorney, agent or member
40 of any corporation, business entity, labor union, professional association or insurance
41 company to aid, abet, advise or consent to any such contribution or expenditure, or for
42 any person or individual to solicit or knowingly receive any such contribution or
43 expenditure. Any officer, director, stockholder, attorney, agent or member of any

1 corporation, business entity, labor union, professional association or insurance company
2 aiding or abetting in any contribution or expenditure made in violation of this section
3 shall be guilty of a Class 2 misdemeanor, and shall in addition be liable to such
4 corporation, business entity, labor union, professional association or insurance company
5 for the amount of such contribution or expenditure, and the same may be recovered of
6 him upon suit by any stockholder or member thereof.

7 Any contribution by a corporation doing business in this State, by either domestic or
8 foreign charter, is deemed to have been made for a political purpose if it is made either (i)
9 with the intent or purpose of expressly advocating the election or defeat of any candidate
10 in any election as defined in this Article; or (ii) in response to a solicitation by a
11 candidate or committee as defined in this Article whether made directly or indirectly, or
12 by any representative thereof, by whom it is represented that such contribution will be
13 used directly or indirectly to expressly advocate the election or defeat of any candidate,
14 or for the benefit of any political committee or political party as defined in this Article.

15 The solicitation of any contribution from any corporation of either domestic or foreign
16 charter on the representation that the funds contributed will be used, directly or indirectly,
17 to expressly advocate the election or defeat of any candidate shall be deemed to be a
18 violation of this section.

19 A contribution shall be deemed to have been made indirectly if it is made to any
20 committee or political party account with the intent or purpose of being exchanged in
21 whole or in part for any other funds to be contributed to any candidate or committee as
22 defined in this Article or to offset any other funds transferred or contributed to any
23 candidate, committee, or political party."

24 Section 3. G.S. 163-278.9 is amended by adding a new subsection to read:

25 "(j) Any political committee or political party expecting to receive a contribution
26 or transfer of funds from any national party committee or state political committee of
27 another state shall, not less than seven days prior to the deposit or pledge of such funds,
28 disclose the intention to receive such funds. The disclosure shall be by report to the State
29 Board of Elections indicating the intention and identifying the source and amount of such
30 funds. The State Board of Elections shall specify the form and manner of making the
31 report."

32 Section 4. This act becomes effective December 1, 1997.