

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 702

Short Title: Consolidate Elections, Ethics, Lobbying. (Public)

Sponsors: Senators Brock (Primary Sponsor); and Rabin.

Referred to: Rules and Operations of the Senate.

April 4, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO CONSOLIDATE THE FUNCTIONS OF ELECTIONS, ETHICS, AND
3 LOBBYING INTO ONE STATE AGENCY.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** The General Statutes are amended by adding a new Chapter to read:

6 **"Chapter 163A.**

7 **"State Elections and Ethics Act.**

8 **"SUBCHAPTER I. GENERAL PROVISIONS.**

9 **"Article 1.**

10 **"Board of Elections and Ethics Enforcement.**

11 **"§ 163A-100. Board of Elections and Ethics Enforcement established.**

12 There is established the State Board of Elections and Ethics Enforcement.

13 **"§ 163A-101. Membership.**

14 (a) The State Board shall consist of nine members. Three members shall be appointed
15 by the Governor, no more than two of whom shall be of the same political party. Six members
16 shall be appointed by the General Assembly, three upon the recommendation of the Speaker of
17 the House of Representatives, no more than two of whom shall be of the same political party,
18 and three upon the recommendation of the President Pro Tempore of the Senate, no more than
19 two of whom shall be of the same political party. Members shall serve for three year terms
20 beginning January 1, 2014, except for the initial terms that shall be as follows:

21 (1) One member appointed by the Governor shall serve an initial term of one
22 year.

23 (2) Two members appointed by the General Assembly, one upon the
24 recommendation of the Speaker of the House of Representatives and one
25 upon the recommendation of the President Pro Tempore of the Senate, shall
26 serve initial terms of one year.

27 (3) One member appointed by the Governor shall serve an initial term of two
28 years.

29 (4) Two members appointed by the General Assembly, one upon the
30 recommendation of the Speaker of the House of Representatives and one
31 member upon the recommendation of the President Pro Tempore of the
32 Senate, shall serve initial terms of two years.

33 (b) Members shall be removed from the State Board only for misfeasance, malfeasance,
34 or nonfeasance. Members appointed by the Governor may be removed by the Governor.
35 Members appointed by the General Assembly upon the recommendation of the Speaker of the



1 House of Representatives shall be removed by the Governor upon the recommendation of the
2 Speaker. Members appointed by the General Assembly upon the recommendation of the
3 President Pro Tempore of the Senate shall be removed by the Governor upon the
4 recommendation of the President Pro Tempore.

5 (c) Vacancies in appointments made by the Governor shall be filled by the Governor
6 for the remainder of any unfulfilled term. Vacancies in appointments made by the General
7 Assembly shall be filled in accordance with G.S. 120-122 for the remainder of any unfulfilled
8 term.

9 (d) No member while serving on the State Board or employee while employed by the
10 State Board shall:

11 (1) Hold or be a candidate for any other office or place of trust or profit under
12 the United States, the State, or a political subdivision of the State.

13 (2) Hold office in any political party above the precinct level.

14 (3) Participate in or contribute to the political campaign of any covered person
15 or any candidate for a public office as a covered person over which the
16 Board would have jurisdiction or authority.

17 (4) Otherwise be an employee of the State, a community college, or a local
18 school administrative unit, or serve as a member of any other State board.

19 (e) The Governor shall annually appoint a member of the Board to serve as chair of the
20 State Board. The State Board shall elect a vice-chair annually from its membership. The
21 vice-chair shall act as the chair in the chair's absence or if there is a vacancy in that position.

22 (f) Members of the Board shall receive compensation for service on the Board.

23 **"§ 163A-102. Meetings and quorum.**

24 The State Board shall meet at least quarterly and at other times as called by its chair or by
25 four of its members. In the case of a vacancy in the chair, meetings may be called by the
26 vice-chair. Five members of the State Board constitute a quorum.

27 **"§ 163A-103. Staff and offices.**

28 The State Board may employ professional and clerical staff, including an Executive
29 Director. The State Board shall be located within the Department of Administration for
30 administrative purposes only, but shall exercise all of its powers, including the power to
31 employ, direct, and supervise all personnel, independently of the Secretary of Administration.
32 The State Board is subject to the direction and supervision of the Secretary of Administration
33 only with respect to the management functions of coordinating and reporting.

34 **"§ 163A-104. Powers of the chair in the execution of State Board duties.**

35 (a) In the performance of the duties enumerated in this Chapter, the chair of the State
36 Board shall have power to administer oaths, issue subpoenas, summon witnesses, and compel
37 the production of papers, books, records, and other evidence.

38 (b) Upon the written request or requests of two or more members of the State Board, the
39 chair shall issue subpoenas for designated witnesses or identified papers, books, records, and
40 other evidence.

41 (c) In the absence of the chair or upon the chair's refusal to act, any two members of the
42 State Board may issue subpoenas, summon witnesses, and compel the production of papers,
43 books, records, and other evidence. In the absence of the chair or upon the chair's refusal to act,
44 any member of the State Board may administer oaths.

45 (d) The State Board may petition the Superior Court of Wake County for the approval
46 to issue subpoenas and subpoenas duces tecum as necessary to conduct investigations of
47 violations of this Chapter. The court shall authorize subpoenas under this subsection when the
48 court determines they are necessary for the enforcement of this Chapter. Subpoenas issued
49 under this subsection shall be enforceable by the court through contempt powers. Venue shall
50 be with the Superior Court of Wake County for any nonresident person, or that person's agent,

1 who makes a reportable expenditure under this Chapter, and personal jurisdiction may be
2 asserted under G.S. 1-75.4.

3 **"§ 163A-105. Executive Director of the State Board.**

4 (a) There is hereby created the position of Executive Director of the State Board, who
5 shall perform all duties imposed by statute and such duties as might be assigned by the State
6 Board.

7 (b) The State Board shall appoint an Executive Director for a term of four years with
8 compensation to be determined by the Department of Personnel. The Executive Director shall
9 serve, unless removed for cause, until a successor is appointed. In the event of a vacancy, the
10 vacancy shall be filled for the remainder of the term.

11 (c) The Executive Director shall be responsible for staffing, administration, execution
12 of the State Board's decisions and orders, and shall perform such other responsibilities as may
13 be assigned by the State Board.

14 **"SUBCHAPTER II. ETHICS AND LOBBYING.**

15 "Article 2.

16 "Definitions; General Provisions.

17 **"§ 163A-200. Definitions.**

18 The following definitions apply in this Subchapter:

- 19 (1) Blind trust. – A trust established by or for the benefit of a covered person or
20 a member of the covered person's immediate family for divestiture of all
21 control and knowledge of assets. A trust qualifies as a blind trust under this
22 subdivision if the covered person or a member of the covered person's
23 immediate family has no knowledge of the holdings and sources of income
24 of the trust, the trustee of the trust is independent of and not associated with
25 or employed by the covered person or a member of the covered person's
26 immediate family and is not a member of the covered person's extended
27 family, and the trustee has sole discretion as to the management of the trust
28 assets.
- 29 (2) Board. – Any State board, council, committee, task force, authority, or
30 similar public body, however denominated, created by statute or executive
31 order, as determined and designated by the State Board, except for those
32 public bodies that have only advisory authority.
- 33 (3) Business. – Any of the following organized for profit:
- 34 a. Association.
- 35 b. Business trust.
- 36 c. Corporation.
- 37 d. Enterprise.
- 38 e. Joint venture.
- 39 f. Organization.
- 40 g. Partnership.
- 41 h. Proprietorship.
- 42 i. Vested trust.
- 43 j. Every other business interest, including ownership or use of land for
44 income.
- 45 (4) a. Business with which associated. – A business in which the covered
46 person or filing person, or any member of that covered person's or
47 filing person's immediate family, does any of the following:
- 48 1. Is an employee.
- 49 2. Holds a position as a director, officer, partner, proprietor, or
50 member or manager of a limited liability company.

- 1 irrespective of the amount of compensation received or the
2 amount of the interest owned.
- 3 3. Owns a legal, equitable, or beneficial interest of ten thousand
4 dollars (\$10,000) or more in the business or five percent (5%)
5 of the business, whichever is less, other than as a trustee on a
6 deed of trust.
- 7 4. Is a lobbyist registered under this Chapter.
- 8 b. For purposes of this subdivision, the term "business" shall not
9 include a widely held investment fund, including a mutual fund,
10 regulated investment company, or pension or deferred compensation
11 plan, if all of the following apply:
- 12 1. The covered person, filing person, or a member of the
13 covered person's or filing person's immediate family neither
14 exercises nor has the ability to exercise control over the
15 financial interests held by the fund.
- 16 2. The fund is publicly traded or the fund's assets are widely
17 diversified.
- 18 (5) Committee. – The Legislative Ethics Committee, as created in Part 3 of
19 Article 14 of Chapter 120 of the General Statutes.
- 20 (6) Compensation. – Any money, thing of value, or economic benefit conferred
21 on or received by any covered person or filing person in return for services
22 rendered or to be rendered by that covered person or filing person or another.
23 This term does not include campaign contributions properly received and
24 reported as required by Subchapter V of this Chapter.
- 25 (7) Confidential information. – Information defined as confidential by the law.
- 26 (8) Constitutional officers of the State. – Officers whose offices are established
27 by Article III of the North Carolina Constitution.
- 28 (9) Contract. – Any agreement, including sales and conveyances of real and
29 personal property and agreements for the performance of services.
- 30 (10) Covered person. – A legislator, public servant, or judicial officer, as
31 identified by the State Board under G.S. 163A-208.
- 32 (11) Designated individual. – A legislator, legislative employee, or public
33 servant.
- 34 (12) Employing entity. – For public servants, any of the following bodies of State
35 government of which the public servant is an employee or a member or over
36 which the public servant exercises supervision: agencies, authorities, boards,
37 commissions, committees, councils, departments, offices, institutions and
38 their subdivisions, and constitutional offices of the State. For legislators, it is
39 the house of which the legislator is a member. For legislative employees, it
40 is the authority that hired the individual. For judicial employees, it is the
41 Chief Justice.
- 42 (13) Executive action. – The preparation, research, drafting, development,
43 consideration, modification, amendment, adoption, approval, tabling,
44 postponement, defeat, or rejection of a policy, guideline, request for
45 proposal, procedure, regulation, or rule by a public servant purporting to act
46 in an official capacity. This term does not include any of the following:
- 47 a. Present, prior, or possible proceedings of a contested case hearing
48 under Chapter 150B of the General Statutes of a judicial nature or of
49 a quasi-judicial nature.
- 50 b. A public servant's communication with a person, or another person
51 on that person's behalf, with respect to any of the following:

- 1 4. Donations to a religious organization, charity, the State, or a
2 political subdivision of the State, not to exceed a total of two
3 hundred dollars (\$200.00) per death per donor.
4 (18) Governmental unit. – A political subdivision of the State, and any other
5 entity or organization created by a political subdivision of the State.
6 (19) Honorarium. – Payment for services for which fees are not legally or
7 traditionally required.
8 (20) Immediate family. – An unemancipated child of the covered person residing
9 in the household and the covered person's spouse, if not legally separated. A
10 member of a covered person's extended family shall also be considered a
11 member of the immediate family if actually residing in the covered person's
12 household.
13 (21) In session. – One of the following:
14 a. The General Assembly is in extra session from the date the General
15 Assembly convenes until the General Assembly:
16 1. Adjourns sine die.
17 2. Recesses or adjourns for more than 10 days.
18 b. The General Assembly is in regular session from the date set by law
19 or resolution that the General Assembly convenes until the General
20 Assembly:
21 1. Adjourns sine die.
22 2. Recesses or adjourns for more than 10 days.
23 (22) Judicial employee. – The director and assistant director of the
24 Administrative Office of the Courts and any other individual, designated by
25 the Chief Justice, employed in the Judicial Department whose annual
26 compensation from the State is sixty thousand dollars (\$60,000) or more.
27 (23) Judicial officer. – Justice or judge of the General Court of Justice, district
28 attorney, clerk of court, or any individual elected or appointed to any of
29 these positions prior to taking office.
30 (24) Legislative action. – The preparation, research, drafting, introduction,
31 consideration, modification, amendment, approval, passage, enactment,
32 tabling, postponement, defeat, or rejection of a bill, resolution, amendment,
33 motion, report, nomination, appointment, or other matter, whether or not the
34 matter is identified by an official title, general title, or other specific
35 reference, by a legislator or legislative employee acting or purporting to act
36 in an official capacity. It also includes the consideration of any bill by the
37 Governor for the Governor's approval or veto under Section 22(1) of Article
38 II of the North Carolina Constitution or for the Governor to allow the bill to
39 become law under Section 22(7) of Article II of the North Carolina
40 Constitution.
41 (25) Legislative employee. – Employees and officers of the General Assembly,
42 consultants and counsel to committees of either house of the General
43 Assembly or of legislative commissions, who are paid by State funds, and
44 students at an accredited law school while in an externship program at the
45 General Assembly approved by the Legislative Services Commission, but
46 not including legislators, members of the Council of State, nonsupervisory
47 employees of the Administrative Division's Facility Maintenance and Food
48 Services staff, or pages.
49 (26) Legislator. – A member or presiding officer of the General Assembly, or an
50 individual elected or appointed a member or presiding officer of the General
51 Assembly before taking office.

1 (27) Liaison personnel. – Any State employee, counsel employed under
2 G.S. 147-17, or officer whose principal duties, in practice or as set forth in
3 that individual's job description, include lobbying legislators or legislative
4 employees.

5 (28) Lobby or lobbying. – Any of the following:

6 a. Influencing or attempting to influence legislative or executive action,
7 or both, through direct communication or activities with a designated
8 individual or that designated individual's immediate family.

9 b. Developing goodwill through communications or activities,
10 including the building of relationships, with a designated individual
11 or that designated individual's immediate family with the intention of
12 influencing current or future legislative or executive action, or both.

13 The terms "lobby" or "lobbying" do not include communications or
14 activities as part of a business, civic, religious, fraternal, personal, or
15 commercial relationship which is not connected to legislative or executive
16 action, or both.

17 (29) Lobbyist. – An individual who engages in lobbying for payment and meets
18 any of the following criteria:

19 a. Represents another person or governmental unit but is not directly
20 employed by that person or governmental unit.

21 b. Contracts for payment for lobbying.

22 c. Is employed by a person and a significant part of that employee's
23 duties include lobbying. In no case shall an employee be considered a
24 lobbyist if in no 30-day period less than five percent (5%) of that
25 employee's actual duties include engaging in lobbying as defined in
26 sub-subdivision (28)a. of this section or if in no 30-day period less
27 than five percent (5%) of that employee's actual duties include
28 engaging in lobbying as defined in sub-subdivision (28)b. of this
29 section.

30 The term "lobbyist" shall not include individuals who are specifically
31 exempted from this Subchapter under Part 5 of Article 5 of this Chapter or
32 registered as liaison personnel under Part 4 of Article 5 of this Chapter.

33 (30) Lobbyist principal and principal. – The person or governmental unit on
34 whose behalf the lobbyist lobbies and who makes payment for the lobbying.
35 In the case where a lobbyist is paid by a law firm, consulting firm, or other
36 entity retained by a person or governmental unit for lobbying, the principal
37 is the person or governmental unit whose interests the lobbyist represents in
38 lobbying. In the case of a lobbyist employed or retained by an association or
39 other organization, the lobbyist principal is the association or other
40 organization, not the individual members of the association or other
41 organization.

42 The term "lobbyist principal" shall not include those designating
43 registered liaison personnel under Part 4 of Article 5 of this Chapter.

44 (31) Nonprofit corporation or organization with which associated. – Any
45 not-for-profit corporation, organization, or association, incorporated or
46 otherwise, that is organized or operating in the State primarily for religious,
47 charitable, scientific, literary, public health and safety, or educational
48 purposes and of which the covered person, filing person, or any member of
49 the covered person's or filing person's immediate family is a director, officer,
50 governing board member, employee, lobbyist registered under this
51 Subchapter, or independent contractor. Nonprofit corporation or

- 1 organization with which associated shall not include any board, entity, or
2 other organization created by this State or by any political subdivision of this
3 State.
- 4 (32) Official action. – Any decision, including administration, approval,
5 disapproval, preparation, recommendation, the rendering of advice, and
6 investigation, made or contemplated in any proceeding, application,
7 submission, request for a ruling or other determination, contract, claim,
8 controversy, investigation, charge, or rule making.
- 9 (33) Participate. – To take part in, influence, or attempt to influence, including
10 acting through an agent or proxy.
- 11 (34) Payment. – Any money, thing of value, or economic benefit conveyed to the
12 lobbyist for lobbying, other than reimbursement of actual travel,
13 administrative expenses, or subsistence.
- 14 (35) Permanent designee. – An individual designated by a public servant to serve
15 and vote in the absence of the public servant on a regular basis on a board on
16 which the public servant serves.
- 17 (36) Person. – Any individual, firm, partnership, committee, association,
18 corporation, business, or any other organization or group of persons acting
19 together. The term "person" does not include the State, a political
20 subdivision of the State, a board, or any other entity or organization created
21 by the State or a political subdivision of the State.
- 22 (37) Person with which the legislator is associated. – Any of the following:
23 a. A member of the legislator's extended family.
24 b. A client of the legislator.
25 c. A business with which the legislator or a member of the legislator's
26 immediate family is associated.
27 d. A nonprofit corporation or association with which the legislator or a
28 member of the legislator's immediate family is associated.
29 e. The State, a political subdivision of the State, a board, or any other
30 entity or organization created by the State or a political subdivision
31 of the State that employs the legislator or a member of the legislator's
32 immediate family.
- 33 (38) Person with which the public servant is associated. – Any of the following:
34 a. A member of the public servant's extended family.
35 b. A client of the public servant.
36 c. A business with which the public servant or a member of the public
37 servant's immediate family is associated.
38 d. A nonprofit corporation or association with which the public servant
39 or a member of the public servant's immediate family is associated.
40 e. The State, a political subdivision of the State, a board, or any other
41 entity or organization created by the State or a political subdivision
42 of the State that employs the public servant or a member of the
43 public servant's immediate family.
- 44 (39) Political party. – Either of the two largest political parties in the State based
45 on statewide voter registration at the applicable time.
- 46 (40) Public servants. – All of the following:
47 a. Constitutional officers of the State and individuals elected or
48 appointed as constitutional officers of the State prior to taking office.
49 b. Employees of the Office of the Governor.
50 c. Heads of all principal State departments, as set forth in G.S. 143B-6,
51 who are appointed by the Governor.

- 1 d. The chief deputy and chief administrative assistant of each individual
2 designated under sub-subdivision a. or c. of this subdivision.
- 3 e. Confidential assistants and secretaries as defined in G.S. 126-5(c)(2)
4 to individuals designated under sub-subdivision a., c., or d. of this
5 subdivision.
- 6 f. Employees in exempt positions designated in accordance with
7 G.S. 126-5(d)(1), (2), or (2a) and confidential secretaries to these
8 individuals.
- 9 g. Any other employees or appointees in the principal State departments
10 as may be designated by the Governor to the extent that the
11 designation does not conflict with the State Personnel Act.
- 12 h. Judicial employees.
- 13 i. All voting members of boards, including ex officio members,
14 permanent designees of any voting member, and members serving by
15 executive, legislative, or judicial branch appointment.
- 16 j. For The University of North Carolina, the voting members of the
17 Board of Governors of The University of North Carolina, the
18 president, the vice presidents, the chancellors, the vice-chancellors,
19 and voting members of the boards of trustees of the constituent
20 institutions.
- 21 k. For the North Carolina Community College System, the voting
22 members of the State Board of Community Colleges, the president
23 and the chief financial officer of the North Carolina Community
24 College System, the president, chief financial officer, and chief
25 administrative officer of each community college, and voting
26 members of the boards of trustees of each community college.
- 27 l. Members of the State Board and the directors under G.S. 163A-9.
- 28 m. Individuals under contract with the State working in or against a
29 position included under this subdivision.
- 30 n. The director of the Office of State Personnel.
- 31 o. The State Controller.
- 32 p. The chief information officer, deputy chief information officers,
33 chief financial officers, and general counsel of the Office of
34 Information Technology Services.
- 35 q. The director of the North Carolina Museum of Art.
- 36 r. The executive director of the Agency for Public
37 Telecommunications.
- 38 s. The Commissioner of Motor Vehicles.
- 39 t. The Commissioner of Banks and the Chief Deputy Commissioner of
40 Banks.
- 41 u. The executive director of the North Carolina Housing Finance
42 Agency.
- 43 v. The executive director, chief financial officer, and chief operating
44 officer of the North Carolina Turnpike Authority.
- 45 (41) Reportable expenditure. – Any of the following that directly or indirectly is
46 made to, at the request of, for the benefit of, or on the behalf of a designated
47 individual or that individual's immediate family member:
- 48 a. Any advance, contribution, conveyance, deposit, distribution,
49 payment, gift, retainer, fee, salary, honorarium, reimbursement, loan,
50 pledge, or thing of value greater than ten dollars (\$10.00) per
51 designated individual per single calendar day.

1 b. A contract, agreement, promise, or other obligation, whether or not
2 legally enforceable.

3 (42) State agency. – An agency in the executive branch of the government of this
4 State, including the Governor's Office, a board, a department, a division, and
5 any other unit of government in the executive branch.

6 (43) State Board. – The State Board of Elections and Ethics Enforcement as
7 established by this Chapter.

8 (44) Solicitation of others. – A solicitation of members of the public to
9 communicate directly with or contact one or more designated individuals to
10 influence or attempt to influence legislative or executive action to further the
11 solicitor's position on that legislative or executive action, when that request
12 is made by any of the following methods:

13 a. A broadcast, cable, or satellite transmission.

14 b. An e-mail communication or a Web site posting.

15 c. A communication delivered by print media as defined in
16 G.S. 163A-4570.

17 d. A letter or other written communication delivered by mail or by
18 comparable delivery service.

19 e. Telephone.

20 f. A communication at a conference, meeting, or similar event.

21 The term "solicitation of others" does not include communications made
22 by a person or by the person's agent to that person's stockholders,
23 employees, board members, officers, members, subscribers, or other
24 recipients who have affirmatively assented to receive the person's regular
25 publications or notices.

26 (45) Vested trust. – A trust, annuity, or other funds held by a trustee or other third
27 party for the benefit of the covered person or a member of the covered
28 person's immediate family, except a blind trust. A vested trust shall not
29 include a widely held investment fund, including a mutual fund, regulated
30 investment company, or pension or deferred compensation plan, if both of
31 the following apply:

32 a. The covered person or a member of the covered person's immediate
33 family neither exercises nor has the ability to exercise control over
34 the financial interests held by the fund.

35 b. The fund is publicly traded or the fund's assets are widely diversified.

36 **§ 163A-201. Application to the Lieutenant Governor.**

37 For purposes of this Subchapter, the Lieutenant Governor shall be considered a legislator
38 when carrying out the Lieutenant Governor's duties under Section 13 of Article II of the North
39 Carolina Constitution and a public servant for all other purposes.

40 **§ 163A-202. Application to candidates to certain offices.**

41 For purposes of this Subchapter, the term "legislator" and the term "public servant" shall
42 include an individual having filed a notice of candidacy or otherwise qualified to have that
43 individual's name on the ballot for such office under this Chapter.

44 **§ 163A-203. Education programs.**

45 (a) The State Board shall develop and implement an ethics and lobbying education and
46 awareness program designed to instill in all covered persons and legislative employees a keen
47 and continuing awareness of their ethical obligations and a sensitivity to situations that might
48 result in real or potential conflicts of interest.

49 (b) The State Board shall offer basic ethics and lobbying education and awareness
50 presentations to all public servants upon their election, appointment, or employment and shall
51 offer periodic refresher presentations as the State Board deems appropriate. Every public

1 servant shall participate in an ethics and lobbying presentation approved by the State Board
2 within six months of the public servant's election, reelection, appointment, or employment and
3 shall attend refresher ethics education presentations at least every two years thereafter in a
4 manner as the State Board deems appropriate. This subsection shall not apply to judicial
5 officers.

6 (c) A public servant appointed to a board determined and designated as nonadvisory
7 under G.S. 163A-208(a)(3) shall attend an ethics and lobbying presentation approved by the
8 State Board within six months of notification of the designation by the State Board and at least
9 every two years thereafter in a manner as the State Board deems appropriate.

10 (d) The State Board, jointly with the Committee, shall make basic ethics and lobbying
11 education and awareness presentations to all legislators and legislative employees upon their
12 election, reelection, appointment, or employment and shall offer periodic refresher
13 presentations as the State Board and the Committee deem appropriate. Every legislator shall
14 participate in an ethics and lobbying presentation approved by the State Board and Committee
15 within two months of either the convening of the General Assembly to which the legislator is
16 elected or within two months of the legislator's appointment, whichever is later. Every
17 legislative employee shall participate in an ethics and lobbying presentation approved by the
18 State Board and Committee within three months of employment and shall attend refresher
19 ethics education presentations at least every two years thereafter in a manner as the State Board
20 and Committee deem appropriate.

21 (e) The State Board shall develop and implement a lobbying education and awareness
22 program designed to instill in lobbyists and lobbyists' principals a keen and continuing
23 awareness of their obligations and sensitivity to situations that might result in real or potential
24 violation of this Subchapter or other related laws. The State Board shall make lobbying
25 education and awareness programs available to lobbyists and lobbyists' principals.

26 (f) Upon request, the State Board shall assist each State agency in developing in-house
27 ethics and lobbying education programs and procedures necessary or desirable to meet the State
28 agency's particular needs for ethics education, conflict identification, and conflict avoidance.

29 (g) Each State agency head shall designate an ethics liaison who shall maintain active
30 communication with the State Board on all State agency ethics and lobbying issues. The ethics
31 liaison shall attend ethics and lobbying education and awareness programs as provided under
32 this section. The ethics liaison shall continuously assess and advise the State Board of any
33 issues or conduct which might reasonably be expected to result in a conflict of interest and seek
34 advice and rulings from the State Board as to their appropriate resolution.

35 (h) The State Board shall publish a newsletter containing summaries of the State
36 Board's opinions, policies, procedures, and interpretive bulletins with respect to ethics and
37 lobbying as issued from time to time. The newsletter shall be distributed to all covered persons
38 and legislative employees. Publication under this subsection may be done electronically.

39 (i) The State Board shall assemble and maintain a collection of relevant State laws,
40 rules, and regulations and set forth ethical standards applicable to covered persons and lobbying
41 laws and regulations. This collection shall be made available electronically as resource
42 material.

43 **"§ 163A-204. Requests for advice.**

44 (a) At the written request of any public servant or legislative employee, any individual
45 who is responsible for the supervision or appointment of a public servant or legislative
46 employee, legal counsel for any public servant or legislative employee, any ethics liaison under
47 this Subchapter, or any member of the State Board, the State Board shall render advice on
48 specific questions involving the meaning and application of this Subchapter and the public
49 servant's or legislative employee's compliance therewith. This subsection shall apply to judicial
50 officers only for advice related to Article 3 of this Chapter.

1 **(b)** At the request of a legislator, the State Board shall render recommended advice on
2 specific questions involving the meaning and application of this Subchapter and Part 1 of
3 Article 14 of Chapter 120 of the General Statutes and the legislator's compliance therewith.
4 Any recommended formal advisory opinion issued to a legislator under this subsection shall
5 immediately be delivered to the chairs of the Committee, together with a copy of the request.
6 Except for the Lieutenant Governor, the immunity granted under this section shall not apply
7 after the time the Committee modifies or overrules the advisory opinion of the State Board in
8 accordance with G.S. 120-104.

9 **(c)** At the written request of any person, State agency, or governmental unit affected by
10 Article 5 of this Subchapter, the State Board shall render advice on specific questions involving
11 the meaning and application of Article 5 of this Subchapter and that person's, State agency's, or
12 governmental unit's compliance therewith.

13 **(d)** On its own motion, the State Board may render advisory opinions on specific
14 questions involving the meaning and application of this Subchapter.

15 **(e)** All written requests for advice and advice rendered in response to those requests
16 shall relate prospectively to real or reasonably anticipated fact settings or circumstances.

17 **(f)** A request for a formal advisory opinion under subsections (a), (b), and (c) of this
18 section shall be in writing, electronic or otherwise. The State Board shall issue formal advisory
19 opinions having prospective application only. Any individual, person, or governmental unit
20 who relies upon the advice provided on a specific matter addressed by the requested formal
21 advisory opinion shall be immune from all of the following:

22 **(1)** Investigation by the State Board, except for an inquiry under
23 G.S. 163A-206(c)(3).

24 **(2)** Any adverse action by the employing entity.

25 **(g)** At the request of the State Auditor, the State Board shall render advisory opinions
26 on specific questions involving the meaning and application of this Subchapter, Article 14 of
27 Chapter 120 of the General Statutes, and an affected person's compliance therewith. The
28 request shall be in writing, electronic or otherwise, and relate to real fact settings and
29 circumstances. Except when the question involves a question governed by subsection (b) of this
30 section, the State Board shall issue an advisory opinion under this subsection within 60 days of
31 the receipt of all information deemed necessary by the State Board to render an opinion. If the
32 question involves a question governed by subsection (b) of this section, the State Board shall
33 comply with the provisions of that section prior to responding to the State Auditor by
34 delivering the recommended advisory opinion to the Committee within 60 days of the receipt of
35 all information deemed necessary by the State Board to render an opinion. The Committee shall
36 act on the opinion within 30 days of receipt, and the Committee shall deliver the opinion to the
37 State Auditor. If the Committee fails to act on a recommended advisory opinion under this
38 subsection within 30 days of receipt, the State Board shall deliver its recommended advisory
39 opinion to the State Auditor. Notwithstanding subsection (k) of this section, the State Auditor
40 may release only those portions of the advisory opinion necessary to comply with the
41 requirements of G.S. 147-64.6(c)(1).

42 **(h)** Staff to the State Board may issue advice, but not formal or recommended formal
43 advisory opinions, under procedures adopted by the State Board.

44 **(i)** The State Board shall publish its formal advisory opinions within 30 days of
45 issuance. These formal advisory opinions shall be edited for publication purposes as necessary
46 to protect the identities of the individuals requesting formal advisory opinions. When the State
47 Board issues a recommended formal advisory opinion to a legislator under subsection (b) of
48 this section, the State Board shall publish only the edited formal advisory opinion of the
49 Committee within 30 days of receipt of the edited opinion from the Committee.

50 **(j)** Except as provided under subsections (g), (i), and (k) of this section, a request for
51 advice, any advice provided by State Board staff, any formal or recommended formal advisory

1 opinions, any supporting documents submitted or caused to be submitted to the State Board or
2 State Board staff, and any documents prepared or collected by the State Board or State Board
3 staff in connection with a request for advice are confidential. The identity of the individual
4 making the request for advice, the existence of the request, and any information related to the
5 request may not be revealed without the consent of the requestor. An individual who requests
6 advice or receives advice, including a formal or recommended formal advisory opinion, may
7 authorize the release of the request, the advice, or any supporting documents to any other
8 person, the State, or any governmental unit.

9 For purposes of this section, "document" is as defined in G.S. 120-129. Requests for advice,
10 any advice, and any documents related to requests for advice are not "public records" as
11 defined in G.S. 132-1.

12 (k) Staff to the State Board may share with staff to the Committee all information and
13 documents related to requests for advice made by legislators under this section. The
14 information and documents in the possession of staff to the Committee are confidential and are
15 not public records.

16 (l) Requests for advice may be withdrawn by the requestor at any time prior to the
17 issuance of the advice.

18 **"§ 163A-205. Identify and publish names of covered persons and legislative employees.**

19 The State Board shall identify and publish at least quarterly a listing of the names and
20 positions of all individuals subject to this Chapter as covered persons or legislative employees.
21 The State Board shall also identify and publish at least annually a listing of all boards to which
22 this Chapter applies. This listing may be published electronically on a public Internet Web site
23 maintained by the State Board.

24 **"§ 163A-206. Inquiries by the State Board.**

25 (a) Jurisdiction. – The State Board may receive complaints alleging unethical conduct
26 by covered persons and legislative employees and shall conduct inquiries of complaints
27 alleging unethical conduct by covered persons and legislative employees, as set forth in this
28 section.

29 (b) Notice of Allegation. – Upon receipt by the State Board of a written allegation of
30 unethical conduct by a covered person or legislative employee, or the initiation by the State
31 Board of an inquiry into unethical conduct under subsection (c) of this section, the State Board
32 shall immediately notify the covered person or legislative employee subject to the allegation or
33 inquiry in writing.

34 (c) Institution of Proceedings. – On its own motion, in response to a signed and sworn
35 complaint of any individual filed with the State Board, or upon the written request of any
36 public servant or those responsible for the hiring, appointing, or supervising of a public servant,
37 the State Board shall conduct an inquiry into any of the following:

- 38 (1) The application or alleged violation of this Chapter.
- 39 (2) For legislators, the application or alleged violation of Part 1 of Article 14 of
40 Chapter 120 of the General Statutes.
- 41 (3) An alleged violation of the criminal law by a covered person in the
42 performance of that individual's official duties.
- 43 (4) An alleged violation of G.S. 126-14.

44 Upon receipt of a referral under G.S. 147-64.6B or a report under G.S. 147-64.6(c)(19), the
45 State Board may conduct an inquiry under this section on its own motion. Allegations of
46 violations of the Code of Judicial Conduct shall be referred to the Judicial Standards
47 Commission without investigation.

48 (d) Complaints on Its Own Motion. – An investigation initiated by the State Board on
49 its own motion or upon written request of any public servant or those responsible for the hiring,
50 appointing, or supervising of a public servant instituted under subsection (e) of this section
51 shall be treated as a complaint for purposes of this section and need not be sworn or verified.

1 (e) Complaint. –

2 (1) A sworn complaint filed under this Chapter shall state the name, address,
3 and telephone number of the individual filing the complaint, the name and
4 job title or appointive position of the covered person or legislative employee
5 against whom the complaint is filed, and a concise statement of the nature of
6 the complaint and specific facts indicating that a violation of this Chapter or
7 Chapter 120 of the General Statutes or G.S. 126-14 or the criminal law in the
8 performance of that individual's official duties has occurred, the date the
9 alleged violation occurred, and either (i) that the contents of the complaint
10 are within the knowledge of the individual verifying the complaint or (ii) the
11 basis upon which the individual verifying the complaint believes the
12 allegations to be true.

13 (2) Except as provided in subsection (f) of this section, a complaint filed under
14 this Chapter shall be filed within two years of the date the complainant knew
15 or should have known of the conduct upon which the complaint is based.

16 (3) The State Board may decline to accept, refer, or conduct an inquiry into any
17 complaint that does not meet all of the requirements set forth in subdivision
18 (1) of this subsection, or the State Board may, in its sole discretion, request
19 additional information to be provided by the complainant within a specified
20 period of time of no less than five business days.

21 (4) In addition to subdivision (3) of this subsection, the State Board may decline
22 to accept, refer, or conduct an inquiry into a complaint if it determines that
23 any of the following apply:

24 a. The complaint is frivolous or brought in bad faith.

25 b. The covered person or legislative employee and conduct complained
26 of have already been the subject of a prior complaint.

27 c. The conduct complained of is primarily a matter more appropriately
28 and adequately addressed and handled by other federal, State, or
29 local agencies or authorities, including law enforcement authorities.
30 If other agencies or authorities are conducting an investigation of the
31 same actions or conduct involved in a complaint filed under this
32 section, the State Board may stay its complaint inquiry pending final
33 resolution of the other investigation.

34 (5) The State Board shall send a copy of the complaint to the covered person or
35 legislative employee who is the subject of the complaint and the employing
36 entity within 10 business days of the filing.

37 (f) Conduct of Inquiry of Complaints by the State Board. – The State Board shall
38 conduct an inquiry into all complaints properly before the State Board in a timely manner. The
39 State Board shall initiate an inquiry into a complaint within 10 business days of the filing of the
40 complaint. The State Board is authorized to initiate inquiries upon request of any member of
41 the State Board if there is reason to believe that a covered person or legislative employee has or
42 may have violated this Chapter. Complaint inquiries under this section shall be initiated within
43 two years of the date the State Board knew of the conduct upon which the complaint is based,
44 except when the conduct is material to the continuing conduct of the duties in office. In
45 determining whether there is reason to believe that a violation has or may have occurred, a
46 member of the State Board may take general notice of available information even if not
47 formally provided to the State Board in the form of a complaint. The State Board may utilize
48 the services of a hired investigator when conducting inquiries.

49 (g) Covered Person and Legislative Employees Cooperation With Inquiry. – Covered
50 persons and legislative employees shall promptly and fully cooperate with the State Board in

1 any State Board-related inquiry. Failure to cooperate fully with the State Board in any inquiry
2 shall be grounds for sanctions as set forth in G.S. 163A-250.

3 (h) Dismissal of Complaint After Preliminary Inquiry. – The State Board shall conclude
4 the preliminary inquiry within 20 business days. The State Board shall dismiss the complaint if
5 at the end of its preliminary inquiry the State Board determines that any of the following apply:

6 (1) The individual who is the subject of the complaint is not a covered person or
7 legislative employee subject to the State Board's jurisdiction and authority
8 under this Chapter.

9 (2) The complaint does not allege facts sufficient to constitute a violation within
10 the jurisdiction of the State Board under subsection (e) of this section.

11 (3) The complaint is determined to be frivolous or brought in bad faith.

12 (i) State Board Inquiries. – If at the end of its preliminary inquiry, the State Board
13 determines to proceed with further inquiry into the conduct of a covered person or legislative
14 employee, the State Board shall provide written notice to the individual who filed the complaint
15 and the covered person or legislative employee as to the fact of the inquiry and the charges
16 against the covered person or legislative employee. The covered person or legislative employee
17 shall be given an opportunity to file a written response with the State Board.

18 (j) Action on Inquiries. – The State Board shall conduct inquiries into complaints to the
19 extent necessary to either dismiss the complaint for lack of probable cause of a violation under
20 this section, or:

21 (1) For public servants, decide to proceed with a hearing under subsection (k) of
22 this section.

23 (2) For legislators, except the Lieutenant Governor, refer the complaint to the
24 Committee.

25 (3) For judicial officers, refer the complaint to the Judicial Standards
26 Commission for complaints against justices and judges, to the senior resident
27 superior court judge of the district or county for complaints against district
28 attorneys, or to the chief district court judge for the district or county for
29 complaints against clerks of court.

30 (4) For legislative employees, refer the complaint to the employing entity.

31 (k) Hearing. –

32 (1) The State Board shall give full and fair consideration to all complaints
33 received against a public servant. If the State Board determines that the
34 complaint cannot be resolved without a hearing, or if the public servant
35 requests a hearing, a hearing shall be held.

36 (2) The State Board shall send a notice of the hearing to the complainant and the
37 public servant. The notice shall contain the time and place for a hearing on
38 the matter, which shall begin no less than 30 days and no more than 90 days
39 after the date of the notice.

40 (3) The State Board shall make available to the public servant or that public
41 servant's private legal counsel all documents or other evidence which are
42 intended to be presented at the hearing to the State Board or which a
43 reasonable person would believe might exculpate the accused public servant
44 at least 30 days prior to the date of the hearing held in connection with the
45 investigation of a complaint. Any documents or other evidence discovered
46 within less than 30 days of the hearing shall be furnished as soon as possible
47 after discovery but prior to the hearing.

48 (4) At any hearing held by the State Board:

49 a. Oral evidence shall be taken only on oath or affirmation.

50 b. The hearing shall be open to the public, except for matters involving
51 minors, personnel records, or matters that could otherwise be

1 considered in closed session under G.S. 143-318.11. In any event, the
2 deliberations by the State Board on a complaint may be held in
3 closed session.

4 c. The public servant being investigated shall have the right to present
5 evidence, call and examine witnesses, cross-examine witnesses,
6 introduce exhibits, and be represented by counsel.

7 (l) Settlement of Inquiries. – The public servant who is the subject of the complaint and
8 the staff of the State Board may meet by mutual consent before the hearing to discuss the
9 possibility of settlement of the inquiry or the stipulation of any issues, facts, or matters of law.
10 Any proposed settlement of the inquiry is subject to the approval of the State Board.

11 (m) Disposition of Inquiries. – After hearing, the State Board shall dispose of the matter
12 in one or more of the following ways:

13 (1) If the State Board finds substantial evidence of an alleged violation of a
14 criminal statute, the State Board shall refer the matter to the Attorney
15 General for investigation and referral to the district attorney for possible
16 prosecution.

17 (2) If the State Board finds that the alleged violation is not established by clear
18 and convincing evidence, the State Board shall dismiss the complaint.

19 (3) If the State Board finds that the alleged violation of this Chapter is
20 established by clear and convincing evidence, the State Board shall do one
21 or more of the following:

22 a. Issue a private admonishment to the public servant and notify the
23 employing entity, if applicable. Such notification shall be treated as
24 part of the personnel record of the public servant.

25 b. Refer the matter for appropriate action to the Governor and the
26 employing entity that appointed or employed the public servant or of
27 which the public servant is a member.

28 c. Refer the matter for appropriate action to the Chief Justice for
29 judicial employees.

30 d. Refer the matter to the Principal Clerks of the House of
31 Representatives and Senate of the General Assembly for
32 constitutional officers of the State.

33 e. Refer the matter for appropriate action to the principal clerk of the
34 house of the General Assembly that elected the public servant for
35 members of the Board of Governors and the State Board of
36 Community Colleges.

37 (n) Notice of Dismissal. – Upon the dismissal of a complaint under this section, the
38 State Board shall provide written notice of the dismissal to the individual who filed the
39 complaint and the covered person or legislative employee against whom the complaint was
40 filed. The State Board shall forward copies of complaints and notices of dismissal of
41 complaints against legislators to the Committee, against legislative employees to the employing
42 entity for legislative employees, and against judicial officers to the Judicial Standards
43 Commission for complaints against justices and judges, and the senior resident superior court
44 judge of the district or county for complaints against district attorneys, or the chief district court
45 judge of the district or county for complaints against clerks of court. The State Board shall also
46 forward a copy of the notice of dismissal to the employing entity of the covered person against
47 whom a complaint was filed if the employing entity received a copy of the complaint under
48 subdivision (5) of subsection (e) of this section. Except as provided in subsection (p) of this
49 section, the complaint and notice of dismissal are confidential and not public records.

50 (o) Reports and Records. – The State Board shall render the results of its inquiry in
51 writing. When a matter is referred under subdivisions (j)(2) and (3), or subsection (m) of this

1 section, the State Board's report shall consist of the complaint, response, and detailed results of
2 its inquiry in support of the State Board's finding of a violation under this Chapter.

3 (p) Confidentiality. – Complaints and responses filed with the State Board and reports
4 and other investigative documents and records of the State Board connected to an inquiry under
5 this section, including information provided pursuant to G.S. 147-64.6B or
6 G.S. 147-64.6(c)(19), shall be confidential and not public records, except as otherwise provided
7 in this section or when the covered person or legislative employee under inquiry requests in
8 writing that the complaint, response, and findings be made public. Once a hearing under this
9 section commences, the complaint, response, and all other documents offered at the hearing in
10 conjunction with the complaint, not otherwise privileged or confidential under law, shall be
11 public records. If no hearing is held, at such time as the State Board reports to the employing
12 entity a recommendation of sanctions, the complaint and response shall be made public.

13 (q) Recommendations of Sanctions. – After referring a matter under subsection (m) of
14 this section, if requested by the entity to which the matter was referred, the State Board may
15 recommend sanctions or issue rulings as it deems necessary or appropriate to protect the public
16 interest and ensure compliance with this Chapter. In recommending appropriate sanctions, the
17 State Board may consider the following factors:

- 18 (1) The public servant's prior experience in an agency or on a board and prior
19 opportunities to learn the ethical standards for a public servant as set forth in
20 Article 4 of this Chapter, including those dealing with conflicts of interest.
- 21 (2) The number of ethics violations.
- 22 (3) The severity of the ethics violations.
- 23 (4) Whether the ethics violations involve the public servant's financial interest.
- 24 (5) Whether the ethics violations were inadvertent or intentional.
- 25 (6) Whether the public servant knew or should have known that the improper
26 conduct was a violation of this Subchapter.
- 27 (7) Whether the public servant has previously been advised or warned by the
28 State Board.
- 29 (8) Whether the conduct or situation giving rise to the ethics violation was
30 pointed out to the public servant in the State Board's Statement of Economic
31 Interest evaluation letter issued under G.S. 163A-304(e).
- 32 (9) The public servant's motivation or reason for the improper conduct or action,
33 including whether the action was for personal financial benefit versus
34 protection of the public interest.

35 In making recommendations under this subsection, if the State Board determines after
36 proper review and investigation that sanctions are appropriate, the State Board may recommend
37 any action it deems necessary to properly address and rectify any violation of this Chapter by a
38 public servant, including removal of the public servant from the public servant's State position.
39 Nothing in this subsection is intended, and shall not be construed, to give the State Board any
40 independent civil, criminal, or administrative investigative or enforcement authority over
41 covered persons, or other State employees or appointees.

42 (r) Authority of Employing Entity. – Any action or failure to act by the State Board
43 under this Chapter, except G.S. 163A-204, shall not limit any authority of any of the applicable
44 employing entities to discipline the covered person or legislative employee.

45 (s) Continuing Jurisdiction. – The State Board shall have continuing jurisdiction to
46 investigate possible criminal violations of this Chapter for a period of one year following the
47 date an individual, who was formerly a public servant or legislative employee, ceases to be a
48 public servant or legislative employee for any investigation that commenced prior to the date
49 the public servant or legislative employee ceases to be a public servant or legislative employee.

50 (t) Subpoena Authority. – The State Board may petition the Superior Court of Wake
51 County for the approval to issue subpoenas and subpoenas duces tecum as necessary to conduct

1 investigations of alleged violations of this Chapter. The court shall authorize subpoenas under
2 this subsection when the court determines the subpoenas are necessary for the enforcement of
3 this Chapter. Subpoenas issued under this subsection shall be enforceable by the court through
4 contempt powers. Venue shall be with the Superior Court of Wake County for any person or
5 governmental unit covered by this Chapter, and personal jurisdiction may be asserted under
6 G.S. 1-75.4.

7 (u) Reports. – The number of complaints referred under this section shall be reported
8 under G.S. 163A-208(a)(12).

9 (v) Concurrent Jurisdiction. – Nothing in this section shall limit the jurisdiction of the
10 Committee or the Judicial Standards Commission with regards to legislative or judicial
11 misconduct, and jurisdiction under this section shall be concurrent with the jurisdiction of the
12 Committee and the Judicial Standards Commission.

13 **"§ 163A-207. Duties of heads of State agencies.**

14 (a) The head of each State agency, including the chair of each board subject to this
15 Chapter, shall take an active role in furthering ethics in public service and ensuring compliance
16 with this Chapter. The head of each State agency and the chair of each board shall make a
17 conscientious, good-faith effort to assist public servants within the agency or on the board in
18 monitoring their personal, financial, and professional affairs to avoid taking any action that
19 results in a conflict of interest.

20 (b) The head of each State agency, including the chair of each board subject to this
21 Chapter, shall maintain familiarity with and stay knowledgeable of the reports, opinions,
22 newsletters, and other communications from the State Board regarding ethics in general and the
23 interpretation and enforcement of this Chapter. The head of each State agency and the chair of
24 each board shall also maintain familiarity with and stay knowledgeable of the State Board's
25 reports, evaluations, opinions, or findings regarding individual public servants in that
26 individual's agency or on that individual's board, or under that individual's supervision or
27 control, including all reports, evaluations, opinions, or findings pertaining to actual or potential
28 conflicts of interest.

29 (c) When an actual or potential conflict of interest is cited by the State Board under
30 G.S. 163A-304(e) with regard to a public servant sitting on a board, the conflict shall be
31 recorded in the minutes of the applicable board and duly brought to the attention of the
32 membership by the board's chair as often as necessary to remind all members of the conflict
33 and to help ensure compliance with this Chapter.

34 (d) The head of each State agency, including the chair of each board subject to this
35 Chapter, shall periodically remind public servants under that individual's authority of the public
36 servant's duties to the public under the ethical standards and rules of conduct in this Chapter,
37 including the duty of each public servant to continually monitor, evaluate, and manage the
38 public servant's personal, financial, and professional affairs to ensure the absence of conflicts of
39 interest.

40 (e) At the beginning of any meeting of a board, the chair shall remind all members of
41 their duty to avoid conflicts of interest under this Chapter. The chair also shall inquire as to
42 whether there is any known conflict of interest with respect to any matters coming before the
43 board at that time.

44 (f) The head of each State agency, including the chair of each board subject to this
45 Chapter, shall ensure that legal counsel employed by or assigned to their agency or board are
46 familiar with the provisions of this Chapter, including the Ethical Standards for Covered
47 Persons set forth in Article 4 of this Chapter, and are available to advise public servants on the
48 ethical considerations involved in carrying out their public duties in the best interest of the
49 public. Legal counsel so engaged may consult with the State Board, seek the State Board's
50 assistance or advice, and refer public servants and others to the State Board as appropriate.

1 (g) Taking into consideration the individual autonomy, needs, and circumstances of
2 each agency and board, the head of each State agency, including the chair of each board subject
3 to this Chapter, shall consider the need for the development and implementation of in-house
4 educational programs, procedures, or policies tailored to meet the agency's or board's particular
5 needs for ethics education, conflict identification, and conflict avoidance. This includes the
6 periodic presentation to all agency heads, their chief deputies or assistants, other public
7 servants under their supervision or control, and members of boards of the basic ethics education
8 and awareness presentation outlined in G.S. 163A-203 and any other workshop or seminar
9 program the agency head or board chair deems necessary in implementing this Chapter.
10 Agency heads and board chairs may request reasonable assistance from the State Board in
11 complying with the requirements of this subsection.

12 (h) As soon as reasonably practicable after the designation, hiring, or promotion of their
13 chief deputies, assistants, or other public servants under their supervision or control, or learning
14 of the appointment or election of other public servants to a board covered under this Chapter,
15 all agency heads and board chairs shall (i) notify the State Board of such designation, hiring,
16 promotion, appointment, or election and (ii) provide these public servants with copies of this
17 Chapter and all applicable financial disclosure forms, if these materials and forms have not
18 been previously provided to these public servants in connection with their designation, hiring,
19 promotion, appointment, or election. In order to avoid duplication of effort, agency heads and
20 board chairs shall coordinate this effort with the State Board's staff.

21 **"§ 163A-208. Powers and duties.**

22 (a) In addition to other powers and duties specified in this Chapter, the State Board
23 shall:

- 24 (1) Provide reasonable assistance to covered persons in complying with this
25 Chapter.
- 26 (2) Develop readily understandable forms, policies, and procedures to
27 accomplish the purposes of this Chapter.
- 28 (3) Identify and publish the following:
 - 29 a. A list of nonadvisory boards.
 - 30 b. The names of individuals subject to this Chapter as covered persons
31 and legislative employees under G.S. 163A-205.
- 32 (4) Receive and review all statements of economic interests filed with the State
33 Board by prospective and actual covered persons and evaluate whether (i)
34 the statements conform to the law and the rules of the State Board and (ii)
35 the financial interests and other information reported reveals actual or
36 potential conflicts of interest. Pursuant to G.S. 163A-304(e), this subdivision
37 does not apply to statements of economic interest of legislators and judicial
38 officers.
- 39 (5) Perform systematic reviews of reports required to be filed under Article 5 of
40 this Chapter on a regular basis to assure complete and timely disclosure of
41 reportable expenditures.
- 42 (6) Conduct inquiries of alleged violations against judicial officers, legislators,
43 and legislative employees in accordance with G.S. 163A-206.
- 44 (7) Conduct inquiries into alleged violations against public servants in
45 accordance with G.S. 163A-206.
- 46 (8) Render advisory opinions in accordance with G.S. 163A-204.
- 47 (9) Initiate and maintain oversight of ethics educational programs for public
48 servants and their staffs, and legislators and legislative employees, consistent
49 with G.S. 163A-203.
- 50 (10) Conduct a continuing study of governmental ethics in the State and propose
51 changes to the General Assembly in the government process and the law as

1 are conducive to promoting and continuing high ethical behavior by
2 governmental officers and employees.

3 (11) Report annually to the General Assembly and the Governor on the State
4 Board's activities and generally on the subject of public disclosure, ethics,
5 and conflicts of interest, including recommendations for administrative and
6 legislative action, as the State Board deems appropriate.

7 (12) Publish annually statistics on complaints filed with or considered by the
8 State Board, including the number of complaints filed, the number of
9 complaints referred under G.S. 163A-206(c), the number of complaints
10 dismissed under G.S. 163A-206(c)(4), the number of complaints dismissed
11 under G.S. 163A-206(f), the number of complaints referred for criminal
12 prosecution under G.S. 163A-206(m), the number of complaints dismissed
13 under G.S. 163A-206(j), the number of complaints referred for appropriate
14 action under G.S. 163A-206(j) or G.S. 163A-206(m)(3), and the number and
15 age of complaints pending action by the State Board.

16 (13) Perform other duties as may be necessary to accomplish the purposes of this
17 Chapter.

18 (b) The State Board may authorize the Executive Director and other staff of the State
19 Board to evaluate statements of economic interest on behalf of the State Board as authorized
20 under subdivision (a)(4) of this section.

21 (c) Except as otherwise provided in this Chapter, the State Board shall be the sole State
22 agency with authority to determine compliance with or violations of this Subchapter and to
23 issue interpretations and advisory opinions under this Subchapter. Decisions and advisory
24 opinions by the State Board under this Chapter shall be binding on all other State agencies.

25 **§§ 163A-209 through 163A-249: Reserved for future codification purposes.**

26 **§ 163A-250. Enforcement.**

27 In addition to any other remedy, penalty, or crime provided for in this Subchapter:

28 (1) Violation of Articles 3 and 4 of this Chapter by any covered person or
29 legislative employee is grounds for disciplinary action. Except as
30 specifically provided in this Chapter and for perjury under G.S. 163A-206,
31 no criminal penalty shall attach for any violation of Articles 3 and 4 of this
32 Chapter.

33 (2) The willful failure of any public servant serving on a board to comply with
34 Articles 3 and 4 of this Chapter is misfeasance, malfeasance, or nonfeasance.
35 In the event of misfeasance, malfeasance, or nonfeasance, the offending
36 public servant serving on a board is subject to removal from the board of
37 which the public servant is a member. For appointees of the Governor and
38 members of the Council of State, the appointing authority may remove the
39 offending public servant. For appointees of the Speaker of the House of
40 Representatives, the Speaker of the House of Representatives may remove
41 the offending public servant. For appointees of the General Assembly made
42 upon the recommendation of the Speaker of the House of Representatives,
43 the Governor at the recommendation of the Speaker of the House of
44 Representatives may remove the offending public servant. For appointees of
45 the President Pro Tempore of the Senate, the President Pro Tempore of the
46 Senate may remove the offending public servant. For appointees of the
47 General Assembly made upon the recommendation of the President Pro
48 Tempore of the Senate, the Governor at the recommendation of the President
49 Pro Tempore of the Senate may remove the offending public servant. For
50 public servants elected to a board by either the Senate or the House of
51 Representatives, the electing house of the General Assembly shall exercise

1 the discretion of whether to remove the offending public servant. For all
2 other appointees, the State Board shall exercise the discretion of whether to
3 remove the offending public servant.

4 (3) The willful failure of any public servant serving as a State employee to
5 comply with Articles 3 and 4 of this Chapter is a violation of a written work
6 order, thereby permitting disciplinary action as allowed by the law, including
7 termination from employment. For employees of State departments headed
8 by a member of the Council of State, the appropriate member of the Council
9 of State shall make all final decisions on the manner in which the offending
10 public servant shall be disciplined. For public servants who are judicial
11 employees, the Chief Justice shall make all final decisions on the matter in
12 which the offending judicial employee shall be disciplined. For legislative
13 employees, the Legislative Services Commission shall make or refer to the
14 hiring authority all final decisions on the matter in which the offending
15 legislative employee shall be disciplined. For public servants appointed or
16 elected for The University of North Carolina or the North Carolina
17 Community College System, the appointing or electing authority shall make
18 all final decisions on the matter in which the offending public servant shall
19 be disciplined. For any other public servant serving as a State employee, the
20 Governor shall make all final decisions on the manner in which the
21 offending public servant shall be disciplined.

22 (4) The willful failure of any constitutional officer of the State to comply with
23 Articles 3 and 4 of this Chapter is malfeasance in office for purposes of
24 G.S. 123-5.

25 (5) The willful failure of a legislator, other than the Lieutenant Governor, to
26 comply with Articles 3 and 4 of this Chapter is grounds for sanctions under
27 G.S. 120-103.1.

28 (6) The State Board may seek to enjoin violations of G.S. 163A-404.

29 (7) Whoever willfully violates any provision of Part 1 or 2 of Article 5 of this
30 Chapter shall be guilty of a Class 1 misdemeanor, except as provided in that
31 Article. In addition, no lobbyist who is convicted of a violation of the
32 provisions of Part 1 or 2 of Article 5 of this Chapter shall in any way act as a
33 lobbyist for a period of two years from the date of conviction.

34 (8) In addition to the criminal penalties set forth in this section, the State Board
35 may levy civil fines for a violation of any provision of Part 1, 3, or 6 of
36 Article 5 of this Chapter up to five thousand dollars (\$5,000) per violation.

37 (9) Complaints of violations of Article 3 or 4 of this Subchapter involving the
38 State Board or any member or employee of the State Board shall be referred
39 to the Attorney General for investigation. The Attorney General shall, upon
40 receipt of a complaint, make an appropriate investigation thereof, and the
41 Attorney General shall forward a copy of the investigation to the district
42 attorney of the prosecutorial district as defined in G.S. 7A-60 of which Wake
43 County is a part, who shall prosecute any person or governmental unit who
44 violates any criminal provision of this Subchapter.

45 (10) Nothing in this Subchapter affects the power of the State to prosecute any
46 person for any violation of the criminal law.

47 "Article 3.

48 "Public Disclosure of Economic Interests.

49 **"§ 163A-301. Purpose.**

50 The purpose of disclosure of the financial and personal interests by covered persons is to
51 assist covered persons and those who appoint, elect, hire, supervise, or advise them to identify

1 and avoid conflicts of interest and potential conflicts of interest between the covered person's
2 private interests and the covered person's public duties. It is critical to this process that current
3 and prospective covered persons examine, evaluate, and disclose those personal and financial
4 interests that could be or cause a conflict of interest or potential conflict of interest between the
5 covered person's private interests and the covered person's public duties. Covered persons shall
6 take an active, thorough, and conscientious role in the disclosure and review process, including
7 having a complete knowledge of how the covered person's public position or duties might
8 impact the covered person's private interests. Covered persons have an affirmative duty to
9 provide any and all information that a reasonable person would conclude is necessary to carry
10 out the purposes of this Subchapter and to fully disclose any conflict of interest or potential
11 conflict of interest between the covered person's public and private interests, but the disclosure,
12 review, and evaluation process is not intended to result in the disclosure of unnecessary or
13 irrelevant personal information.

14 **"§ 163A-302. Statement of economic interest; filing required.**

15 (a) Every covered person subject to this Subchapter who is elected, appointed, or
16 employed, including one appointed to fill a vacancy in elective office, except for public
17 servants (i) included under G.S. 163A-200(40)b., e., f., or g. whose annual compensation from
18 the State is less than sixty thousand dollars (\$60,000) or (ii) who are ex officio student
19 members under Chapters 115D and 116 of the General Statutes, shall file a statement of
20 economic interest with the State Board prior to the covered person's initial appointment,
21 election, or employment and no later than April 15 of every year thereafter, except as otherwise
22 filed under subsections (d) and (f) of this section. A prospective covered person required to file
23 a statement under this Subchapter shall not be appointed, employed, or receive a certificate of
24 election, prior to submission by the State Board of the State Board's evaluation of the statement
25 in accordance with this Article. The requirement for an annual filing under this subsection also
26 shall apply to covered persons whose terms have expired but who continue to serve until the
27 covered person's replacement is appointed. Once a statement of economic interest is properly
28 completed and filed under this Article, the statement of economic interest does not need to be
29 supplemented or refiled prior to the next due date set forth in this subsection.

30 (b) Notwithstanding subsection (a) of this section, individuals hired by, and appointees
31 of, constitutional officers of the State may file a statement of economic interest within 30 days
32 after their appointments or employment when the appointment or employment is made during
33 the first 60 days of the constitutional officer's initial term in that constitutional office.

34 (c) Notwithstanding subsection (a) of this section, public servants, under
35 G.S. 163A-200(40)j. and k., who have submitted a statement of economic interest under
36 subsection (a) of this section, may be hired, appointed, or elected provisionally prior to
37 submission by the State Board of the State Board's evaluation of the statement in accordance
38 with this Article, subject to dismissal or removal based on the State Board's evaluation.

39 (d) A public servant reappointed to a board between January 1 and April 15 shall file a
40 current statement of economic interest prior to the reappointment.

41 (e) A public servant appointed to a board determined and designated as nonadvisory
42 under G.S. 163A-208(a)(3) shall file the initial statement of economic interest within 60 days of
43 notification of the designation by the State Board and as provided in this section thereafter.

44 (f) A candidate for an office subject to this Article shall file the statement of economic
45 interest at the same place and in the same manner as the notice of candidacy for that office is
46 required to be filed under G.S. 163-106 or G.S. 163-323 within 10 days of the filing deadline
47 for the office the candidate seeks. An individual who is nominated under G.S. 163-114 after the
48 primary and before the general election, and an individual who qualifies under G.S. 163-122 as
49 an unaffiliated candidate in a general election, shall file a statement of economic interest with
50 the county board of elections of each county in the senatorial or representative district. An
51 individual nominated under G.S. 163-114 shall file the statement within three days following

1 the individual's nomination or not later than the day preceding the general election, whichever
2 occurs first. An individual seeking to qualify as an unaffiliated candidate under G.S. 163-122
3 shall file the statement of economic interest with the petition filed under that section. An
4 individual seeking to have write-in votes counted for that individual in a general election shall
5 file a statement of economic interest at the same time the candidate files a declaration of intent
6 under G.S. 163-123. A candidate of a new party chosen by convention shall file a statement of
7 economic interest at the same time that the president of the convention certifies the names of its
8 candidates to the State Board of Elections and Ethics Enforcement under G.S. 163-98.

9 (g) In addition to subsections (a) and (f) of this section, a covered person holding
10 elected office or a former covered person who held elected office subject to this Article shall
11 file a statement of economic interest in all of the following instances, as specified:

12 (1) Filed on or before April 15 of the year following the year a covered person
13 or former covered person does not file a notice of candidacy or petition for
14 election, or does not receive a certificate of election, to the position making
15 that individual a covered person, with all information provided in the
16 statement of economic interest current as of the last day of December of the
17 preceding year.

18 (2) Filed on or before April 15 of the year following the year the covered person
19 or former covered person resigns from the position making that individual a
20 covered person, with all information provided in the statement of economic
21 interest current as of the last day in the position.

22 (h) The State Board of Elections and Ethics Enforcement shall provide for notification
23 of the statement of economic interest requirements of this Article to be given to any candidate
24 filing for nomination or election to those offices subject to this Article at the time of the filing
25 of candidacy.

26 (i) Within 10 days of the filing deadline for office of a covered person, the executive
27 director of the State Board of Elections and Ethics Enforcement shall send to the State Board a
28 list of the names and addresses of each candidate who has filed as a candidate for office as a
29 covered person. A county board of elections shall forward any statements of economic interest
30 filed with the board under this section to the State Board of Elections and Ethics Enforcement.
31 The executive director of the State Board shall forward a certified copy of the statements of
32 economic interest to the State Board for evaluation upon its filing with the State Board of
33 Elections and Ethics Enforcement under this section.

34 (j) The State Board shall issue forms to be used for the statement of economic interest
35 and shall revise the forms from time to time as necessary to carry out the purposes of this
36 Chapter. Except as otherwise set forth in this section and in G.S. 163A-207(h), upon
37 notification by the employing entity, the State Board shall furnish to all other covered persons
38 the appropriate forms needed to comply with this Article.

39 **"§ 163A-303. Statements of economic interest as public records.**

40 (a) The statements of economic interest filed by prospective public servants under this
41 Article for appointed or employed positions and written evaluations by the State Board of these
42 statements are not public records until the prospective public servant is appointed or employed
43 by the State. All other statements of economic interest and all other written evaluations by the
44 State Board of those statements are public records.

45 (b) The statements of economic interest filed by prospective public servants and the
46 written evaluations by the State Board of those statements for individuals elected by the
47 General Assembly shall be provided to the chair of the standing committee handling the
48 legislation regarding the election and made available to all members of the General Assembly.
49 The statements of economic interest filed by public servants elected to positions by the General
50 Assembly and written evaluations by the State Board of those statements are not public records
51 until the prospective public servant is sworn into office.

1 (c) The statements of economic interest filed by prospective public servants and the
2 written evaluations by the State Board of those statements for individuals confirmed for
3 appointment as a public servant by the General Assembly shall be provided to the chair of the
4 standing committee handling the legislation regarding the appointment. The statements of
5 economic interest filed by prospective public servants for confirmation for appointment by the
6 General Assembly and written evaluations by the State Board of those statements are public
7 records at the time of the announcement of the appointment.

8 **"§ 163A-304. Contents of statement.**

9 (a) Any statement of economic interest filed under this Article shall be on a form
10 prescribed by the State Board. Answers shall be provided to all questions. The form shall
11 include the following information about the filing person and the filing person's immediate
12 family:

13 (1) Except as otherwise provided in this subdivision, the name, current mailing
14 address, occupation, employer, and business of the filing person. Any
15 individual holding or seeking elected office for which residence is a
16 qualification for office shall include a home address. A judicial officer may
17 use a current mailing address instead of the home address on the form
18 required in this subsection. The filing person may also use the initials instead
19 of the name of any unemancipated child of the filing person who also resides
20 in the household of the filing person. If the filing person provides the initials
21 of an unemancipated child, the filing person shall concurrently provide the
22 name of the unemancipated child to the State Board. The name of an
23 unemancipated child provided by the filing person to the State Board shall
24 not be a public record under Chapter 132 of the General Statutes and is
25 privileged and confidential.

26 (2) A list of each asset and liability included in this subdivision of whatever
27 nature (including legal, equitable, or beneficial interest) with a value of at
28 least ten thousand dollars (\$10,000) owned by the filing person and the filing
29 person's immediate family, except assets or liabilities held in a blind trust.
30 This list shall include the following:

31 a. All real estate located in the State owned wholly or in part by the
32 filing person or the filing person's immediate family, including
33 descriptions adequate to determine the location by city and county of
34 each parcel.

35 b. Real estate that is currently leased or rented to or from the State.

36 c. Personal property sold to or bought from the State within the
37 preceding two years.

38 d. Personal property currently leased or rented to or from the State.

39 e. The name of each publicly owned company. For purposes of this
40 sub-subdivision, the term "publicly owned company" shall not
41 include a widely held investment fund, including a mutual fund,
42 regulated investment company, or pension or deferred compensation
43 plan, if all of the following apply:

44 1. The filing person or a member of the filing person's
45 immediate family neither exercises nor has the ability to
46 exercise control over the financial interests held by the fund.

47 2. The fund is publicly traded, or the fund's assets are widely
48 diversified.

49 f. The name of each nonpublicly owned company or business entity,
50 including interests in sole proprietorships, partnerships, limited

- 1 partnerships, joint ventures, limited liability companies, limited
2 liability partnerships, and closely held corporations.
- 3 g. For each company or business entity listed under sub-subdivision f.
4 of this subdivision, if known, a list of any other companies or
5 business entities in which the company or business entity owns
6 securities or equity interests exceeding a value of ten thousand
7 dollars (\$10,000).
- 8 h. For a vested trust created, established, or controlled by the filing
9 person of which the filing person or the members of the filing
10 person's immediate family are the beneficiaries, excluding a blind
11 trust, the name and address of the trustee, a description of the trust,
12 and the filing person's relationship to the trust.
- 13 i. A list of all liabilities, excluding indebtedness on the filing person's
14 primary personal residence, by type of creditor and debtor.
- 15 j. A list of all stock options in a company or business not otherwise
16 disclosed on this statement.
- 17 (3) The name of each source (not specific amounts) of income of more than five
18 thousand dollars (\$5,000) received during the previous year by business or
19 industry type, if that source is not listed under subdivision (2) of this
20 subsection. Income shall include salary, wages, professional fees, honoraria,
21 interest, dividends, rental income, and business income from any source
22 other than capital gains, federal government retirement, military retirement,
23 or social security income.
- 24 (4) If the filing person is a practicing attorney, an indication of whether the
25 filing person, or the law firm with which the filing person is affiliated,
26 earned legal fees during the past year in excess of ten thousand dollars
27 (\$10,000) from any of the following categories of legal representation:
- 28 a. Administrative law.
29 b. Admiralty law.
30 c. Corporate law.
31 d. Criminal law.
32 e. Decedents' estates law.
33 f. Environmental law.
34 g. Insurance law.
35 h. Labor law.
36 i. Local government law.
37 j. Negligence or other tort litigation law.
38 k. Real property law.
39 l. Securities law.
40 m. Taxation law.
41 n. Utilities regulation law.
- 42 (5) Except for a filing person in compliance under subdivision (4) of this
43 subsection, if the filing person is a licensed professional or provides
44 consulting services, either individually or as a member of a professional
45 association, a list of categories of business and the nature of services
46 rendered, for which payment for services were charged or paid during the
47 past year in excess of ten thousand dollars (\$10,000).
- 48 (6) An indication of whether the filing person, the filing person's employer, a
49 member of the filing person's immediate family, or the immediate family
50 member's employer is licensed or regulated by, or has a business relationship
51 with, the board or employing entity with which the filing person is or will be

- 1 associated. This subdivision does not apply to a legislator, a judicial officer,
2 or that legislator's or judicial officer's immediate family.
- 3 (7) A list of societies, organizations, or advocacy groups, pertaining to subject
4 matter areas over which the public servant's agency or board may have
5 jurisdiction, in which the public servant or a member of the public servant's
6 immediate family is a director, officer, or governing board member. This
7 subdivision does not apply to a legislator, a judicial officer, or that
8 legislator's or judicial officer's immediate family.
- 9 (8) A list of all things with a total value of over two hundred dollars (\$200.00)
10 per calendar quarter given and received without valuable consideration and
11 under circumstances that a reasonable person would conclude that the thing
12 was given for lobbying, if such things were given by a person not required to
13 report under Article 5 of this Chapter, excluding things given by a member
14 of the filing person's extended family. The list shall include only those things
15 received during the 12 months preceding the reporting period under
16 subsection (d) of this section and shall include the source of those things.
17 The list required by this subdivision shall not apply to things of monetary
18 value received by the filing person prior to the time the filing person filed or
19 was nominated as a candidate for office, as described in G.S. 163A-302, or
20 was appointed or employed as a covered person.
- 21 (9) A list of any felony convictions of the filing person, excluding any felony
22 convictions for which a pardon of innocence or order of expungement has
23 been granted.
- 24 (10) Any other information that the filing person believes may assist the State
25 Board in advising the filing person with regards to compliance with this
26 Chapter.
- 27 (11) A list of any nonprofit corporation or organization with which associated
28 during the preceding calendar year, including a list of which of those
29 nonprofit corporations or organizations with which associated do business
30 with the State or receive State funds and a brief description of the nature of
31 the business, if known or with which due diligence could reasonably be
32 known.
- 33 (12) A statement of whether the filing person or the filing person's immediate
34 family is or has been a lobbyist or lobbyist principal registered under Article
35 5 of this Chapter within the preceding 12 months.
- 36 (13) A list of all contributions as defined in G.S. 163A-4502(6) with a cumulative
37 total of more than one thousand dollars (\$1,000) made by the filing person
38 only, during the preceding calendar year, to the candidate or candidate
39 campaign committee of the covered person as defined in
40 G.S. 163A-200(40)a. appointing the filing person to the covered board.
- 41 (14) A statement indicating "Yes" or "No" as to whether the filing person
42 engaged in each of the following activities during the preceding calendar
43 year, with respect to or on the behalf of the candidate or candidate campaign
44 committee of the covered person as defined in G.S. 163A-200(40)a.
45 appointing the filing person: (i) collected contributions from multiple
46 contributors, took possession of such multiple contributions, and transferred
47 or delivered those collected multiple contributions, (ii) hosted a fund-raiser
48 in the filing person's residence or place of business, or (iii) volunteered for
49 campaign-related activity. This subdivision only applies to filing persons in
50 the following categories:

- 1 a. A public servant, or a prospective appointee to, as defined in
2 G.S. 163A-200(40)c.
- 3 b. A judicial officer that serves on, or a prospective appointee to, the
4 Supreme Court, the Court of Appeals, the superior court, or the
5 district court.
- 6 c. A covered person serving on, or a prospective appointee to, one of
7 the following boards:
- 8 1. Alcoholic Beverage Control Commission.
9 2. Coastal Resources Commission.
10 3. State Board of Education.
11 4. State Board of Elections and Ethics Enforcement.
12 5. Employment Security Commission.
13 6. Environmental Management Commission.
14 7. Industrial Commission.
15 8. State Personnel Commission.
16 9. Rules Review Commission.
17 10. Board of Transportation.
18 11. Board of Governors of The University of North Carolina.
19 12. Utilities Commission.
20 13. Wildlife Resources Commission.
- 21 (15) The name of each business with which associated that the filing person or a
22 member of the filing person's immediate family is an employee, director,
23 officer, partner, proprietor, or member or manager.
- 24 (16) For any company or business entity listed under subdivision (15) of this
25 subsection and sub-subdivisions f. and g. of subdivision (2) of this
26 subsection, if known, a statement whether that company or business entity
27 has any material business dealings or business contracts with the State, or is
28 regulated by the State, including a brief description of the business activity.
- 29 (b) The Supreme Court, the Committee, constitutional officers of the State, heads of
30 principal departments, the Board of Governors of The University of North Carolina, the State
31 Board of Community Colleges, other boards, and the appointing authority or employing entity
32 may require a filing person to file supplemental information in conjunction with the filing of
33 that filing person's statement of economic interest. These supplemental filings requirements
34 shall be filed with the State Board and included on the forms to be filed with the State Board.
35 The State Board shall evaluate the supplemental forms as part of the statement of economic
36 interest. The failure to file supplemental forms shall be subject to the provisions of
37 G.S. 163A-305.
- 38 (c) Each statement of economic interest shall contain a certification by the filing person
39 that the filing person has read the statement and that, to the best of the filing person's
40 knowledge and belief, the statement is true, correct, and complete. The filing person's
41 certification also shall provide that the filing person has not transferred, and will not transfer,
42 any asset, interest, or other property with the intent to conceal it from disclosure while retaining
43 an equitable interest therein.
- 44 (d) All information provided in the statement of economic interest shall be current as of
45 the last day of December of the year preceding the date the statement of economic interest was
46 due.
- 47 (e) The State Board shall prepare a written evaluation of each statement of economic
48 interest relative to conflicts of interest and potential conflicts of interest. This subsection does
49 not apply to statements of economic interest of legislators and judicial officers. The State Board
50 shall submit the evaluation to all of the following:
- 51 (1) The filing person who submitted the statement.

1 interest of the covered person or others. The prohibition in this subsection shall not apply to
2 any of the following:

- 3 (1) Political advertising.
- 4 (2) News stories and articles.
- 5 (3) The inclusion of a covered person's public position in a directory or a
6 biographical listing.
- 7 (4) The inclusion of a covered person's public position in an agenda or other
8 document related to a meeting, conference, or similar event when the
9 disclosure could reasonably be considered material by an individual
10 attending the meeting, conference, or similar event.
- 11 (5) The inclusion of a covered person's public position in a charitable
12 solicitation for a nonprofit business entity qualifying under 26 U.S.C. §
13 501(c)(3).
- 14 (6) The disclosure of a covered person's position to an existing or prospective
15 customer, supplier, or client when the disclosure could reasonably be
16 considered material by the customer, supplier, or client.

17 (c) Notwithstanding G.S. 163A-4548, no covered person shall use or permit the use of
18 State funds for any advertisement or public service announcement in a newspaper, on radio,
19 television, magazines, or billboards, that contains that covered person's name, picture, or voice,
20 except in case of State or national emergency and only if the announcement is reasonably
21 necessary to the covered person's official function. This subsection shall not apply to
22 fund-raising on behalf of and aired on public radio or public television.

23 **"§ 163A-402. Gifts.**

24 (a) A covered person or a legislative employee shall not knowingly, directly or
25 indirectly, ask, accept, demand, exact, solicit, seek, assign, receive, or agree to receive anything
26 of value for the covered person or legislative employee, or for another person, in return for
27 being influenced in the discharge of the covered person's or legislative employee's official
28 responsibilities, other than that which is received by the covered person or the legislative
29 employee from the State for acting in the covered person's or legislative employee's official
30 capacity.

31 (b) A covered person may not solicit for a charitable purpose any thing of monetary
32 value from any subordinate State employee. This subsection shall not apply to generic written
33 solicitations to all members of a class of subordinates. Nothing in this subsection shall prohibit
34 a covered person from serving as the honorary head of the State Employees Combined
35 Campaign.

36 (c) No public servant, legislator, or legislative employee shall knowingly accept a gift
37 from a lobbyist or lobbyist principal registered under Article 5 of this Chapter. No legislator or
38 legislative employee shall knowingly accept a gift from liaison personnel designated under Part
39 4 of Article 5 of this Chapter. No public servant, legislator, or legislative employee shall accept
40 a gift knowing all of the following:

- 41 (1) The gift was obtained indirectly from a lobbyist, lobbyist principal, or
42 liaison personnel registered under Article 5 of this Chapter.
- 43 (2) The lobbyist, lobbyist principal, or liaison personnel registered under Article
44 5 of this Chapter intended for an ultimate recipient of the gift to be a public
45 servant, legislator, or legislative employee as provided in G.S. 163A-542.

46 (d) No public servant shall knowingly accept a gift from a person whom the public
47 servant knows or has reason to know any of the following:

- 48 (1) Is doing or is seeking to do business of any kind with the public servant's
49 employing entity.
- 50 (2) Is engaged in activities that are regulated or controlled by the public
51 servant's employing entity.

- 1 (3) Has financial interests that may be substantially and materially affected, in a
2 manner distinguishable from the public generally, by the performance or
3 nonperformance of the public servant's official duties.
- 4 (e) No public servant shall accept a gift knowing all of the following:
- 5 (1) The gift was obtained indirectly from a person described under subdivision
6 (d)(1), (2), or (3) of this section.
- 7 (2) The person described under subdivision (d)(1), (2), or (3) of this section
8 intended for an ultimate recipient of the gift to be a public servant.
- 9 (f) Subsections (c), (d), and (e) of this section shall not apply to any of the following:
- 10 (1) Food and beverages for immediate consumption in connection with any of
11 the following:
- 12 a. An open meeting of a public body, provided that the open meeting is
13 properly noticed under Article 33C of Chapter 143 of the General
14 Statutes.
- 15 b. A gathering of a person or governmental unit with at least 10 or more
16 individuals in attendance open to the general public, provided that a
17 sign or other communication containing a message that is reasonably
18 designed to convey to the general public that the gathering is open to
19 the general public is displayed at the gathering.
- 20 c. A gathering of a person or governmental unit to which the entire
21 board of which a public servant is a member, at least 10 public
22 servants, all the members of the House of Representatives, all the
23 members of the Senate, all the members of a county or municipal
24 legislative delegation, all the members of a recognized legislative
25 caucus with regular meetings other than meetings with one or more
26 lobbyists, all the members of a committee, a standing subcommittee,
27 a joint committee or joint commission of the House of
28 Representatives, the Senate, or the General Assembly, or all
29 legislative employees are invited, and one of the following applies:
- 30 1. At least 10 individuals associated with the person or
31 governmental unit actually attend, other than the covered
32 person or legislative employee, or the immediate family of
33 the covered person or legislative employee.
- 34 2. All shareholders, employees, board members, officers,
35 members, or subscribers of the person or governmental unit
36 located in North Carolina are notified and invited to attend.
- 37 For purposes of this sub-subdivision only, the term "invited" shall
38 mean written notice from at least one host or sponsor of the gathering
39 containing the date, time, and location of the gathering given at least
40 24 hours in advance of the gathering to the specific qualifying group
41 listed in this sub-subdivision. If it is known at the time of the written
42 notice that at least one sponsor is a lobbyist or lobbyist principal, the
43 written notice shall also state whether or not the gathering is
44 permitted under this section.
- 45 (2) Informational materials relevant to the duties of the covered person or
46 legislative employee.
- 47 (3) Reasonable actual expenditures of the legislator, public servant, or
48 legislative employee for food, beverages, registration, travel, lodging, other
49 incidental items of nominal value, and entertainment, in connection with (i)
50 a legislator's, public servant's, or legislative employee's attendance at an
51 educational meeting for purposes primarily related to the public duties and

1 responsibilities of the legislator, public servant, or legislative employee; (ii)
2 a legislator's, public servant's, or legislative employee's participation as a
3 speaker or member of a panel at a meeting; (iii) a legislator's or legislative
4 employee's attendance and participation in meetings of a nonpartisan state,
5 regional, national, or international legislative organization of which the
6 General Assembly is a member or that the legislator or legislative employee
7 is a member or participant of by virtue of that legislator's or legislative
8 employee's public position, or as a member of a board, agency, or committee
9 of such organization; or (iv) a public servant's attendance and participation
10 in meetings as a member of a board, agency, or committee of a nonpartisan
11 state, regional, national, or international organization of which the public
12 servant's agency is a member or the public servant is a member by virtue of
13 that public servant's public position, provided the following conditions are
14 met:

15 a. The reasonable actual expenditures shall be made by a lobbyist
16 principal and not a lobbyist.
17 b. Any meeting must be attended by at least 10 or more participants,
18 have a formal agenda, and notice of the meeting has been given at
19 least 10 days in advance.
20 c. Any food, beverages, transportation, or entertainment must be
21 provided to all attendees or defined groups of 10 or more attendees as
22 part of the meeting or in conjunction with the meeting.
23 d. Any entertainment must be incidental to the principal agenda of the
24 meeting.
25 e. If the legislator, public servant, or legislative employee is
26 participating as a speaker or member of a panel, then that legislator,
27 public servant, or legislative employee must be a bona fide speaker
28 or participant.

29 (4) A plaque or similar nonmonetary memento recognizing individual services
30 in a field or specialty or to a charitable cause.

31 (5) Gifts accepted on behalf of the State for use by the State or for the benefit of
32 the State.

33 (6) Anything generally made available or distributed to the general public or all
34 other State employees by lobbyists or lobbyist principals, or persons
35 described in subdivision (d)(1), (2), or (3) of this section.

36 (7) Gifts from the covered person's or legislative employee's extended family, or
37 a member of the same household of the covered person or legislative
38 employee.

39 (8) Gifts given to a public servant not otherwise subject to an exception under
40 this subsection, where the gift is food and beverages, transportation, lodging,
41 entertainment or related expenses associated with the public business of
42 industry recruitment, promotion of international trade, or the promotion of
43 travel and tourism, and the public servant is responsible for conducting the
44 business on behalf of the State, provided all the following conditions apply:

45 a. The public servant did not solicit the gift, and the public servant did
46 not accept the gift in exchange for the performance of the public
47 servant's official duties.

48 b. The public servant reports electronically to the State Board within 30
49 days of receipt of the gift or of the date set for disclosure of public
50 records under G.S. 132-6(d), if applicable. The report shall include a
51 description and value of the gift and a description of how the gift

- 1 contributed to the public business of industry recruitment, promotion
2 of international trade, or the promotion of travel and tourism. This
3 report shall be posted to the State Board's public Web site.
4 c. A tangible gift, other than food or beverages, not otherwise subject to
5 an exception under this subsection shall be turned over as State
6 property to the Department of Commerce within 30 days of receipt,
7 except as permitted under subsection (g) of this section.
8 (9) Gifts of personal property valued at less than one hundred dollars (\$100.00)
9 given to a public servant in the commission of the public servant's official
10 duties if the gift is given to the public servant as a personal gift in another
11 country as part of an overseas trade mission, and the giving and receiving of
12 such personal gifts is considered a customary protocol in the other country.
13 (10) Gifts given or received as part of a business, civic, religious, fraternal,
14 personal, or commercial relationship provided all of the following conditions
15 are met:
16 a. The relationship is not related to the public servant's, legislator's, or
17 legislative employee's public service or position.
18 b. The gift is made under circumstances that a reasonable person would
19 conclude that the gift was not given to lobby.
20 (11) Food and beverages for immediate consumption and related transportation
21 provided all of the following conditions are met:
22 a. The food, beverage, or transportation is given by a lobbyist principal
23 and not a lobbyist.
24 b. The food, beverage, or transportation is provided during a
25 conference, meeting, or similar event and is available to all attendees
26 of the same class as the recipient.
27 c. The recipient of the food, beverage, or transportation is a director,
28 officer, governing board member, employee, or independent
29 contractor of one of the following:
30 1. The lobbyist principal giving the food, beverage, or
31 transportation.
32 2. A third party that received the funds to purchase the food,
33 beverages, or transportation.
34 (12) Food and beverages for immediate consumption at an organized gathering of
35 a person, the State, or a governmental unit to which a public servant is
36 invited to attend for purposes primarily related to the public servant's public
37 service or position, and to which at least 10 individuals, other than the public
38 servant, or the public servant's immediate family, actually attend, or to which
39 all shareholders, employees, board members, officers, members, or
40 subscribers of the person or governmental unit who are located in a specific
41 North Carolina office or county are notified and invited to attend.
42 (g) A prohibited gift that would constitute an expense appropriate for reimbursement by
43 the public servant's employing entity if it had been incurred by the public servant personally
44 shall be considered a gift accepted by or donated to the State, provided the public servant has
45 been approved by the public servant's employing entity to accept or receive such things of
46 value on behalf of the State. The fact that the employing entity's reimbursement rate for the
47 type of expense is less than the value of a particular gift shall not render the gift prohibited.
48 (h) A prohibited gift shall be, and a permissible gift may be, promptly declined,
49 returned, paid for at fair market value, or donated to charity or the State.

1 (i) A covered person or legislative employee shall not accept an honorarium from a
2 source other than the employing entity for conducting any activity where any of the following
3 apply:

- 4 (1) The employing entity reimburses the covered person or legislative employee
5 for travel, subsistence, and registration expenses.
6 (2) The employing entity's work time or resources are used.
7 (3) The activity would be considered official duty or would bear a reasonably
8 close relationship to the covered person's or legislative employee's official
9 duties.

10 An outside source may reimburse the employing entity for actual expenses incurred by a
11 covered person or legislative employee in conducting an activity within the duties of the
12 covered person or legislative employee, or may pay a fee to the employing entity, in lieu of an
13 honorarium, for the services of the covered person or legislative employee. An honorarium
14 permissible under this subsection shall not be considered a gift for purposes of subsection (c) of
15 this section.

16 (j) Acceptance or solicitation of a gift in compliance with this section without corrupt
17 intent shall not constitute a violation of the statutes related to bribery under G.S. 14-217,
18 14-218, or 120-86.

19 **"§ 163A-403. Other compensation.**

20 A public servant or legislative employee shall not solicit or receive personal financial gain,
21 other than that received by the public servant or legislative employee from the State, or with the
22 approval of the employing entity, for acting in the public servant's or legislative employee's
23 official capacity, or for advice or assistance given in the course of carrying out the public
24 servant's or legislative employee's duties.

25 **"§ 163A-404. Use of information for private gain.**

26 A public servant or legislative employee shall not use or disclose nonpublic information
27 gained in the course of, or by reason of, the public servant's or legislative employee's official
28 responsibilities in a way that would affect a personal financial interest of the public servant or
29 legislative employee, a member of the public servant's or legislative employee's extended
30 family, or a person or governmental unit with whom or business with which the public servant
31 or legislative employee is associated. A public servant or legislative employee shall not
32 improperly use or improperly disclose any confidential information.

33 **"§ 163A-405. Other rules of conduct.**

34 (a) A public servant shall make a due and diligent effort before taking any action,
35 including voting or participating in discussions with other public servants on a board on which
36 the public servant also serves, to determine whether the public servant has a conflict of interest.
37 If the public servant is unable to determine whether or not a conflict of interest may exist, the
38 public servant has a duty to inquire of the State Board as to that conflict.

39 (b) A public servant shall continually monitor, evaluate, and manage the public
40 servant's personal, financial, and professional affairs to ensure the absence of conflicts of
41 interest.

42 (c) A public servant shall obey all other civil laws, administrative requirements, and
43 criminal statutes governing conduct of State government applicable to appointees and
44 employees.

45 **"§ 163A-406. Public servant participation in official actions.**

46 (a) Except as permitted by subsection (d) of this section and under G.S. 163A-408, no
47 public servant acting in that capacity, authorized to perform an official action requiring the
48 exercise of discretion, shall participate in an official action by the employing entity if the public
49 servant knows the public servant or a person with which the public servant is associated may
50 incur a reasonably foreseeable financial benefit from the matter under consideration, which
51 financial benefit would impair the public servant's independence of judgment or from which it

1 could reasonably be inferred that the financial benefit would influence the public servant's
2 participation in the official action.

3 (b) A public servant described in subsection (a) of this section shall abstain from taking
4 any verbal or written action in furtherance of the official action. The public servant shall submit
5 in writing to the employing entity the reasons for the abstention. When the employing entity is
6 a board, the abstention shall be recorded in the employing entity's minutes.

7 (c) A public servant shall take appropriate steps, under the particular circumstances and
8 considering the type of proceeding involved, to remove himself or herself to the extent
9 necessary, to protect the public interest and comply with this Subchapter, from any proceeding
10 in which the public servant's impartiality might reasonably be questioned due to the public
11 servant's familial, personal, or financial relationship with a participant in the proceeding. A
12 participant includes (i) an owner, shareholder, partner, member or manager of a limited liability
13 company, employee, agent, officer, or director of a business, organization, or group involved in
14 the proceeding or (ii) an organization or group that has petitioned for rule making or has some
15 specific, unique, and substantial interest in the proceeding. Proceedings include quasi-judicial
16 proceedings and quasi-legislative proceedings. A personal relationship includes one in a
17 leadership or policy-making position in a business, organization, or group.

18 (d) If a public servant is uncertain about whether the relationship described in
19 subsection (c) of this section justifies removing the public servant from the proceeding under
20 subsection (c) of this section, the public servant shall disclose the relationship to the individual
21 presiding over the proceeding and seek appropriate guidance. The presiding officer, in
22 consultation with legal counsel if necessary, shall then determine the extent to which the public
23 servant will be permitted to participate. If the affected public servant is the individual presiding,
24 then the vice-chair or any other substitute presiding officer shall make the determination. A
25 good-faith determination under this subsection of the allowable degree of participation by a
26 public servant is presumptively valid and only subject to review under G.S. 163A-206 upon a
27 clear and convincing showing of mistake, fraud, abuse of discretion, or willful disregard of this
28 Chapter.

29 (e) This section shall not allow participation in an official action prohibited by
30 G.S. 14-234.

31 **§ 163A-407. Legislator participation in legislative actions.**

32 (a) Except as permitted under G.S. 163A-408, no legislator shall participate in a
33 legislative action if the legislator knows the legislator or a person with which the legislator is
34 associated may incur a reasonably foreseeable financial benefit from the action, and if after
35 considering whether the legislator's judgment would be substantially influenced by the financial
36 benefit and considering the need for the legislator's particular contribution, including special
37 knowledge of the subject matter to the effective functioning of the legislature, the legislator
38 concludes that an actual financial benefit does exist which would impair the legislator's
39 independence of judgment.

40 (b) The legislator shall submit in writing to the principal clerk of the house of which the
41 legislator is a member the reasons for the abstention from participation in the legislative matter.

42 (c) If the legislator has a material doubt as to whether the legislator should act, the
43 legislator may submit the question for an advisory opinion to the State Board in accordance
44 with G.S. 163A-204 or the Legislative Ethics Committee in accordance with G.S. 120-104.

45 **§ 163A-408. Permitted participation exception.**

46 (a) Notwithstanding G.S. 163A-401(a), 163A-406, and 163A-407, a covered person
47 may participate in an official action or legislative action under any of the following
48 circumstances except as specifically limited:

- 49 (1) The only interest or reasonably foreseeable financial benefit that accrues to
50 the covered person, the covered person's extended family, business with
51 which the covered person is associated, or nonprofit corporation or

1 organization with which the covered person is associated as a member of a
2 profession, occupation, or general class is no greater than that which could
3 reasonably be foreseen to accrue to all members of that profession,
4 occupation, or general class.

5 (2) When an official or legislative action affects or would affect the covered
6 person's compensation and allowances as a covered person.

7 (3) Before the covered person participated in the official or legislative action,
8 the covered person requested and received from the State Board or
9 Committee a written advisory opinion that authorized the participation. In
10 authorizing the participation under this subdivision, the State Board or
11 Committee shall consider the need for the legislator's particular contribution,
12 such as special knowledge of the subject matter, to the effective functioning
13 of the General Assembly.

14 (4) Before participating in an official action, a public servant made full written
15 disclosure to the public servant's employing entity which then made a
16 written determination that the interest or benefit would neither impair the
17 public servant's independence of judgment nor influence the public servant's
18 participation in the official action. The employing entity shall file a copy of
19 that written determination with the State Board.

20 (5) When action is ministerial only and does not require the exercise of
21 discretion.

22 (6) When a public or legislative body records in its minutes that it cannot obtain
23 a quorum in order to take the official or legislative action because the
24 covered person is disqualified from acting under G.S. 163A-401(a),
25 163A-406, 163A-407, or this section, the covered person may be counted for
26 purposes of a quorum but shall otherwise abstain from taking any further
27 action.

28 (7) When a public servant notifies the State Board in writing that the public
29 servant, or someone whom the public servant appoints to act in the public
30 servant's stead, or both, are the only individuals having legal authority to
31 take an official action, and the public servant discloses in writing the
32 circumstances and nature of the conflict of interest.

33 (b) This section shall not allow participation in an official action prohibited by
34 G.S. 14-234.

35 (c) Notwithstanding G.S. 163A-407, if a legislator is employed or retained by, or is an
36 independent contractor of, a governmental unit, and the legislator is the only member of the
37 house elected from the district where that governmental unit is located, then the legislator may
38 take legislative action on behalf of that governmental unit provided the legislator discloses in
39 writing to the principal clerk the nature of the relationship with the governmental unit prior to,
40 or at the time of, taking the legislative action.

41 (d) Notwithstanding G.S. 163A-406, service by the president, chief financial officer,
42 chief administrative officer, or voting member of the board of trustees of a community college
43 as an officer, employee, or member of the board of directors of a nonprofit corporation
44 established under G.S. 115D-20(9) to support the community college shall not constitute a
45 conflict of interest under G.S. 163A-406, provided that the majority of the nonprofit
46 corporation's board of directors is not comprised of the president, chief financial officer, and
47 chief administrative officer, or voting members of the board of trustees of the community
48 college which the nonprofit corporation was created to support.

49 **"§ 163A-409. Disqualification to serve.**

1 (a) Within 30 days of notice of the State Board's determination that a public servant has
2 a disqualifying conflict of interest, the public servant shall eliminate the interest that constitutes
3 the disqualifying conflict of interest or resign from the public position.

4 (b) Failure by a public servant to comply with subsection (a) of this section is a
5 violation of this Chapter for purposes of G.S. 163A-250.

6 (c) A decision under this section shall be considered a final decision for contested case
7 purposes under Article 3 of Chapter 150B of the General Statutes.

8 (d) As used in this section, a disqualifying conflict of interest is a conflict of interest of
9 such significance that the conflict of interest would prevent a public servant from fulfilling a
10 substantial function or portion of the public servant's public duties.

11 **"§ 163A-410. Employment and supervision of members of covered person's or legislative**
12 **employee's extended family.**

13 A covered person or legislative employee shall not cause the employment, appointment,
14 promotion, transfer, or advancement of an extended family member of the covered person or
15 legislative employee to a State office, or a position to which the covered person or legislative
16 employee supervises or manages, except for positions at the General Assembly as permitted
17 under G.S. 120-32(2). A public servant or legislative employee shall not supervise, manage, or
18 participate in an action relating to the discipline of a member of the public servant's or
19 legislative employee's extended family, except as specifically authorized by the public servant's
20 or legislative employee's employing entity.

21 **"§ 163A-411. Other ethics standards.**

22 (a) Nothing in this Subchapter shall prevent the Supreme Court, the Committee, the
23 Legislative Services Commission, constitutional officers of the State, heads of principal
24 departments, the Board of Governors of The University of North Carolina, the State Board of
25 Community Colleges, or other boards from adopting additional or supplemental ethics
26 standards applicable to that public agency's operations.

27 (b) The Governor, as a constitutional officer of the State, shall have the authority to
28 adopt additional and supplemental ethics standards applicable to any appointee of the Governor
29 to any State board, commission, council, committee, task force, authority, or similar public
30 body, however denominated, created by statute or executive order, whether advisory or
31 nonadvisory in authority. If the Governor adopts such ethics standards, the standards shall be
32 published in the North Carolina Register and made available to each appointee subject to the
33 ethics standards.

34 (c) The Governor, as a constitutional officer of the State, shall have the authority to
35 adopt minimum ethics standards applicable to any employee of a State agency. If the Governor
36 adopts such standards, the ethics standards shall be published in the North Carolina Register
37 and made available to each employee subject to the ethics standards.

38 "Article 5.

39 "Lobbying.

40 "Part 1. Registration.

41 **"§§ 163A-500 through 163A-509: Reserved for future codification purposes.**

42 **"§ 163A-510. Lobbyist registration procedure.**

43 (a) A lobbyist shall file a separate registration statement for each principal the lobbyist
44 represents with the State Board before engaging in any lobbying. It shall be unlawful for an
45 individual to lobby without registering within one business day of engaging in any lobbying
46 unless exempted by this Article.

47 (b) The form of the registration shall be prescribed by the State Board and shall include
48 the registrant's full name, firm, complete address, and telephone number; the registrant's place
49 of business; the full name, complete address, and telephone number of each principal the
50 lobbyist represents; and a general description of the matters on which the registrant expects to
51 act as a lobbyist.

1 (c) Each lobbyist shall file an amended registration form with the State Board no later
2 than 10 business days after any change in the information supplied in the lobbyist's last
3 registration under subsection (b) of this section. Each supplementary registration shall include a
4 complete statement of the information that has changed.

5 (d) Unless a resignation is filed under G.S. 163A-520, each registration statement of a
6 lobbyist required under this Article shall be effective from the date of filing until January 1 of
7 the following year. The lobbyist shall file a new registration statement after that date, and the
8 applicable fee shall be due and payable.

9 (e) Each lobbyist shall identify himself or herself as a lobbyist prior to engaging in
10 lobbying communications or activities with a designated individual. The lobbyist shall also
11 disclose the identity of the lobbyist principal connected to that lobbying communication or
12 activity.

13 (f) In addition to the information required for registration under subsection (b) of this
14 section, former employees of a State agency who register as a lobbyist within six months after
15 voluntary separation or separation for cause from employment with a State agency shall also
16 indicate which State agency with which the former employee was employed.

17 **"§ 163A-511. Lobbyist's registration fee.**

18 (a) Except as provided for in subsection (b) of this section, a fee of one hundred dollars
19 (\$100.00) is due and payable to the State Board at the time of each lobbyist registration. Fees
20 so collected shall be deposited in the General Fund of the State. The State Board shall allow
21 fees required under this section to be paid electronically but shall not require the fees to be paid
22 electronically.

23 (b) The State Board shall adopt rules providing for a waiver or reduction of the fees
24 required by this section for lobbyists registering to represent persons who have been granted
25 nonprofit status under 26 U.S.C. § 501(c)(3).

26 **"§§ 163A-512 through 163A-515: Reserved for future codification purposes.**

27 **"§ 163A-516. Lobbyist principal's authorization.**

28 (a) A written authorization signed by the lobbyist principal authorizing the lobbyist to
29 represent the principal shall be filed with the State Board within 20 business days after the
30 lobbyist's registration. If the written authorization is filed more than 20 business days after the
31 lobbyist's registration and before January 1 of the following year, the lobbyist registration is
32 effective from the date of filing of the lobbyist registration and all reports due under Part 3 of
33 this Article shall be filed.

34 (b) The form of the written authorization shall be prescribed by the State Board and
35 shall include the lobbyist principal's full name, complete address, and telephone number, name
36 and title of any official authorized to sign for the lobbyist principal, and the name of each
37 lobbyist registered to represent that principal.

38 (c) An amended authorization shall be filed with the State Board no later than 10
39 business days after any change in the information on the principal's authorization. Each
40 supplementary authorization shall include a complete statement of the information that has
41 changed.

42 **"§ 163A-517. Lobbyist principal's fees.**

43 (a) Except as provided in subsection (b) of this section, a fee of one hundred dollars
44 (\$100.00) is due and payable to the State Board at the time the principal's first authorization
45 statement is filed each calendar year for a lobbyist. Fees so collected shall be deposited in the
46 General Fund of the State. The State Board shall allow fees required under this section to be
47 paid electronically but shall not require the fees to be paid electronically.

48 (b) The State Board shall adopt rules providing for a waiver or reduction of the fees
49 required by this section for lobbyist principals that have been granted nonprofit status under 26
50 U.S.C. § 501(c)(3).

51 **"§§ 163A-518 through 163A-519: Reserved for future codification purposes.**

1 **"§ 163A-520. Resignation and termination.**

2 (a) A registration of a lobbyist under G.S. 163A-510 and the written authorization of
3 that lobbyist principal under G.S. 163A-516 are terminated upon the filing of either a lobbyist
4 resignation or a principal termination with the State Board, whichever occurs first.

5 (b) Lobbyist resignations and lobbyist principal terminations are effective upon filing.

6 **"§§ 163A-521 through 163A-524: Reserved for future codification purposes.**

7 **"§ 163A-525. Other persons required to register.**

8 (a) A person not otherwise required to register under this Chapter shall register and
9 report when the total expense incurred for solicitation of others exceeds three thousand dollars
10 (\$3,000) during any 90-day period. Expenses incurred shall mean the costs of producing and
11 transmitting the communication and, if the communication is made at a conference, meeting, or
12 similar event, the costs of planning, hosting, sponsoring, and attending the conference, meeting,
13 or similar event.

14 (b) A person required to register and report under this section shall be referred to as a
15 "solicitor" for purposes of this Article.

16 (c) No fee shall be charged for registering as a solicitor.

17 (d) For purposes of this section, "incur" means the point at which a binding obligation
18 arises.

19 **"§§ 163A-526 through 163A-529: Reserved for future codification purposes.**

20 **"§ 163A-530. Publication and availability of registrations.**

21 (a) The State Board shall make available as soon as practicable the registrations of the
22 lobbyists and liaison personnel in an electronic, searchable format.

23 (b) The State Board shall make available as soon as practicable the authorizations of the
24 lobbyists' principals in an electronic, searchable format.

25 (c) The State Board shall make available as soon as practicable the registrations of
26 other persons required by this Article to file a registration in an electronic, searchable format.

27 (d) Within 20 days after the convening of each session of the General Assembly, the
28 State Board shall furnish each designated individual and the State Legislative Library a list of
29 all persons who have registered as lobbyists and whom they represent. A supplemental list of
30 lobbyists shall be furnished periodically every 20 days while the General Assembly is in
31 session and every 60 days thereafter. For each special session of the General Assembly, a
32 supplemental list of lobbyists shall be furnished to the State Legislative Library.

33 (e) All lists required by this section may be furnished electronically.

34 "Part 2. Prohibitions and Restrictions.

35 **"§ 163A-540. Contingency fees prohibited.**

36 (a) No individual shall act as a lobbyist and receive payment for lobbying that is
37 dependent upon the result or outcome of any legislative or executive action.

38 (b) This section shall not apply to an individual doing business with the State who is
39 engaged in sales with respect to that business with the State whose regular remuneration
40 agreement includes commissions based on those sales. For purposes of this subsection, the term
41 "regular remuneration" means any money, thing of value, or economic benefit conferred on or
42 received by the individual in return for services rendered or to be rendered by that individual or
43 another.

44 (c) Any payment to a lobbyist in violation of this section is subject to forfeiture and
45 shall be paid into the Civil Penalty and Forfeiture Fund.

46 **"§ 163A-541. Election influence prohibited.**

47 (a) No person shall attempt to influence the action of any designated individual by the
48 promise of financial support of the designated individual's candidacy or by threat of financial
49 support in opposition to the designated individual's candidacy in any future election.

50 (b) No lobbyist, lobbyist principal, or other person required to register under this
51 Chapter shall attempt to influence the action of any designated individual by the promise of

1 financial support of the designated individual's candidacy or by threat of financial support in
2 opposition to the designated individual's candidacy in any future election.

3 **"§ 163A-542. Gifts by lobbyists and lobbyist principals prohibited.**

4 (a) Except as provided in subsection (b) of this section, no lobbyist or lobbyist principal
5 may do any of the following:

6 (1) Knowingly give a gift to a designated individual.

7 (2) Knowingly give a gift with the intent that a designated individual be an
8 ultimate recipient.

9 (b) Subsection (a) of this section shall not apply to gifts as described in
10 G.S. 163A-402(f).

11 (c) The offering or giving of a gift in compliance with this Chapter without corrupt
12 intent shall not constitute a violation of the statutes related to bribery under G.S. 14-217,
13 14-218, or 120-86, but shall be subject to civil fines under G.S. 163A-250(8).

14 (d) Gifts made to a nonpartisan state, regional, national, or international legislative
15 organization of which the General Assembly is a member or a legislator or legislative employee
16 is a member or participant of by virtue of that legislator's or legislative employee's public
17 position, or to an affiliated organization of that nonpartisan state, regional, national, or
18 international organization, shall not constitute a violation of subdivision (a)(2) of this section or
19 of G.S. 163A-402(c).

20 (e) Gifts made to a nonpartisan state, regional, national, or international organization of
21 which a public servant's agency is a member or a public servant is a member or participant of
22 by virtue of that public servant's public position, or to an affiliated organization of that
23 nonpartisan state, regional, national, or international organization, shall not constitute a
24 violation of subdivision (a)(2) of this section or of G.S. 163A-402(c).

25 **"§ 163A-543. Restrictions.**

26 (a) No legislator or former legislator may register as a lobbyist under this Article:

27 (1) While in office.

28 (2) Before the later of the close of session as set forth in G.S. 163A-200(21)b.1.
29 in which the legislator served or six months after leaving office.

30 (b) No public servant or former public servant as defined in G.S. 163A-200(40)a. may
31 register as a lobbyist under this Article while in office or within six months after leaving office.

32 (c) No public servant or former public servant as defined in G.S. 163A-200(40)c. may
33 register as a lobbyist under this Article within six months after separation from employment as
34 a public servant. No other employee of any State agency may register as a lobbyist under this
35 Article to lobby the State agency that previously employed the former employee within six
36 months after voluntary separation or separation for cause from that State agency.

37 (d) No individual registered as a lobbyist under this Article shall serve as a treasurer as
38 defined in G.S. 163A-4502(19) or an assistant campaign treasurer for a political committee for
39 the election of a member of the General Assembly or a constitutional officer of the State.

40 (e) A lobbyist shall not be eligible for appointment by a State official to, or service on,
41 any body created under the laws of this State that has regulatory authority over the activities of
42 a person or governmental unit that the lobbyist currently represents or has represented within
43 120 days after the expiration of the lobbyist's registration representing that person or
44 governmental unit. Nothing herein shall be construed to prohibit appointment by any unit of
45 local government.

46 (f) Any appointment or registration made in violation of this section shall be void.

47 **"§ 163A-544. Prohibition on the use of cash or credit of the lobbyist.**

48 No lobbyist or another acting on the lobbyist's behalf shall lobby by permitting a designated
49 individual, or that designated individual's immediate family member, to use the cash or credit
50 of the lobbyist unless the lobbyist is in attendance at the time of the reportable expenditure.
51 G.S. 163A-542 applies to this section.

"Part 3. Reporting."§ 163A-550. Reporting of reportable expenditures.

(a) For purposes of this Article, all reportable expenditures made for lobbying shall be reported, including the following:

- (1) Reportable expenditures benefiting or made on behalf of a designated individual in the regular course of that designated individual's employment.
- (2) Reportable expenditures benefiting or made on behalf of a designated individual's immediate family member in the regular course of that immediate family member's employment.
- (3) Contractual arrangements or direct business relationships between a lobbyist or lobbyist principal and a designated individual, or that designated individual's immediate family member, in effect during the reporting period or the previous 12 months.
- (4) Reportable expenditures reimbursed to a lobbyist in the ordinary course of business by the lobbyist principal or other employer.

(b) This section shall not apply to any reportable expenditure of cash, a cash equivalent, or a fixed asset made directly to a State agency that maintains an accounting of the reportable expenditure that is a public record.

"§ 163A-551. Reporting generally.

(a) Reports shall be filed whether or not reportable expenditures are made and shall be due 15 business days after the end of the reporting period.

(b) For reportable expenditures, each report shall set forth all of the following:

- (1) The fair market value or face value if shown.
- (2) The date of the reportable expenditure.
- (3) A description of the reportable expenditure.
- (4) The name and address of the payee or beneficiary.
- (5) The name of any designated individual or that designated individual's immediate family member connected with the reportable expenditure.

(c) For purposes of subdivision (b)(5) of this section, when more than 15 designated individuals benefit from or request a reportable expenditure, no names of individuals need be reported provided that the report identifies the approximate number of designated individuals benefiting or requesting and the basis for their selection, including the name of the legislative body, committee, caucus, or other group whose membership list is a matter of public record in accordance with G.S. 132-1 or including a description of the group that clearly distinguishes its purpose or composition from the general membership of the General Assembly. The approximate number of immediate family members of designated individuals who benefited from the reportable expenditure shall be listed separately.

(d) For purposes of subdivision (b)(5) of this section, when the reportable expenditure is a gift given with the intent that a designated individual be the ultimate recipient and the lobbyist or lobbyist principal does not know the name or names of the designated individuals, the lobbyist or lobbyist principal shall report a description of the designated individuals and those designated individuals' immediate family members connected with the reportable expenditure that clearly distinguishes its purpose or composition, and an approximate number, if known.

(e) Reportable expenditures shall be reported using the following categories:

- (1) Transportation and lodging.
- (2) Entertainment.
- (3) Food and beverages.
- (4) Meetings and events.
- (5) Gifts.
- (6) Other reportable expenditures.

1 (f) Each report shall be in the form prescribed by the State Board, which may include
2 electronic reports.

3 (g) When any report as required by this Article is not filed, the State Board shall send a
4 certified letter, return receipt requested, advising the lobbyist, lobbyist principal, or other
5 person required to report of the delinquency and the penalties provided by law. A late filing fee
6 of fifty dollars (\$50.00) per day, commencing on the 10th business day after the date the
7 certified letter is received, applies to a report that is not timely filed. The cumulative late filing
8 fee may not exceed five hundred dollars (\$500.00). Within 20 days of the receipt of the letter,
9 the report shall be delivered or posted by United States mail to the State Board together with
10 the late filing fee. Filing of the required report and payment of the additional fee within the
11 time extended shall constitute compliance with this section.

12 (h) Failure to file a required report in one of the manners prescribed in this section shall
13 void any and all registrations of the lobbyist, lobbyist principal, or solicitor. No lobbyist,
14 lobbyist principal, or solicitor may register or reregister until full compliance with this section
15 has occurred.

16 (i) The State Board may adopt rules to facilitate complete and timely disclosure of
17 required reporting, including additional categories of information, and to protect the addresses
18 of payees under protective order issued pursuant to Chapter 50B of the General Statutes or
19 participating in the Address Confidentiality Program pursuant to Chapter 15C of the General
20 Statutes. The State Board shall not impose any penalties or late filing fees upon a lobbyist,
21 lobbyist principal, or solicitor for subsequent failures to comply with the requirements of this
22 section if the State Board failed to provide the required notification under subsection (g) of this
23 section.

24 (j) Any reportable expenditure promptly paid for at fair market value or promptly
25 returned to a lobbyist or lobbyist principal by a designated individual or a member of the
26 designated individual's immediate family within the reporting period shall not be reported
27 under G.S. 163A-552 or G.S. 163A-553, and if reported, the repayment or return of the
28 expenditure at any time shall be reported by the lobbyist and lobbyist principal on the next
29 report due under this Article.

30 (k) The State Board shall make available a report form that may be filed by a
31 designated individual or a member of the designated individual's immediate family who
32 promptly declines, returns, pays fair market value for, or donates a reportable expenditure in
33 accordance with G.S. 163A-402(h). The State Board shall index the filing of this form together
34 with the lobbyist or lobbyist principal who gave the reportable expenditure.

35 **"§ 163A-552. Lobbyist's reports.**

36 (a) Each lobbyist shall file quarterly reports under oath with the State Board with
37 respect to each lobbyist principal.

38 (b) The report shall include all of the following for the reporting period:

39 (1) All reportable expenditures made for lobbying.

40 (2) Solicitation of others when such solicitation involves an aggregate cost of
41 more than three thousand dollars (\$3,000).

42 (3) Reportable expenditures reimbursed by the lobbyist principal or another
43 person or governmental unit on the lobbyist principal's behalf.

44 (4) All reportable expenditures for gifts given under G.S. 163A-402(f)(1)-(9),
45 163A-402(f)(11), 163A-402(f)(12), and all gifts given under
46 G.S. 163A-402(f)(10) with a value of more than ten dollars (\$10.00).

47 (c) In addition to the reports required by this section, each lobbyist incurring reportable
48 expenditures in any month while the General Assembly is in session with respect to lobbying
49 legislators and legislative employees shall file a monthly reportable expenditure report. The
50 monthly reportable expenditure report shall contain information required by this section with
51 respect to all lobbying of legislators and legislative employees and is due within 10 business

1 days after the end of the month. The information on the monthly reportable expenditure report
2 shall also be included in each quarterly report required by subsection (a) of this section.

3 **"§ 163A-553. Lobbyist principal's reports.**

4 (a) Each lobbyist principal shall file quarterly reports under oath with the State Board
5 with respect to each lobbyist principal.

6 (b) The report shall be filed whether or not reportable expenditures are made, shall be
7 due 15 business days after the end of the reporting period, and shall include all of the following
8 for the reporting period:

9 (1) All reportable expenditures made for lobbying.

10 (2) Solicitation of others when such solicitation involves an aggregate cost of
11 more than three thousand dollars (\$3,000).

12 (3) With respect to each lobbyist registered under G.S. 163A-516, reportable
13 expenditures reimbursed or paid to lobbyists for lobbying that are not
14 reported on the lobbyist's report, with an itemized description of those
15 reportable expenditures.

16 (4) All reportable expenditures for gifts given under G.S. 163A-402(f)(1)-(9),
17 163A-402(f)(11), 163A-402(f)(12), and all gifts given under
18 G.S. 163A-402(f)(10) with a value of more than two hundred dollars
19 (\$200.00).

20 (5) With respect to each lobbyist registered under G.S. 163A-516, the name of
21 each person or governmental unit not otherwise registered as a lobbyist
22 principal for whom the lobbyist principal directs the lobbyist to lobby,
23 whether for pay or not. If the lobbyist principal is an association or other
24 organization, the lobbyist principal shall not be required to report under this
25 subdivision any individual member of the association or other organization
26 for which the lobbyist is directed to lobby by that lobbyist principal.

27 (c) In addition to the reports required by this section, each lobbyist principal incurring
28 reportable expenditures in any month while the General Assembly is in session with respect to
29 lobbying legislators and legislative employees shall file a monthly reportable expenditure
30 report. The monthly reportable expenditure report shall contain information required by this
31 section with respect to all lobbying of legislators and legislative employees and is due within
32 10 business days after the end of the month. The information on the monthly report shall also
33 be included in each quarterly report required by subsection (a) of this section.

34 (d) In addition to the reports required by this section, each lobbyist principal shall
35 annually, in the last report for the registration period under G.S. 163A-510(d), report the
36 cumulative combined total of all payments for lobbying and other activities described in
37 subdivision (f)(2) of this section made during the registration period, for all of the following:

38 (1) All payments for lobbying.

39 (2) Activities as described in subdivision (g)(2) of this section.

40 (e) Notwithstanding any other provision of this Article, the cumulative combined total
41 of all payments for lobbying and other activities made by the principal to all lobbyists
42 registered for that lobbyist principal shall be reported as one cumulative amount with no further
43 division or allocation by individual lobbyist, activity, or any other categorization.

44 (f) The cumulative combined total of payments reported under subsection (d) of this
45 section made during the registration period shall include, as applicable:

46 (1) If a lobbyist represents the lobbyist principal, but is not directly employed by
47 that lobbyist principal, the portion of the payment that is for lobbying and to
48 whom it was paid.

49 (2) If a lobbyist is under contract with the lobbyist principal for lobbying, the
50 portion of the contract that is reasonably allocated for lobbying.

- 1 (3) If a lobbyist is a full-time employee of the principal, or is paid by means of
2 an annual fee or retainer, the principal shall estimate and report the portion
3 of the salary, fee, or retainer salary that is reasonably allocated for lobbying.
4 (g) For purposes of subsection (d) of this section, the following shall apply:
5 (1) A lobbyist principal may rely upon a statement by the lobbyist estimating the
6 portion of the salary or other payment that is reasonably allocated for
7 lobbying.
8 (2) In addition to reporting any payment to a lobbyist for lobbying under
9 subsection (d) of this section, a lobbyist principal shall report, cumulatively
10 for the year, any payment to a lobbyist for any of the following
11 communications and activities that were used to lobby within the registration
12 period under G.S. 163A-510(d):
13 a. Research.
14 b. Drafting of written communications.
15 c. Monitoring of proposed or pending legislative action or executive
16 action, including time spent preparing communications with the
17 lobbyist principal to relate information on proposed or pending
18 legislative action or executive action.
19 d. Time spent advising and rendering opinions to the lobbyist principal
20 as to the construction and effect of proposed or pending legislative
21 action or executive action.
22 (3) A lobbyist principal is required to report any payment to a lobbyist for any
23 of the following:
24 a. Direct lobbying communications or direct lobbying activities with a
25 designated individual or that designated individual's immediate
26 family.
27 b. Communications or activities to develop goodwill, including the
28 building of relationships, with a designated individual or that
29 designated individual's immediate family member.

30 **§ 163A-554. Solicitor's reports.**

- 31 (a) Each solicitor shall file quarterly reports under oath with the State Board.
32 (b) The report shall include all of the following:
33 (1) All reportable expenditures made for lobbying during the reporting period.
34 (2) Solicitation of others when such solicitation involves an aggregate cost of
35 more than three thousand dollars (\$3,000).

36 **§ 163A-555. Report availability.**

- 37 (a) All reports filed under this Article shall be open to public inspection upon filing.
38 (b) The State Board shall create a searchable Web-based database of reports filed under
39 this Article and Subchapter V of this Chapter.

40 "Part 4. Liaison Personnel.

41 **§ 163A-560. Liaison personnel.**

- 42 (a) All agencies and constitutional officers of the State, including all boards,
43 departments, divisions, constituent institutions of The University of North Carolina, community
44 colleges, and other units of government in the executive branch shall designate liaison
45 personnel to lobby for legislative action. This subsection shall not apply to units of local
46 government, or a State agency or board with no staff.
47 (b) No State agency or constitutional officer of the State may contract with individuals
48 who are not employed by the State to lobby legislators and legislative employees. This
49 subsection shall not apply to counsel employed by any agency, board, department, or division
50 authorized to employ counsel under G.S. 147-17.

1 of the General Statutes, respectively, shall be considered an employee of the
2 county or city.

3 (4) A person performing professional services in drafting bills, or in advising
4 and rendering opinions to clients, or to designated individuals on behalf of
5 clients, as to the construction and effect of proposed or pending legislative or
6 executive action where the professional services are not otherwise connected
7 with the legislative or executive action.

8 (5) A person who owns, publishes, or is an employee of any recognized news
9 medium, while engaged in the acquisition and publication of news or news
10 and commentary on behalf of that recognized news medium.

11 (6) Designated individuals while acting in their official capacity.

12 (7) A person responding to inquiries from a designated individual and who does
13 not act in any further activities as a lobbyist in connection with that inquiry.

14 (8) A person who is a political committee as defined in G.S. 163A-4502(14),
15 that person's employee, or that person's contracted service provider.

16 (9) Anything of value given or received in connection with seeking or hosting a
17 national convention of a political party.

18 "Part 6. Miscellaneous.

19 **"§ 163A-580. Reportable expenditures made by persons exempted or not covered by this**
20 **Article.**

21 (a) If a designated individual accepts a reportable expenditure made for lobbying with a
22 total value of over two hundred dollars (\$200.00) per calendar quarter from a person or group
23 of persons acting together, exempted or not otherwise covered by this Article, the person, or
24 group of persons, making the reportable expenditure shall report the date, a description of the
25 reportable expenditure, the name and address of the person, or group of persons, making the
26 reportable expenditure, the name of the designated individual accepting the reportable
27 expenditure, and the estimated fair market value, or face value if shown, of the reportable
28 expenditure.

29 (b) If the person making the reportable expenditure in subsection (a) of this section is
30 outside North Carolina, and the designated individual accepting the reportable expenditure is
31 also outside North Carolina at the time the designated individual accepts the reportable
32 expenditure, then the designated individual accepting the reportable expenditure shall be
33 responsible for filing the report or reporting the information in the designated individual's
34 statement of economic interest in accordance with G.S. 163A-304(a)(8).

35 (c) If a designated individual accepts a scholarship related to that designated
36 individual's public service or position valued over two hundred dollars (\$200.00) from a
37 person, or group of persons, acting together, exempted or not covered by this Article, the
38 person, or group of persons, granting the scholarship shall report the date of the scholarship, a
39 description of the event involved, the name and address of the person, or group of persons,
40 granting the scholarship, the name of the designated individual accepting the scholarship, and
41 the estimated fair market value.

42 (d) If the person granting the scholarship in subsection (c) of this section is outside
43 North Carolina, the designated individual accepting the scholarship shall be responsible for
44 filing the report or reporting the information in the designated individual's statement of
45 economic interest in accordance with G.S. 163A-304(a)(2).

46 (e) This section shall not apply to any of the following:

47 (1) Anything of value properly reported as required under Article 45 of this
48 Chapter.

49 (2) Any reportable expenditure from a designated individual's extended family
50 member to a designated individual.

1 (3) Reportable expenditures associated primarily with the designated
2 individual's employment or that designated individual's immediate family
3 member's employment.

4 (4) Reportable expenditures, other than food, beverages, travel, and lodging,
5 which are received from a person who is a citizen of a country other than the
6 United States or a state other than North Carolina and given during a
7 ceremonial presentation or as a custom.

8 (5) A thing of value that is paid for by the State.

9 (6) A scholarship paid for by a nonpartisan state, regional, national, or
10 international legislative organization of which the General Assembly is a
11 member or a legislator or legislative employee is a member or participant of
12 by virtue of that legislator's or legislative employee's public position, or to an
13 affiliated organization of that nonpartisan state, regional, national, or
14 international organization.

15 (f) Within 15 business days after the end of the quarter in which the reportable
16 expenditure was made, reports required by this section shall be filed with the State Board in a
17 manner prescribed by the State Board, which may include electronic reports. If the designated
18 individual is required to file a statement of economic interest under G.S. 163A-304, then that
19 designated individual may opt to report any information required by this section in the
20 statement of economic interest.

21 (g) For purposes of this section, the term "scholarship" shall mean a grant-in-aid to
22 attend a conference, meeting, or other similar event. For purposes of this section only, the term
23 "person" shall include all persons as defined in G.S. 163A-200(36) and all governmental units
24 as defined in G.S. 163A-200(18).

25 "Articles 6 through 14: Reserved for future codification purposes.

26 "SUBCHAPTER III. ELECTION ADMINISTRATION.

27 "Article 15.

28 "Article 17.

29 "General Provisions.

30 "Article 38. Reserved for future codification purposes.

31 "Article 39. Reserved for future codification purposes.

32 "SUBCHAPTER IV: Reserved for future codification purposes.

33 "Articles 40 through 44: Reserved for future codification purposes.

34 "SUBCHAPTER V. CAMPAIGN FINANCE REGULATION.

35 "Article 45.

36 "Regulating Contributions and Expenditures in Political Campaigns.

37 "Part 1. In General.

38 "§ 163A-4501. Scope of Subchapter; severability.

39 The provisions of this Subchapter apply to primaries and elections for North Carolina
40 offices and to North Carolina referenda and do not apply to primaries and elections for federal
41 offices or offices in other States or to non-North Carolina referenda. Any provision in this
42 Subchapter that regulates a non-North Carolina entity does so only to the extent that the entity's
43 actions affect elections for North Carolina offices or North Carolina referenda.

44 The provisions of this Subchapter are severable. If any provision is held invalid by a court
45 of competent jurisdiction, the invalidity does not affect other provisions of this Subchapter that
46 can be given effect without the invalid provision.

47 "§ 163A-4502. Definitions.

48 Except as otherwise provided, the following definitions apply in this Subchapter:

49 (1) Broadcasting station. – Any commercial radio or television station or
50 community antenna radio or television station.

- 1 (2) Business entity. – Any corporation, partnership, joint venture, insurance
2 company, labor union, professional association, joint-stock company,
3 company, firm, or any commercial or industrial establishment or enterprise.
4 (3) Candidate. – Any individual who, with respect to a public office, has taken
5 positive action for the purpose of bringing about that individual's nomination
6 or election to public office. Status as a candidate for the purpose of this
7 Subchapter continues if the individual is receiving contributions to repay
8 loans or cover a deficit or is making expenditures to satisfy obligations from
9 an election already held. Examples of positive action include:
10 a. Filing a notice of candidacy or a petition requesting to be a
11 candidate.
12 b. Being certified as a nominee of a political party for a vacancy.
13 c. Otherwise qualifying as a candidate in a manner authorized by law.
14 d. Making a public announcement of a definite intent to run for public
15 office in a particular election.
16 e. Receiving funds or making payments or giving the consent for
17 anyone else to receive funds or transfer anything of value for the
18 purpose of bringing about that individual's nomination or election to
19 office. Transferring anything of value includes incurring an
20 obligation to transfer anything of value.
21 (4) Candidate campaign committee. – Any political committee organized by or
22 under the direction of a candidate. For purposes of this subsection, a
23 candidate is any individual who, with respect to a public office, has filed a
24 notice of candidacy or a petition requesting to be a candidate, or has been
25 certified as a nominee of a political party for a vacancy, or has otherwise
26 qualified as a candidate in a manner authorized by law, or has filed a
27 statement of organization under G.S. 163A-4530 and is required to file
28 periodic financial disclosure statements under G.S. 163A-4532.
29 (5) Communications media. – Broadcasting stations, carrier current stations,
30 newspapers, magazines, periodicals, outdoor advertising facilities,
31 billboards, newspaper inserts, and any individual or business entity whose
32 business is polling public opinion or analyzing or predicting voter behavior
33 or voter preferences.
34 (6) Contribute or contribution. – Any advance, conveyance, deposit,
35 distribution, transfer of funds, loan, payment, gift, pledge, or subscription of
36 money or anything of value whatsoever, made to, or in coordination with, a
37 candidate to support or oppose the nomination or election of one or more
38 clearly identified candidates, to a political committee, to a political party, or
39 to a referendum committee, whether or not made in an election year, and any
40 contract, agreement, or other obligation to make a contribution. An
41 expenditure forgiven by an individual or business entity to whom it is owed
42 shall be reported as a contribution from that individual or business entity.
43 These terms include, without limitation, such contributions as labor or
44 personal services, postage, publication of campaign literature or materials,
45 in-kind transfers, loans or use of any supplies, office machinery, vehicles,
46 aircraft, office space, or similar or related services, goods, or personal or real
47 property. These terms also include, without limitation, the proceeds of sale
48 of services, campaign literature and materials, wearing apparel, tickets or
49 admission prices to campaign events such as rallies or dinners, and the
50 proceeds of sale of any campaign-related services or goods. Notwithstanding
51 the foregoing meanings of "contribution," the word shall not be construed to

1 include services provided without compensation by individuals volunteering
2 a portion or all of their time on behalf of a candidate, political committee, or
3 referendum committee. The term "contribution" does not include an
4 "independent expenditure" if (i) any individual, business entity, committee,
5 association, or any other organization or group of individuals, including, but
6 not limited to, a political organization (as defined in section 527(e)(1) of the
7 Internal Revenue Code of 1986) makes, or contracts to make, any
8 disbursement for any electioneering communication, as defined in this
9 section and (ii) that disbursement is coordinated with a candidate, an
10 authorized political committee of that candidate, a State or local political
11 party or committee of that party, or an agent or official of any such
12 candidate, party, or committee. That disbursement or contracting shall be
13 treated as a contribution to the candidate supported by the electioneering
14 communication or that candidate's party and as an expenditure by that
15 candidate or that candidate's party.

16 (7) Coordinated expenditure. – An expenditure that is made in concert or
17 cooperation with, or at the request or suggestion of, a candidate, a candidate
18 campaign committee as defined in G.S. 163A-4570(3), the agent of the
19 candidate, or the agent of the candidate campaign committee. An
20 expenditure for the distribution of information relating to a candidate's
21 campaign, positions, or policies, that is obtained through publicly available
22 resources, including a candidate campaign committee, is not a coordinated
23 expenditure if it is not made in concert or cooperation with, or at the request
24 or suggestion of, a candidate, the candidate campaign committee, the agent
25 of the candidate, or the agent of the candidate campaign committee.

26 (8) Coordination. – In concert or cooperation with, or at the request or
27 suggestion of.

28 (9) Corporation. – Any corporation established under either domestic or foreign
29 charter, and includes a corporate subsidiary and any business entity in which
30 a corporation participates or is a stockholder, a partner, or a joint venturer.
31 The term applies regardless of whether the corporation does business in the
32 State of North Carolina.

33 (10) Costs of collection. – Monies spent by the State Board in the collection of
34 the penalties levied under this Subchapter to the extent the costs do not
35 constitute more than fifty percent (50%) of the civil penalty. The costs are
36 presumed to be ten percent (10%) of the civil penalty unless otherwise
37 determined by the State Board based on the records of expenses incurred by
38 the State Board for its collection procedures.

39 (11) Day. – Calendar day.

40 (12) Election cycle. – The period of time from January 1 after an election for an
41 office through December 31 after the election for the next term of the same
42 office. Where the term is applied in the context of several offices with
43 different terms, "election cycle" means the period from January 1 of an
44 odd-numbered year through December 31 of the next even-numbered year.

45 (13) Election. – Any general or special election, a first or second primary, a
46 run-off election, or an election to fill a vacancy. The term "election" shall not
47 include any local or statewide referendum.

48 a. Electioneering communication. – Any broadcast, cable, or satellite
49 communication, or mass mailing, or telephone bank that has all the
50 following characteristics:

51 1. Refers to a clearly identified candidate for elected office.

- 1 (15) Enforcement costs. – Salaries, overhead, and other monies spent by the State
2 Board in the enforcement of the penalties provisions of this Subchapter,
3 including the costs of investigators, attorneys, and travel costs for State
4 Board employees and its attorneys, to the extent the costs do not constitute
5 more than fifty percent (50%) of the sum levied for the enforcement costs
6 and civil late penalty.
- 7 (16) Expend or expenditure. – Any purchase, advance, conveyance, deposit,
8 distribution, transfer of funds, loan, payment, gift, pledge, or subscription of
9 money or anything of value whatsoever, whether or not made in an election
10 year, and any contract, agreement, or other obligation to make an
11 expenditure, to support or oppose the nomination, election, or passage of one
12 or more clearly identified candidates, or ballot measure. An expenditure
13 forgiven by an individual or business entity to whom it is owed shall be
14 reported as a contribution from that individual or business entity. Supporting
15 or opposing the election of clearly identified candidates includes supporting
16 or opposing the candidates of a clearly identified political party. Expenditure
17 also includes any payment or other transfer made by a candidate, political
18 committee, or referendum committee.
- 19 (17) Independently expend or independent expenditure. – An expenditure to
20 support or oppose the nomination or election of one or more clearly
21 identified candidates that is not a coordinated expenditure. Supporting or
22 opposing the election of clearly identified candidates includes supporting or
23 opposing the candidates of a clearly identified political party. A contribution
24 is not an independent expenditure. As applied to referenda, the term
25 "independent expenditure" applies if consultation or coordination does not
26 take place with a referendum committee that supports a ballot measure the
27 expenditure supports, or a referendum committee that opposes the ballot
28 measure the expenditure opposes.
- 29 (18) Individual. – A single individual or more than one individual.
- 30 (19) Insurance company. – Any business making or underwriting contracts of
31 insurance, and includes mutual insurance companies, stock insurance
32 companies, and fraternal beneficiary associations.
- 33 (20) Labor union. – Any union, organization, combination, or association of
34 employees or workers formed for the purposes of securing by united action
35 favorable wages, improved labor conditions, better hours of labor or
36 work-related benefits, or for handling, processing, or righting grievances by
37 employees against their employers, or for representing employees
38 collectively or individually in dealings with their employers. The term
39 includes any unions to which Article 10 of Chapter 95 of the General
40 Statutes applies.
- 41 (21) Mass mailing. – Any mailing by United States mail or facsimile to 20,000 or
42 more households, cumulative per election, in a statewide election or 2,500 or
43 more households, cumulative per election, in any other election.
- 44 (22) Political committee. – A combination of two or more individuals, such as a
45 business entity, committee, association, organization, or other entity that
46 makes, or accepts anything of value to make, contributions or expenditures
47 and has one or more of the following characteristics:
- 48 a. Is controlled by a candidate.
- 49 b. Is a political party or executive committee of a political party or is
50 controlled by a political party or executive committee of a political
51 party.

1 c. Is created by a business entity pursuant to G.S. 163A-4557.

2 d. Has the major purpose to support or oppose the nomination or
3 election of one or more clearly identified candidates.

4 Supporting or opposing the election of clearly identified candidates includes
5 supporting or opposing the candidates of a clearly identified political party.
6 If the entity qualifies as a "political committee" under sub-subdivision a., b.,
7 c., or d. of this subdivision, it continues to be a political committee if it
8 receives contributions or makes expenditures or maintains assets or
9 liabilities. A political committee ceases to exist when it winds up its
10 operations, disposes of its assets, and files its final report. The term "political
11 committee" includes the campaign of a candidate who serves as his or her
12 own treasurer.

13 (23) Political party. – Any political party organized or operating in this State,
14 whether or not that party is recognized under the provisions of G.S. 163-96.

15 (24) Professional association. – Any trade association, group, organization,
16 association, or collection of individuals or business entities formed for the
17 purposes of advancing, representing, improving, furthering, or preserving the
18 interests of individuals or business entities having a common vocation,
19 profession, calling, occupation, employment, or training.

20 (25) Public office. – Any office filled by election by the people on a statewide,
21 county, municipal, or district basis, and this Subchapter shall be applicable
22 to such elective offices whether the election therefor is partisan or
23 nonpartisan.

24 (26) Referendum. – Any question, issue, or act referred to a vote of the people of
25 the entire State by the General Assembly, a unit of local government, or by
26 the people under any applicable local act and includes constitutional
27 amendments and State bond issues. The term "referendum" includes any
28 type of municipal, county, or special district referendum and any initiative or
29 referendum authorized by a municipal charter or local act. A recall election
30 shall not be considered a referendum within the meaning of this Subchapter.

31 (27) Referendum committee. – A combination of two or more individuals such as
32 a business entity, committee, association, organization, or other entity or a
33 combination of two or more business entities, committees, associations,
34 organizations, or other entities the primary purpose of which is to support or
35 oppose the passage of any referendum on the ballot. If the combination of
36 individuals or business entities qualifies as a "referendum committee" under
37 this subdivision, it continues to be a referendum committee if it receives
38 contributions or makes expenditures or maintains assets or liabilities. A
39 referendum committee ceases to exist when it winds up its operations,
40 disposes of its assets, and files its final report.

41 (28) State Board. – The State Board of Elections and Ethics Enforcement as
42 established by this Chapter with respect to all candidates for State,
43 legislative, and judicial offices and for statewide referenda. The term shall
44 mean the county board of elections with respect to all candidates for county
45 and municipal offices and for local referenda.

46 (29) Telephone bank. – Telephone calls that are targeted to the relevant
47 electorate, except when those telephone calls are made by volunteer workers,
48 whether or not the design of the telephone bank system, development of
49 calling instructions, or training of volunteers was done by paid professionals.

50 (30) Treasurer. – An individual appointed by a candidate, political committee, or
51 referendum committee as provided in G.S. 163A-4530 or G.S. 163A-4577.

1 "§§ 163A-4503 through 163A-4505: Reserved for future codification purposes.

2 "§ 163A-4506. Duties of State Board.

3 In addition to other powers and duties specified in this Chapter, the State Board shall do the
4 following:

- 5 (1) Prescribe forms of statements and other information required to be filed by
6 this Subchapter, to furnish such forms to the county boards of elections and
7 individuals, communications media, or others required to file such
8 statements and information, and to prepare, publish, and distribute or cause
9 to be distributed to all candidates at the time they file notices of candidacy a
10 manual setting forth the provisions of this Subchapter and a prescribed
11 uniform system for accounts required to file statements by this Subchapter.
- 12 (2) Accept and file any information voluntarily supplied that exceeds the
13 requirements of this Subchapter.
- 14 (3) Develop a filing, coding, and cross-indexing system consonant with the
15 purposes of this Subchapter.
- 16 (4) Make statements and other information filed with it available to the public at
17 a charge not to exceed actual cost of copying.
- 18 (5) Preserve reports and statements filed under this Subchapter. Such reports
19 and statements, after a period of two years following the election year, may
20 be transferred to the Department of Cultural Resources, Office of Archives
21 and History, and shall be preserved for a period of 10 years.
- 22 (6) Prepare and publish such reports as it may deem appropriate.
- 23 (7) Make investigations to the extent the State Board deems necessary with
24 respect to statements filed under the provisions of this Subchapter and with
25 respect to alleged failures to file any statement required under the provisions
26 of this Subchapter, upon complaint under oath by any registered voter, with
27 respect to alleged violations of any part of this Subchapter.
- 28 (8) After investigation, report apparent violations by candidates, political
29 committees, referendum committees, legal expense funds, individuals, or
30 business entities to the proper district attorney as provided in
31 G.S. 163A-4519.
- 32 (9) Prescribe and furnish forms of statements and other material to the county
33 boards of elections for distribution to candidates and committees required to
34 be filed with the county boards.
- 35 (10) Instruct the chair and director of elections of each county board as to their
36 respective duties and responsibilities relative to the administration of this
37 Subchapter.
- 38 (11) Require appropriate certification of delinquent or late filings from the county
39 boards of elections and to execute the same responsibilities relative to such
40 reports as provided in G.S. 163A-4519.
- 41 (12) Assist county boards of elections in resolving questions arising from the
42 administration of this Subchapter.
- 43 (13) Require county boards of elections to hold such hearings, make such
44 investigations, and make reports to the State Board as the State Board deems
45 necessary in the administration of this Subchapter.
- 46 (14) Calculate, assess, and collect civil penalties pursuant to this Subchapter.
- 47 (15) Establish a process for determination as to whether communication is an
48 expenditure, independent expenditure, or electioneering communication
49 prior to the airing or distribution of that communication when so requested
50 by an individual or business entity producing a communication. The
51 responsibility for the determination may be delegated to the Executive

1 Director. If the responsibility is delegated to the Executive Director, the
2 process established by the State Board shall require a written determination
3 by the Executive Director to include stated findings and an opportunity for
4 immediate appeal to the State Board of the determination by the Executive
5 Director.

6 **"§ 163A-4507. Duties of Executive Director of State Board.**

7 (a) The Executive Director of the State Board shall inspect or cause to be inspected
8 each statement filed with the State Board under this Subchapter within 30 days after the date it
9 is filed. The Executive Director shall advise, or cause to be advised, no more than 30 days and
10 at least five days before each report is due, each candidate or treasurer whose organizational
11 report has been filed of the specific date each report is due. The Executive Director shall
12 immediately notify any individual, candidate, treasurer, political committee, referendum
13 committee, communications media, or other entity that may be required to file a statement
14 under this Subchapter if any of following apply:

15 (1) It appears that the individual, candidate, treasurer, political committee,
16 referendum committee, communications media, or other entity has failed to
17 file a statement as required by law or that a statement filed does not conform
18 to this Subchapter.

19 (2) A written complaint is filed under oath with the State Board by any
20 registered voter of this State alleging that a statement filed with the State
21 Board does not conform to this Subchapter or to the truth or that an
22 individual, candidate, treasurer, political committee, referendum committee,
23 communications media, or other entity has failed to file a statement required
24 by this Subchapter.

25 (b) The entity that is the subject of the complaint will be given an opportunity to
26 respond to the complaint before any action is taken requiring compliance.

27 (c) The Executive Director shall issue written opinions to candidates, the
28 communications media, political committees, referendum committees, or other entities upon
29 request, regarding filing procedures and compliance with this Subchapter. Any such opinion so
30 issued shall specifically refer to this section. If the candidate, communications media, political
31 committees, referendum committees, or other entities rely on and comply with the opinion of
32 the Executive Director, then prosecution or civil action on account of the procedure followed
33 pursuant thereto and prosecution for failure to comply with the statute inconsistent with the
34 written ruling of the Executive Director issued to the candidate or committee involved shall be
35 barred. Nothing in this section shall be construed to prohibit or delay the regular and timely
36 filing of reports. The Executive Director shall file all opinions issued pursuant to this section
37 with the Codifier of Rules to be published unedited in the North Carolina Register and the
38 North Carolina Administrative Code.

39 **"§ 163A-4508. Statements examined within four months.**

40 Within four months after the date of each election or referendum, the Executive Director
41 shall examine or cause to be examined each statement filed with the State Board under this
42 Subchapter, and, referring to the election or referendum, determine whether the statement
43 conforms to law and to the truth.

44 **"§ 163A-4509. Statements under oath.**

45 Any statement required to be filed under this Subchapter shall be signed and certified as
46 true and correct by the individual, communications media, candidate, treasurer, or others
47 required to file it, and shall be certified as true and correct to the best of the knowledge of the
48 individual, communications media, candidate, treasurer, or others filing the statement; provided
49 further that the candidate shall certify as true and correct to the best of that candidate's
50 knowledge the organizational report and appointment of treasurer filed for the candidate or the
51 candidate's principal campaign committee. A certification under this Subchapter shall be treated

1 as under oath, and any person making a certification under this Subchapter knowing the
2 information to be untrue is guilty of a Class I felony.

3 **"§ 163A-4510. Presumptions.**

4 In any proceeding brought pursuant to this Subchapter in which a presumption arises from
5 the proof of certain facts, the defendant may offer some evidence to rebut the presumption, but
6 the State bears the ultimate burden of proving the essential elements of its case.

7 **"§ 163A-4511. Preservation of records.**

8 All reports, records, and accounts required by this Subchapter to be made, kept, filed, or
9 maintained by any individual, communications media, candidate, or treasurer shall be preserved
10 and retained by the individual, communications media, candidate, or treasurer for at least two
11 years from the date of the election to which such reports, records and accounts refer.

12 **"§ 163A-4512. County boards of elections to preserve reports.**

13 The county boards of elections shall preserve all reports and statements filed with them
14 pursuant to this Subchapter for such period of time as directed by the State Board.

15 **"§§ 163A 4513 through 163A-4516: Reserved for future codification purposes.**

16 **"§ 163A-4517. Compelling self-incriminating testimony; individual so testifying excused
17 from prosecution.**

18 No individual shall be excused from attending or testifying or producing any books, papers,
19 or other documents before any court upon any proceeding or trial of another for the violation of
20 any of the provisions of this Subchapter, upon the ground or for the reason that the testimony or
21 evidence, documentary or otherwise, required of that individual may tend to incriminate that
22 individual, but such individual may be subpoenaed and required to testify by and for the State
23 relative to any offense arising under the provisions of this Subchapter. Such individual shall not
24 be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction,
25 matter, or thing concerning which that individual may be compelled to testify or produce
26 evidence, documentary or otherwise, and no compelled testimony so given or produced shall be
27 used against that individual upon any criminal proceeding, but such individual so compelled to
28 testify with respect to any acts of his or her own shall be immune from prosecution on account
29 thereof.

30 **"§ 163A-4518. Civil penalties.**

31 (a) Civil Penalties for Late Filing. – Except as provided in G.S. 163A-4532 and
32 G.S. 163A-4533, all reports, statements, or other documents required by this Subchapter to be
33 filed with the State Board shall be filed either by manual delivery to or by mail addressed to the
34 State Board. Timely filing shall be complete if postmarked on the day the reports, statements,
35 or other documents are to be delivered to the State Board. If a report, statement, or other
36 document is not filed within the time required by this Subchapter, then the individual, business
37 entity, communications media, candidate, political committee, referendum committee, or
38 treasurer responsible for filing shall pay to the State Board enforcement costs and a civil late
39 penalty as follows:

40 (1) Two hundred fifty dollars (\$250.00) per day for each day the filing is late for
41 a report that affects statewide elections, not to exceed a total of ten thousand
42 dollars (\$10,000).

43 (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report that
44 affects only non-statewide elections, not to exceed a total of five hundred
45 dollars (\$500.00).

46 If the form is filed timely by mail, no civil late penalty shall be assessed for any day after
47 the date of postmark. No civil late penalty shall be assessed for any day when the board office
48 at which the report is due is closed. The State Board shall immediately notify, or cause to be
49 notified, late filers, from which reports are apparently due, by mail, of the penalties under this
50 section. The State Board may waive a late penalty if it determines there is good cause for the
51 waiver.

1 If the State Board determines by clear and convincing evidence that the late filing
2 constitutes a willful attempt to conceal contributions or expenditures, the board may assess a
3 civil penalty in an amount to be determined by that board, plus the costs of investigation,
4 assessment, and collection. The civil penalty shall not exceed three times the amount of the
5 contributions and expenditures willfully attempted to be concealed.

6 (b) Civil Penalties for Illegal Contributions and Expenditures. – If an individual,
7 business entity, political committee, referendum committee, candidate, or other entity
8 intentionally makes or accepts a contribution or makes an unlawful expenditure in violation of
9 this Subchapter, then that entity shall pay to the State Board, in an amount to be determined by
10 the State Board, a civil penalty and the costs of investigation, assessment, and collection. The
11 civil penalty shall not exceed three times the amount of the unlawful contribution or
12 expenditure involved in the violation. The State Board may, in addition to the civil penalty,
13 order that the amount unlawfully received be paid to the State Board by check, and any money
14 so received by the State Board shall be deposited in the Civil Penalty and Forfeiture Fund of
15 North Carolina.

16 (c) Civil Remedies Other Than Penalties. – The State Board, in lieu of or in addition to
17 imposing a civil penalty under subsection (a) or (b) of this section, may take one or more of the
18 following actions with respect to a violation for which a civil penalty could be imposed:

- 19 (1) Issue an order requiring the violator to cease and desist from the violation
20 found.
- 21 (2) Issue an order to cease receiving contributions and making expenditures
22 until a delinquent report has been filed and any civil penalty satisfied.
- 23 (3) Issue an order requiring the violator to take any remedial action deemed
24 appropriate by the State Board.
- 25 (4) Issue an order requiring the violator to file any report, statement, or other
26 information as required by this Subchapter or the rules adopted by the State
27 Board.
- 28 (5) Publicly reprimand the violator for the violation.

29 (d) Facts in Mitigation. – An individual or other entity notified that a penalty has been
30 assessed against it may submit an affidavit to the State Board stating the facts in mitigation.
31 The State Board may waive a civil penalty in whole or in part if it determines there is good
32 cause for the waiver.

33 (e) Calculation and Assessment. – The State Board shall calculate and assess the
34 amount of the civil penalty due under subsection (a) or (b) of this section and shall notify the
35 person who is assessed the civil penalty of the amount. The notice of assessment shall be
36 served by any means authorized under G.S. 1A-1, Rule 4, and shall direct the violator either to
37 pay the assessment or to contest the assessment within 30 days by filing a petition for a
38 contested case under Article 3 of Chapter 150B of the General Statutes. If a violator does not
39 pay a civil penalty assessed by the State Board within 30 days after it is due, the State Board
40 shall request the Attorney General to institute a civil action to recover the amount of the
41 assessment. The civil action may be brought in the superior court of any county where the
42 report was due to be filed or any county where the violator resides or maintains an office. A
43 civil action shall be filed within three years of the date the assessment was due. An assessment
44 that is not contested is due when the violator is served with a notice of assessment. An
45 assessment that is contested is due at the conclusion of the administrative and judicial review of
46 the assessment. The State Board shall pay the clear proceeds of civil penalties collected under
47 this section to the Civil Penalty and Forfeiture Fund pursuant to G.S. 115C-457.2. The State
48 Board shall reduce the monies collected by the enforcement costs and the collection costs to
49 determine the clear proceeds payable to the Civil Penalty and Forfeiture Fund. Monies set aside
50 for the costs of enforcement and the costs of collection shall be credited to accounts of the State
51 Board.

1 (f) Notifying and Consulting With District Attorney. – Before assessing a civil penalty
2 under subsection (b) of this section or imposing a civil remedy under subsection (c) of this
3 section, the State Board shall notify and consult with the district attorney who would be
4 responsible under G.S. 163A-4519 for bringing a criminal prosecution concerning the violation.

5 **"§ 163A-4519. Criminal penalties; duty to report and prosecute.**

6 (a) Any individual, candidate, political committee, referendum committee, treasurer,
7 person, or communications media who intentionally violates the applicable provisions of
8 G.S. 163A-4530, 163A-4531, 163A-4532, 163A-4535, 163A-4538, 163A-4540, 163A-4541,
9 163A-4542, 163A-4544, 163A-4555, 163A-4557, 163A-4560, 163A-4565, 163A-4566,
10 163A-4571, 163A-4577, 163A-4578, 163A-4579, 163A-4580, 163A-4581, or 163A-4586 is
11 guilty of a Class 2 misdemeanor. The statute of limitations as stated in G.S. 15-1 shall run from
12 the day the last report is due to be filed with the appropriate board of elections for the election
13 cycle for which the violation occurred.

14 (b) A violation of G.S. 163A-4509 by making a certification knowing the information
15 to be untrue is a Class I felony.

16 (c) A person or individual who intentionally violates G.S. 163A-4544(a) or
17 G.S. 163A-4557(a) and the unlawful contributions total more than ten thousand dollars
18 (\$10,000) per election is guilty of a Class I felony.

19 (d) Whenever the State Board has knowledge of or has reason to believe there has been
20 a violation of any section of this Subchapter, it shall report that fact, together with
21 accompanying details, to the following prosecuting authorities:

22 (1) In the case of a candidate for nomination or election to the State Senate or
23 State House of Representatives: report to the district attorney of the
24 prosecutorial district in which the candidate for nomination or election
25 resides.

26 (2) In the case of a candidate for nomination or election to the office of
27 Governor, Lieutenant Governor, Secretary of State, State Auditor, State
28 Treasurer, State Superintendent of Public Instruction, State Attorney
29 General, State Commissioner of Agriculture, State Commissioner of Labor,
30 State Commissioner of Insurance, and all other State elective offices, Justice
31 of the Supreme Court, Judge of the Court of Appeals, judge of a superior
32 court, judge of a district court, and district attorney of the superior court:
33 report to the district attorney of the prosecutorial district in which Wake
34 County is located.

35 (3) In the case of an individual other than a candidate, including, without
36 limitation, violations by members of political committees, referendum
37 committees, or treasurers: report to the district attorney of the prosecutorial
38 district in which the individual resides.

39 (4) In the case of a person or any group of individuals: report to the district
40 attorney or district attorneys of the prosecutorial district or districts in which
41 any of the officers, directors, agents, employees, or members of the person
42 or group reside.

43 (e) Upon receipt of such a report from the State Board, the appropriate district attorney
44 shall prosecute the individual or persons alleged to have violated a section or sections of this
45 Subchapter.

46 (f) As a condition of probation, a sentencing judge may order that the costs incurred by
47 the State Board in investigating and aiding the prosecution of a case be paid to the State Board
48 by the defendant on such terms and conditions as set by the judge.

49 **"§ 163A-4520. Issuance of injunctions; special prosecutors named.**

1 (a) The superior courts of this State shall have jurisdiction to issue injunctions or grant
2 any other equitable relief appropriate to enforce the provisions of this Subchapter upon
3 application by any registered voter of the State.

4 (b) If the State Board makes a report to a district attorney under G.S. 163A-4519 and no
5 prosecution is initiated within 45 days after the report is made, any registered voter of the
6 prosecutorial district to whose district attorney a report has been made, or any board of
7 elections in that district, may, by verified affidavit, petition the superior court for that district
8 for the appointment of a special prosecutor to prosecute the individuals or persons who have or
9 who are believed to have violated any section of this Subchapter. Upon receipt of a petition for
10 the appointment of a special prosecutor, the superior court shall issue an order to show cause,
11 directed at the individuals or persons alleged in the petition to be in violation of this
12 Subchapter, why a special prosecutor should not be appointed. If there is no answer to the
13 order, the court shall appoint a special prosecutor. If there is an answer, the court shall hold a
14 hearing on the order, at which both the petitioning and answering parties may be heard, to
15 determine whether a prima facie case of a violation and failure to prosecute exists. If there is
16 such a prima facie case, the court shall so find and shall thereupon appoint a special prosecutor
17 to prosecute the alleged violators. The special prosecutor shall take the oath required of
18 assistant district attorneys by G.S. 7A-63, shall serve as an assistant district attorney pro tem of
19 the appropriate district, and shall prosecute the alleged violators.

20 **"§§ 163A-4521 through 163A-4523: Reserved for future codification purposes.**

21 **"§ 163A-4524. Issuance of declaration of nomination or certificate of election.**

22 No declaration of nomination and no certificate of election shall be granted to any candidate
23 until the candidate or that candidate's treasurer has filed the statements referring to the election
24 that are required to be filed under this Subchapter. Within 24 hours after reaching a decision
25 that a declaration of nomination or certificate of election should not be granted, the State Board
26 shall give written notice of that decision, by telegraph or certified mail, to the candidate and the
27 candidate's treasurer. Failure to grant certification shall not affect a successful candidate's title
28 to an office to which that candidate has been otherwise duly elected.

29 **"§ 163A-4525. Appeals from State Board; early docketing.**

30 Any candidate for nomination or election who is denied a declaration of nomination or
31 certificate of election, pursuant to G.S. 163A-4524, may, within five days after the action of the
32 State Board under that section, appeal to the Superior Court of Wake County for a final
33 determination of any questions of law or fact which may be involved in the State Board's
34 action. The cause shall be entitled "In the Matter of the Candidacy of _____." It shall be
35 placed on the civil docket of that court and shall have precedence over all other civil actions. In
36 the event of an appeal, the chair of the State Board shall certify the record to the clerk of that
37 court within five days after the appeal is noted.

38 The record on appeal shall consist of all reports filed by the candidate or treasurer with the
39 State Board pursuant to this Subchapter, and a memorandum of the State Board setting forth
40 with particularity the reasons for its action in denying the candidate a declaration of nomination
41 or certificate of election. Written notice of the appeal shall be given to the State Board by the
42 candidate or that candidate's attorney, and may be effected by mail or personal delivery. On
43 appeal, the cause shall be heard de novo.

44 **"§ 163A-4526. Candidates for federal offices to file information reports.**

45 (a) Candidates for nomination in a party primary or for election in a general or special
46 election to the offices of United States Senator, member of the United States House of
47 Representatives, President, or Vice President of the United States shall file with the State Board
48 all reports they or political committee treasurers or other agents acting for them are required to
49 file under the Federal Election Campaign Act of 1971, P.L. 92-225, as amended (2 U.S.C.
50 section 439). Those reports shall be filed with the State Board at the times required by that act.
51 The State Board shall, with respect to those reports, have the following duties only:

- 1 (1) To receive and maintain in an orderly manner all reports and statements
2 required to be filed with it.
- 3 (2) To preserve reports and statements filed under the Federal Election
4 Campaign Act. Such reports and statements, after a period of two years
5 following the election year, may be transferred to the Department of Cultural
6 Resources, Division of Archives and History, and shall be preserved for a
7 period of 10 years or for such period as may be required by federal law.
- 8 (3) To make the reports and statements filed with it available for public
9 inspection and copying during regular office hours, commencing as soon as
10 practicable but not later than the end of the day during which they were
11 received, and to permit copying of any such report or statement by hand or
12 by duplicating machine, requested by any individual, at the expense of such
13 individual.
- 14 (4) To compile and maintain a current list of all statements or parts of
15 statements pertaining to each candidate.

16 (b) Any duty of a candidate to file and the State Board to receive and make available
17 under this section may be met by an agreement between the State Board and the Federal
18 Election Commission, the effect of which is for the Federal Election Commission to provide
19 promptly to the State Board the information required by this section.

20 **"§ 163A-4527. Effect of failure to comply.**

21 The failure to comply with the provisions of this Subchapter shall not invalidate the results
22 of any referendum.

23 **"§ 163A-4528: Reserved for future codification purposes.**

24 **"§ 163A-4529: Reserved for future codification purposes.**

25 "Part 2. Contributions and Expenditures.

26 **"§ 163A-4530. Appointment of political treasurers.**

27 (a) Each candidate, political committee, and referendum committee shall appoint a
28 treasurer and, under verification, report the name and address of the treasurer to the State
29 Board. Only an individual who resides in North Carolina shall be appointed as a treasurer. A
30 candidate may appoint himself or herself, or any other individual, including any relative except
31 a spouse, as treasurer, and, upon failure to file report designating a treasurer, the candidate shall
32 be concluded to have appointed himself or herself as treasurer and shall be required to
33 personally fulfill the duties and responsibilities imposed upon the appointed treasurer and
34 subject to the penalties and sanctions hereinafter provided.

35 (b) Each appointed treasurer shall file with the State Board at the time required by
36 G.S. 163A-4532(a)(1) a statement of organization that includes all of the following:

- 37 (1) The name, address, and purpose of the candidate, political committee, or
38 referendum committee. – When the political committee or referendum
39 committee is created pursuant to G.S. 163A-4557(d), the name shall be or
40 include the name of the business entity whose officials, employees, or
41 members established the committee. When the political committee or
42 referendum committee is not created pursuant to G.S. 163A-4557(d), the
43 name shall be or include the economic interest, if identifiable, principally
44 represented by the committee's organizers or intended to be advanced by use
45 of the committee's receipts.
- 46 (2) The names, addresses, and relationships of affiliated or connected
47 candidates, political committees, referendum committees, political parties, or
48 similar organizations.
- 49 (3) The territorial area, scope, or jurisdiction of the candidate, political
50 committee, or referendum committee.

- 1 (4) The name, address, and position with the candidate or political committee of
2 the custodian of books and accounts.
- 3 (5) The name and party affiliation of the candidate(s) whom the committee is
4 supporting or opposing, and the office(s) involved.
- 5 (6) The name of the referendum(s) which the referendum committee is
6 supporting or opposing and whether the committee is supporting or opposing
7 the referendum.
- 8 (7) The name of the political committee or political party being supported or
9 opposed if the committee is supporting the ticket of a particular political or
10 political party.
- 11 (8) A listing of all banks, safety deposit boxes, or other depositories used,
12 including the names and numbers of all accounts maintained and the
13 numbers of all such safety deposit boxes used, provided that the State Board
14 shall keep any account number included in any report filed after March 1,
15 2003, and required by this Article confidential except as necessary to
16 conduct an audit or investigation, except as required by a court of competent
17 jurisdiction, or unless confidentiality is waived by the treasurer. Disclosure
18 of an account number in violation of this subdivision shall not give rise to a
19 civil cause of action. This limitation of liability does not apply to the
20 disclosure of account numbers in violation of this subdivision as a result of
21 gross negligence, wanton conduct, or intentional wrongdoing that would
22 otherwise be actionable.
- 23 (9) The name or names and address or addresses of any assistant treasurers
24 appointed by the treasurer. Such assistant treasurers shall be authorized to
25 act in the name of the candidate, political committee, or referendum
26 committee and shall be fully responsible for any act or acts committed by the
27 assistant treasurer. The treasurer shall be fully liable for any violation of this
28 Subchapter committed by any assistant treasurer.
- 29 (10) Any other information which might be requested by the State Board that
30 deals with the campaign organization of the candidate or referendum
31 committee.

32 (c) Any change in information previously submitted in a statement of organization shall
33 be reported to the State Board within a 10-day period following the change.

34 (d) A candidate, political committee, or referendum committee may remove the
35 appointed treasurer of that candidate, political committee, or referendum committee. In case of
36 the death, resignation, or removal of the treasurer before compliance with all obligations of a
37 treasurer under this Article, such candidate, political committee, or referendum committee shall
38 appoint a successor within 10 days of the vacancy of such office, and certify the name and
39 address of the successor in the manner provided in the case of an original appointment.

40 (e) Every treasurer of a referendum committee shall receive, prior to every election in
41 which the referendum committee is involved, training from the State Board as to the duties of
42 the office, including the requirements of G.S. 163A-4541(h), provided that the treasurer may
43 designate an employee or volunteer of the committee to receive the training.

44 (f) Every treasurer of a political committee shall participate in training as to the duties
45 of the office within three months of appointment and at least once every four years thereafter.
46 The State Board shall provide the training as to the duties of the office in person, through
47 regional seminars, and through interactive electronic means. The treasurer may designate an
48 assistant treasurer to participate in the training, if one is named under subdivision (b)(9) of this
49 section. The treasurer may choose to participate in training prior to each election in which the
50 political committee is involved. All such training shall be free of charge to the treasurer and
51 assistant treasurer.

"§ 163A-4531. Detailed accounts to be kept by political treasurers.

(a) The treasurer of each candidate, political committee, and referendum committee shall keep detailed accounts, current within not more than seven days after the date of receiving a contribution or making an expenditure, of all contributions received and all expenditures made by or on behalf of the candidate, political committee, or referendum committee. The accounts shall include the information required by the State Board on its forms.

(b) Accounts kept by the treasurer of a candidate, political committee, or referendum committee or the accounts of a treasurer or political committee at any bank or other depository listed under G.S. 163A-4530(b)(8), may be inspected, before or after the election to which the accounts refer, by a member, designee, agent, attorney, or employee of the State Board who is making an investigation pursuant to G.S. 163A-4506.

(c) All expenditures for communications media expenses shall be made by a verifiable form of payment. The State Board shall prescribe methods to ensure an audit trail for every expenditure so that the identity of each payee can be determined. All communications media expenditures in any amount shall be accounted for and reported individually and separately with specific descriptions to provide a reasonable understanding of the expenditure.

(d) All expenditures for nonmedia expenses (except postage) of more than fifty dollars (\$50.00) shall be made by a verifiable form of payment. The State Board shall prescribe methods to ensure an audit trail for every expenditure so that the identity of each payee can be determined. All expenditures for nonmedia expenses of fifty dollars (\$50.00) or less may be made by check or by cash payment. All nonmedia expenditures of more than fifty dollars (\$50.00) shall be accounted for and reported individually and separately with a specific description to provide a reasonable understanding of the expenditure, but expenditures of fifty dollars (\$50.00) or less may be accounted for and reported in an aggregated amount, but in that case the treasurer shall account for and report that the treasurer made expenditures of fifty dollars (\$50.00) or less each, the amounts, dates, and the purposes for which made. In the case of a nonmedia expenditure required to be accounted for individually and separately with a specific description to provide a reasonable understanding of the expenditure by this subsection, if the expenditure was to an individual, the report shall list the name and address of the individual.

(e) All proceeds from loans shall be recorded separately with a detailed analysis reflecting the amount of the loan, the source, the period, the rate of interest, and the security pledged, if any, and all makers and endorsers.

(f) The treasurer shall maintain all moneys of the political committee in a bank account or bank accounts used exclusively by the political committee and shall not commingle those funds with any other moneys.

"§ 163A-4532. Statements filed with State Board.

(a) Except as provided in G.S. 163A-4534, the treasurer of each candidate and of each political committee shall file with the State Board under certification of the treasurer as true and correct to the best of the knowledge of that officer the following reports:

- (1) Organizational report. – The appointment of the treasurer as required by G.S. 163A-4530(a), the statement of organization required by G.S. 163A-4530(b), and a report of all contributions and expenditures not previously reported shall be filed with the State Board no later than the 10th day following the day the candidate files notice of candidacy or the 10th 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 that candidate's campaign shall file a statement with the State 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.

- 1 (2) 48-hour report. – A political committee or political party that receives a
2 contribution or transfer of funds shall disclose within 48 hours of receipt a
3 contribution or transfer of one thousand dollars (\$1,000) or more received
4 before an election but after the period covered by the last report due before
5 that election. The disclosure shall be by report to the State Board identifying
6 the source and amount of the funds. The State Board shall specify the form
7 and manner of making the report, including the reporting of in-kind
8 contributions.
- 9 (3) Quarterly reports. – During even-numbered years during which there is an
10 election for that candidate or in which the campaign committee is supporting
11 or opposing a candidate, the treasurer shall file a report by mailing or
12 otherwise delivering it to the State Board no later than seven working days
13 after the end of each calendar quarter covering the prior calendar quarter,
14 except that:
- 15 a. The report for the first quarter shall also cover the period in April
16 through the 17th day before the primary, the first quarter report shall
17 be due seven days after that date, and the second quarter report shall
18 not include that period if a first quarter report was required to be
19 filed.
- 20 b. The report for the third quarter shall also cover the period in October
21 through the 17th day before the election, the third quarter report shall
22 be due seven days after that date, and the fourth quarter report shall
23 not include that period if a third quarter report was required to be
24 filed.
- 25 (4) Semiannual reports. – If contributions are received or expenditures made for
26 which no reports are otherwise required by this Article, any and all such
27 contributions and expenditures shall be reported by the last Friday in July,
28 covering the period through the last day of June, and shall be reported by the
29 last Friday in January, covering the period through the last day of December.
- 30 (b) Except as otherwise provided in this Article, each report shall be current within
31 seven days prior to the date the report is due and shall list all contributions received and
32 expenditures made which have not been previously reported.
- 33 (c) Candidates and committees for municipal offices are not subject to subsections (a)
34 and (b) of this section, unless they make contributions or expenditures concerning elections
35 covered by this Part. Reports for those candidates and committees are covered by Part 4 of this
36 Article.
- 37 (d) Notwithstanding subsections (a) and (b) of this section, any political party
38 (including a State, district, county, or precinct committee thereof) which is required to file
39 reports under those subsections and under the Federal Election Campaign Act of 1971, as
40 amended (2 U.S.C. § 434), shall, instead of filing the reports required by those subsections, file
41 with the State Board all of the following:
- 42 (1) The organizational report required by subsection (a)(1) of this section.
43 (2) A copy of each report required to be filed under 2 U.S.C. § 434, such copy to
44 be filed on the same day as the federal report is required to be filed.
- 45 (e) Any report filed under subsection (d) of this section may include matter required by
46 the federal law but not required by this Article.
- 47 (f) Any report filed under subsection (d) of this section shall contain all the information
48 required by G.S. 163A-4540, notwithstanding that the federal law may set a higher reporting
49 threshold.

1 (g) Any report filed under subsection (d) of this section may reflect the cumulative
2 totals required by G.S. 163A-4540 in an attachment, if the federal law does not permit such
3 information in the body of the report.

4 (h) Any report or attachment filed under subsection (d) of this section shall be certified.

5 (i) Treasurers for the following entities shall electronically file each report required by
6 this section that shows a cumulative total for the election cycle in excess of five thousand
7 dollars (\$5,000) in contributions, in expenditures, or in loans, according to rules adopted by the
8 State Board:

9 (1) A candidate for statewide office.

10 (2) A State, district, county, or precinct executive committee of a political party,
11 if the committee makes contributions or independent expenditures in excess
12 of five thousand dollars (\$5,000) that affect contests for statewide office.

13 (3) A political committee that makes contributions in excess of five thousand
14 dollars (\$5,000) to candidates for statewide office or makes independent
15 expenditures in excess of five thousand dollars (\$5,000) that affect contests
16 for statewide office.

17 The State Board shall provide the software necessary to file an electronic report to a treasurer
18 required to file an electronic report at no cost to the treasurer.

19 (j) All reports under this section shall be filed by a treasurer or assistant treasurer who
20 has completed all training as to the duties of the office required by G.S. 163A-4530(f).

21 **"§ 163A-4533. Statements filed by referendum committees.**

22 (a) The treasurer of each referendum committee shall file under verification with the
23 State Board the following reports:

24 (1) Organizational report. – The appointment of the treasurer as required by
25 G.S. 163A-4530(a), the statement of organization required by
26 G.S. 163A-4530(b), and a report of all contributions and expenditures shall
27 be filed with the State Board no later than the 10th day following the
28 organization of the referendum committee.

29 (2) Pre-referendum report. – The treasurer shall file a report with the State
30 Board no later than the 10th day preceding the referendum.

31 (3) 48-hour report. – A referendum committee that receives a contribution or
32 transfer of funds shall disclose within 48 hours of receipt a contribution or
33 transfer of one thousand dollars (\$1,000) or more received before a
34 referendum but after the period covered by the last report due before that
35 referendum. The disclosure shall be by report to the State Board identifying
36 the source and amount of such funds. The State Board shall specify the form
37 and manner of making the report, including the reporting of in-kind
38 contributions.

39 (4) Final report. – The treasurer shall file a final report no later than the 10th day
40 after the referendum. If the final report fails to disclose a final accounting of
41 all contributions and expenditures, a supplemental final report shall be filed
42 no later than January 7, after the referendum, and shall be current through
43 December 31 after the referendum.

44 (5) Annual reports. – If contributions are received or expenditures made during
45 a calendar year for which no reports are otherwise required by this Article,
46 any and all such contributions and expenditures shall be reported by January
47 7 of the following year.

48 (b) Except as otherwise provided in this Article, each report shall be current within
49 seven days prior to the date the report is due and shall list all contributions received and
50 expenditures made which have not been previously reported.

1 **"§ 163A-4534. Threshold of one thousand dollars for financial reports for certain**
2 **candidates.**

3 (a) Notwithstanding any other provision of this Chapter, a candidate for a county office,
4 municipal office, local school board office, soil and water conservation district board of
5 supervisors, or sanitary district board shall be exempted from the reports of contributions,
6 loans, and expenditures required in G.S. 163A-4532(a), 163A-4578, 163A-4579, 163A-4580,
7 and 163A-4581 if to further the candidate's campaign that candidate:

8 (1) Does not receive more than one thousand dollars (\$1,000) in contributions.

9 (2) Does not receive more than one thousand dollars (\$1,000) in loans.

10 (3) Does not spend more than one thousand dollars (\$1,000).

11 To qualify for the exemption from those reports, the candidate's treasurer shall file a
12 certification that the candidate does not intend to receive in contributions or loans or expend
13 more than one thousand dollars (\$1,000) to further the candidate's campaign. The certification
14 shall be filed with the State Board at the same time the candidate files the candidate's
15 organizational report as required in G.S. 163A-4530, 163A-4532, and 163A-4577. If the
16 candidate's campaign is being conducted by a political committee which is handling all
17 contributions, loans, and expenditures for the candidate's campaign, the treasurer of the
18 political committee shall file a certification of intent to stay within the threshold amount. If the
19 intent to stay within the threshold changes, or if the one-thousand-dollar (\$1,000) threshold is
20 exceeded, the treasurer shall immediately notify the State Board and shall be responsible for
21 filing all reports required in G.S. 163A-4532 and 163A-4578, 163A-4579, 163A-4580, and
22 163A-4581; provided that any contribution, loan, or expenditure which would have been
23 required to be reported on an earlier report but for this section shall be included on the next
24 report required after the intent changes or the threshold is exceeded.

25 (b) The exemption from reporting in subsection (a) of this section applies to political
26 party committees under the same terms as for candidates, except that the term "to further the
27 candidate's campaign" does not relate to a political party committee's exemption, and all
28 contributions, expenditures, and loans during an election shall be counted against the political
29 party committee's threshold amount.

30 **"§ 163A-4535. Regulations regarding timing of contributions and expenditures.**

31 Except as provided in G.S. 163A-4502(22) and G.S. 163A-4555, no contribution may be
32 received or expenditure made by or on behalf of a candidate, political committee, or
33 referendum committee:

34 (1) Until the candidate, political committee, or referendum committee appoints a
35 treasurer and certifies the name and address of the treasurer to the State
36 Board.

37 (2) Unless the contribution is received or the expenditure made by or through
38 the treasurer of the candidate, political committee, or referendum committee.

39 **"§§ 163A-4536 through 163A-4537: Reserved for future codification purposes.**

40 **"§ 163A-4538. Procedure for inactive candidate or committee.**

41 If no contribution is received or expenditure made by or on behalf of a candidate, political
42 committee, or referendum committee during a period described in G.S. 163A-4532, the
43 treasurer shall file with the State Board, at the time required by G.S. 163A-4532, a statement to
44 that effect and it shall not be required that any inactive candidate or committee so filing a report
45 of inactivity file any additional reports required by G.S. 163A-4532 so long as the candidate or
46 committee remains inactive.

47 **"§ 163A-4539: Reserved for future codification purposes.**

48 **"§ 163A-4540. Contents of treasurer's statement of receipts and expenditures.**

49 (a) Statements filed pursuant to provisions of this Article shall set forth the following:

50 (1) Contributions. – Except as provided in subsection (b) of this section, a list of
51 all contributions received by or on behalf of a candidate, political committee,

1 or referendum committee. The statement shall list the name and complete
2 mailing address of each contributor, the amount contributed, the principal
3 occupation of the contributor, and the date such contribution was received.
4 The total sum of all contributions to date shall be plainly exhibited. Forms
5 for required reports shall be prescribed by the State Board. As used in this
6 section, "principal occupation of the contributor" means the contributor's:

7 a. Job title or profession.

8 b. Employer's name or employer's specific field of business activity.

9 The State Board shall prepare a schedule of specific fields of business
10 activity, adapting or modifying as it deems suitable the business activity
11 classifications of the Internal Revenue Code or other relevant classification
12 schedules. In reporting a contributor's specific field of business activity, the
13 treasurer shall use the classification schedule prepared by the State Board.

14 (2) Expenditures. – A list of all expenditures required under G.S. 163A-4531
15 made by or on behalf of a candidate, political committee, or referendum
16 committee. The statement shall list the name and complete mailing address
17 of each payee, the amount paid, the purpose, and the date such payment was
18 made. The total sum of all expenditures to date shall be plainly exhibited.
19 Forms for required reports shall be prescribed by the State Board. In
20 accounting for all expenditures in accordance with G.S. 163A-4531(c) and
21 G.S. 163A-4531(d), the payee shall be the individual or business entity to
22 whom the candidate, political committee, or referendum committee is
23 obligated to make the expenditure. If the expenditure is to a financial
24 institution for revolving credit or a reimbursement for a payment to a
25 financial institution for revolving credit, the statement shall also include a
26 specific itemization of the goods and services purchased with the revolving
27 credit. If the obligation is for more than one good or service, the statement
28 shall include a specific itemization of the obligation so as to provide a
29 reasonable understanding of the obligation.

30 (3) Loans. – Every candidate and treasurer shall attach to the campaign
31 transmittal submitted with each report an addendum listing all proceeds
32 derived from loans for funds used or to be used in this campaign. The
33 addendum shall be in the form as prescribed by the State Board and shall list
34 the amount of the loan, the source, the period, the rate of interest, and the
35 security pledged, if any, and all makers and endorsers.

36 (b) Threshold for Reporting Identity of Contributor. – A treasurer shall not be required
37 to report the name, address, or principal occupation of any individual who contributes fifty
38 dollars (\$50.00) or less to the treasurer's committee during an election as defined in
39 G.S. 163A-4541. The State Board shall provide on its reporting forms for the reporting of
40 contributions below that threshold. On those reporting forms, the State Board may require date
41 and amount of contributions below the threshold, but may treat differently for reporting
42 purposes contributions below the threshold that are made in different modes and in different
43 settings.

44 (c) Statements shall reflect anything of value paid for or contributed by any individual
45 or business entity both as a contribution and expenditure. A political party executive committee
46 that makes an expenditure that benefits a candidate or group of candidates shall report the
47 expenditure, including the date, amount, and purpose of the expenditure and the name of and
48 office sought by the candidate or candidates on whose behalf the expenditure was made. A
49 candidate who benefits from the expenditure shall report the expenditure or the proportionate
50 share of the expenditure from which the candidate benefitted as an in-kind contribution if the

1 candidate or the candidate's committee has coordinated with the political party executive
2 committee concerning the expenditure.

3 (d) Best Efforts. – When a treasurer shows that best efforts have been used to obtain,
4 maintain, and submit the information required by this Article for the candidate or political
5 committee, any report of that candidate or committee shall be considered in compliance with
6 this Article and shall not be the basis for criminal prosecution or the imposition of civil
7 penalties, other than forfeiture of a contribution improperly accepted under this Article. The
8 State Board shall promulgate rules that specify what are "best efforts" for purposes of this
9 Article, adapting as it deems suitable the provisions of 11 C.F.R. § 104.7. The rules shall
10 include a provision that if the treasurer, after complying with this Article and the rules, does not
11 know the occupation of the contributor, it shall suffice for the treasurer to report "unable to
12 obtain."

13 **"§ 163A-4541. Limitation on contributions.**

14 (a) No individual, political committee, or other entity shall contribute to any candidate
15 or other political committee any money or make any other contribution in any election in
16 excess of four thousand dollars (\$4,000) for that election.

17 (b) No candidate or political committee shall accept or solicit any contribution from any
18 individual, other political committee, or other entity of any money or any other contribution in
19 any election in excess of four thousand dollars (\$4,000) for that election.

20 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, it shall be
21 lawful for a candidate or a candidate's spouse, parents, brothers, and sisters to make a
22 contribution to the candidate or to the candidate's treasurer of any amount of money or to make
23 any other contribution in any election in excess of four thousand dollars (\$4,000) for that
24 election.

25 (d) For the purposes of this section, the term "an election" means any primary, second
26 primary, or general election in which the candidate or political committee may be involved,
27 without regard to whether the candidate is opposed or unopposed in the election, except that
28 where a candidate is not on the ballot in a second primary, that second primary is not "an
29 election" with respect to that candidate.

30 (e) Notwithstanding subsections (a) and (b) of this section, a candidate or political
31 committee may accept a contribution knowing that the contribution is to be reimbursed to the
32 entity making the contribution and knowing the candidate or political committee has funds
33 sufficient to reimburse the entity making the contribution if all of the following conditions are
34 met:

35 (1) The entity submits sufficient information of the contribution to the candidate
36 or political committee for reimbursement within 45 days of the contribution.

37 (2) The candidate or political committee makes a reimbursement to the entity
38 making the contribution within seven days of submission of sufficient
39 information.

40 (3) The candidate or political committee indicates on its report under
41 G.S. 163A-4540 that the good, service, or other item resulting in the
42 reimbursement is an expenditure of the candidate or political committee and
43 notes if the contribution was by credit card.

44 (4) The contribution does not exceed one thousand dollars (\$1,000.00).

45 (f) Any contribution, or portion thereof, made under subsection (e) of this section that
46 is not submitted for reimbursement in accordance with subsection (e) of this section shall be
47 treated as a contribution for purposes of this section. Any contribution, or portion thereof, made
48 under subsection (e) of this section that is not reimbursed in accordance with subsection (e) of
49 this section shall be treated as a contribution for purposes of this section.

50 (g) Except as provided in subsections (i), (j), and (k) of this section, this section shall
51 not apply to any national, State, district, or county executive committee of any political party.

1 For the purposes of this section only, the term "political party" means only those political
2 parties officially recognized under G.S. 163-96.

3 (h) No referendum committee which received any contribution from a corporation,
4 labor union, insurance company, business entity, or professional association may make any
5 contribution to another referendum committee, to a candidate, or to a political committee.

6 (i) In order to make meaningful the provisions of Article 47 of this Chapter, the
7 following provisions shall apply with respect to candidates for justice of the Supreme Court and
8 judge of the Court of Appeals:

9 (1) No candidate shall accept, and no contributor shall make to that candidate, a
10 contribution in any election exceeding one thousand dollars (\$1,000) except
11 as provided for elsewhere in this subsection.

12 (2) A candidate may accept, and a family contributor may make to that
13 candidate, a contribution not exceeding two thousand dollars (\$2,000) in an
14 election if the contributor is that candidate's parent, child, brother, or sister.

15 As used in this subsection, the term "candidate" also includes a candidate campaign
16 committee. Nothing in this subsection shall prohibit a candidate or the spouse of that candidate
17 from making a contribution or loan secured entirely by that individual's assets to that
18 candidate's own campaign.

19 (j) Notwithstanding the provisions of subsections (a) and (b) of this section, no
20 candidate for superior court judge or district court judge shall accept, and no contributor shall
21 make to that candidate, a contribution in any election exceeding one thousand dollars (\$1,000),
22 except as provided in subsection (c) of this section. As used in this subsection, "candidate" is
23 also a political committee authorized by the candidate for that candidate's election. Nothing in
24 this subsection shall prohibit a candidate or the spouse of that candidate from making a
25 contribution or loan secured entirely by that individual's assets to that candidate's own
26 campaign.

27 (k) In order to make meaningful the provisions of the North Carolina Voter-Owned
28 Elections Act, as set forth in Article 48 of this Chapter, no candidate for an office subject to
29 that Article shall accept, and no contributor shall make to that candidate, a contribution during
30 the period beginning 21 days before the day of the general election and ending the day after the
31 general election if that contribution causes the candidate to exceed the "trigger for matching
32 funds" defined in G.S. 163A-4802(14). As used in this subsection, the term "candidate" also
33 includes "candidate campaign committee." Nothing in this subsection shall prohibit a candidate
34 from making a contribution or loan secured entirely by that candidate's assets to that candidate's
35 own campaign or to a political committee, the principal purpose of which is to support that
36 candidate's campaign. This subsection applies with respect to a candidate only if both of the
37 following statements are true regarding that candidate:

38 (1) That candidate is opposed in the general election by a certified candidate as
39 defined in Article 48 of this Chapter.

40 (2) That certified candidate has not received the maximum matching funds
41 available under G.S. 163A-4810(c).

42 The recipient of a contribution that apparently violates this subsection has three days to
43 return the contribution or file a detailed statement with the State Board explaining why the
44 contribution does not violate this subsection.

45 (l) The contribution limits of subsections (a) and (b) of this section do not apply to
46 contributions made to an independent expenditure political committee. For purposes of this
47 section, an "independent expenditure political committee" is a political committee whose
48 treasurer makes and abides by a certification to the State Board that the political committee
49 does not and will not make contributions, directly or indirectly, to candidates or to political
50 committees that make contributions to candidates. The State Board shall provide forms for
51 implementation of this subsection. This subsection shall not apply to a candidate or a political

1 committee controlled by a candidate. The exception of this subsection is in addition to any
2 other exception provided by law.

3 (m) Any individual, candidate, political committee, referendum committee, or other
4 entity that violates the provisions of this section is guilty of a Class 2 misdemeanor.

5 **"§ 163A-4542. Limitation on fund-raising during legislative session.**

6 (a) Definitions. – For purposes of this section, the following definitions apply:

7 (1) "Limited contributor" means a lobbyist registered under Article 5 of this
8 Chapter, that lobbyist's agent, that lobbyist's principal as defined in
9 G.S. 163A-200(30), or a political committee that employs or contracts with
10 or whose parent entity employs or contracts with a lobbyist registered under
11 Article 5 of this Chapter.

12 (2) "Limited contributee" means a member of or candidate for the Council of
13 State, or a member of or candidate for the General Assembly.

14 (3) The General Assembly is in "regular session" from the date set by law or
15 resolution that the General Assembly convenes until the General Assembly
16 either adjourns sine die or recesses or adjourns for more than 10 days.

17 (4) A contribution is "made" during regular session if the check or other
18 instrument is dated during the session, or if the check or other instrument is
19 delivered to the limited contributee during session, or if the limited
20 contributor pledges during the session to deliver the check or other
21 instrument at a later time.

22 (5) A contribution is "accepted" during regular session if the check or other
23 instrument is dated during the session, or if the limited contributee receives
24 the check or other instrument during session and does not return it within 10
25 days, or agrees during session to receive the check or other instrument at a
26 later time.

27 (b) Prohibited Solicitations. – While the General Assembly is in regular session, no
28 limited contributee or the real or purported agent of a limited contributee shall:

29 (1) Solicit a contribution from a limited contributor to be made to that limited
30 contributee or to be made to any other candidate, officeholder, or political
31 committee; or

32 (2) Solicit a third party, requesting or directing that the third party directly or
33 indirectly solicit a contribution from a limited contributor or relay to the
34 limited contributor the limited contributee's solicitation of a contribution.

35 It shall not be deemed a violation of this section for a limited contributee to serve on a
36 board or committee of an organization that makes a solicitation of a limited contributor as long
37 as that limited contributee does not directly participate in the solicitation and that limited
38 contributee does not directly benefit from the solicitation.

39 (c) Prohibited Contributions. – While the General Assembly is in regular session:

40 (1) No limited contributor shall make or offer to make a contribution to a
41 limited contributee.

42 (2) No limited contributor shall make a contribution to any candidate,
43 officeholder, or political committee, directing or requesting that the
44 contribution be made in turn to a limited contributee.

45 (3) No limited contributor shall transfer any amount of money or anything of
46 value to any entity, directing or requesting that the entity use what was
47 transferred to contribute to a limited contributee.

48 (4) No limited contributee or the real or purported agent of a limited contributee
49 prohibited from solicitation by subsection (b) of this section shall accept a
50 contribution from a limited contributor.

1 (5) No limited contributor shall solicit a contribution from any individual or
2 political committee on behalf of a limited contributee. This subdivision does
3 not apply to a limited contributor soliciting a contribution on behalf of a
4 political party executive committee if the solicitation is solely for a separate
5 segregated fund kept by the political party limited to use for activities that
6 are not candidate-specific, including generic voter registration and
7 get-out-the-vote efforts, pollings, mailings, and other general activities and
8 advertising that do not refer to a specific individual candidate.

9 (d) Exception. – The provisions of this section do not apply with regard to a limited
10 contributee during the three weeks prior to the day of a second primary if that limited
11 contributee is a candidate who will be on the ballot in that second primary.

12 (e) Prosecution. – A violation of this section is a Class 2 misdemeanor.

13 **"§ 163A-4543. Limitation on lobbyists' contributions.**

14 (a) No lobbyist may make a contribution as defined in G.S. 163A-4502 to a candidate
15 or candidate campaign committee when that candidate meets any of the following criteria:

16 (1) Is a legislator as defined in G.S. 163A-200(26).

17 (2) Is a public servant as defined in G.S. 163A-200(40)a. and G.S. 163A-202.

18 (b) No lobbyist may collect contributions from multiple contributors, take possession of
19 such multiple contributions, or transfer or deliver the collected multiple contributions to the
20 intended recipient. This section shall apply only to contributions to a candidate or candidate
21 campaign committee when that candidate is a legislator as defined in G.S. 163A-200(26) or a
22 public servant as defined in G.S. 163A-200(40)a.

23 (c) This section shall not apply to a lobbyist who has filed a notice of candidacy for
24 office under G.S. 163-106 or Article 11 of Chapter 163 of the General Statutes or has been
25 nominated under G.S. 163-114 or G.S. 163-98 and is making a contribution to that lobbyist's
26 candidate campaign committee.

27 (d) For purposes of this section, the term "lobbyist" shall mean an individual registered
28 as a lobbyist under Article 5 of this Chapter.

29 **"§ 163A-4544. No contributions in names of others; no anonymous contributions;**
30 **contributions in excess of fifty dollars; no contribution without specific**
31 **designation of contributor.**

32 (a) No individual, political committee, or other entity shall make any contribution
33 anonymously or in the name of another. No candidate, political committee, referendum
34 committee, political party, or treasurer shall knowingly accept any contribution made by any
35 individual or business entity in the name of another individual or business entity or made
36 anonymously. If a candidate, political committee, referendum committee, political party, or
37 treasurer receives anonymous contributions or contributions determined to have been made in
38 the name of another, that candidate, political committee, referendum committee, political party,
39 or treasurer shall pay the money over to the State Board, by check, and all such moneys
40 received by the State Board shall be deposited in the Civil Penalty and Forfeiture Fund of the
41 State of North Carolina. This subsection shall not apply to any contribution by an individual
42 with the lawful authority to act on behalf of another individual, whether through power of
43 attorney, trustee, or other lawful authority.

44 (b) No entity shall make, and no candidate, committee, or treasurer shall accept, any
45 monetary contribution in excess of fifty dollars (\$50.00) unless such contribution is in the form
46 of a check, draft, money order, credit card charge, debit, or other noncash method that can be
47 subject to written verification. No contribution in the form of check, draft, money order, credit
48 card charge, debits, or other noncash method may be made or accepted unless it contains a
49 specific designation of the intended contributee chosen by the contributor. The State Board may
50 prescribe guidelines as to the reporting and verification of any method of contribution payment
51 allowed under this Article. For contributions by money order, the State Board shall prescribe

1 methods to ensure an audit trail for every contribution so that the identity of the contributor can
2 be determined. For a contribution made by credit card, the credit card account number of a
3 contributor is not a public record.

4 (c) No political committee or referendum committee shall make any contribution unless
5 in doing so it reports to the recipient the contributor's name as required in
6 G.S. 163A-4530(b)(1).

7 **"§ 163A-4545. No acceptance of contributions made by corporations, foreign and**
8 **domestic, or other prohibited sources.**

9 (a) No candidate, political committee, political party, or treasurer shall accept any
10 contribution made by any corporation, foreign or domestic, regardless of whether such
11 corporation does business in the State of North Carolina, or made by any business entity, labor
12 union, professional association, or insurance company. This section does not apply with regard
13 to entities permitted to make contributions by G.S. 163A-4557(h).

14 (b) A candidate or political committee may accept a contribution knowing that the
15 contribution is the proceeds of a loan made in the ordinary course of business by a financial
16 institution if all of the following conditions are met:

17 (1) The full amount of the loan is secured by collateral placed, or by guaranties
18 given, by one or more individuals or entities who are not prohibited by this
19 Article from making contributions to the candidate or political committee.
20 The value of the collateral posted by each individual or entity, or the amount
21 of each guaranty, may not exceed the contribution limitations applicable
22 under this Article to each individual or entity. The value of collateral posted
23 may exceed the contribution limitations applicable under this Article in cases
24 where the amount of the loan secured by that collateral does not exceed the
25 contribution limitations applicable to the individual or entity.

26 (2) During the time that any loan remains outstanding and unpaid, then the value
27 of any collateral posted, or the amount of each guaranty, for that loan shall
28 be considered to be a contribution by the individual or entity securing the
29 loan. If the loan, or any portion of the loan, is repaid to the financial
30 institution by the candidate or political committee to whom the loan was
31 made during the contribution limitation period for the same "election" as
32 defined in G.S. 163A-4541(d) in which the loan was made, the individual or
33 entity securing the loan shall be eligible to further contribute to that
34 candidate or political committee up to the amount of the repayment. If
35 multiple individuals or entities secured the loan that is repaid to the financial
36 institution by the candidate or political committee, then the amount repaid
37 shall be prorated amongst the multiple individuals or entities.

38 (3) If the loan is to the candidate or political committee, only the candidate, the
39 candidate's spouse, or the political committee to whom the loan was made
40 may repay the loan.

41 (c) The State Board shall develop forms for reporting the proceeds of loans in a full and
42 accurate manner.

43 **"§ 163A-4546: Reserved for future codification purposes.**

44 **"§ 163A-4547: Reserved for future codification purposes.**

45 **"§ 163A-4548. Restriction on use of State funds by declared candidate for Council of**
46 **State for advertising or public service announcements using their names,**
47 **pictures, or voices.**

48 After December 31 prior to a general election in which a Council of State office will be on
49 the ballot, no declared candidate for that Council of State office shall use or permit the use of
50 State funds for any advertisement or public service announcement in a newspaper, on radio, or
51 on television that contains that declared candidate's name, picture, or voice, except in case of

1 State or national emergency and only if the announcement is reasonably necessary to that
2 candidate's official function. For purposes of this section, "declared candidate" means someone
3 who has publicly announced an intention to run for a Council of State office.

4 **"§ 163A-4549. Gifts from federal political committees.**

5 It shall be permissible for a federal political committee, as defined by the Federal Election
6 Campaign Act and regulations adopted pursuant thereto, to make contributions to a North
7 Carolina candidate or political committee registered under this Article with the State Board or a
8 county board of elections, provided that the contributing committee does all the following:

- 9 (1) Is registered with the State Board consistent with the provisions of this
10 Article.
- 11 (2) Complies with reporting requirements specified by the State Board. Those
12 requirements shall not be more stringent than those required of North
13 Carolina political committees registered under this Article, unless the federal
14 political committee makes any contribution to a North Carolina candidate or
15 political committee in any election in excess of four thousand dollars
16 (\$4,000) for that election. "Election" shall be as defined in
17 G.S. 163A-4541(d).
- 18 (3) Makes its contributions within the limits specified in this Article.
- 19 (4) Appoints an assistant or deputy treasurer who is a resident of North Carolina
20 and stipulates to the State Board that the designated in-State resident
21 assistant or deputy treasurer shall be authorized to produce whatever records
22 reflecting political activity in North Carolina the State Board deems
23 necessary.

24 **"§ 163A-4550. Campaign sales by political party executive committees.**

25 (a) Exempt Purchase Price Not Treated As "Contribution." – Notwithstanding the
26 provisions of G.S. 163A-4502(6), the purchase price of goods or services sold by a political
27 party executive committee as provided in subsection (b) of this section shall not be treated as a
28 "contribution" for purposes of account keeping under G.S. 163A-4531, for purposes of the
29 reporting of contributions under G.S. 163A-4540, or for the purpose of the limit on
30 contributions under G.S. 163A-4541. The treasurer is not required to obtain, maintain, or report
31 the name or other identifying information of the purchaser of the goods or services, as long as
32 the requirements of subsection (b) of this section are satisfied. However, the proceeds from the
33 sales of those goods and services shall be treated as contributions for other purposes, and
34 expenditures of those proceeds shall be reported as expenditures under this Article.

35 (b) Exempt Purchase Price. – A purchase price for goods or services sold by a political
36 party executive committee qualifies for the exemption provided in subsection (a) of this section
37 as long as the sale of the goods or services adheres to a plan that the treasurer has submitted to
38 and that has been approved in writing by the Executive Director of the State Board. The
39 Executive Director shall approve the treasurer's plan upon, and only upon, finding that all the
40 following requirements are satisfied:

- 41 (1) That the price to be charged for the goods or services is reasonably close to
42 the market price for the goods or services.
- 43 (2) That the total amount to be raised from sales under all plans by the
44 committee does not exceed ten thousand dollars (\$10,000) per election cycle.
- 45 (3) That no purchaser makes total purchases under the plan that exceed fifty
46 dollars (\$50.00).
- 47 (4) That the treasurer include in the report under G.S. 163A-4540, covering the
48 relevant time period, all of the following:
 - 49 a. A description of the plan.
 - 50 b. The amount raised from sales under the plan.
 - 51 c. The number of purchases made.

1 (5) That the treasurer shall include in the appropriate report under
2 G.S. 163A-4540 any in-kind contribution made to the political party
3 executive committee in providing the goods or services sold under the plan
4 and that no in-kind contribution accepted as part of the plan violates any
5 provision of this Article.

6 (c) The Executive Director may require a format for submission of a plan, but that
7 format shall not place undue paperwork burdens upon the treasurer.

8 **"§§ 163A-4551 through 163A-4554: Reserved for future codification purposes.**

9 **"§ 163A-4555. Special reporting of contributions and independent expenditures.**

10 (a) Subject to G.S. 163A-4571 and G.S. 163A-4544, individuals, business entities, and
11 other entities not otherwise prohibited from doing so may make independent expenditures. In
12 the event an individual, business entity, or other entity making independent expenditures but
13 not otherwise required to report them makes independent expenditures in excess of one
14 hundred dollars (\$100.00), that individual, business entity, or entity shall file a statement of
15 such independent expenditure with the appropriate board of elections in the manner prescribed
16 by the State Board.

17 (b) Any business entity or other entity other than an individual that is permitted to make
18 contributions but is not otherwise required to report them shall report each contribution in
19 excess of one hundred dollars (\$100.00) with the appropriate board of elections in the manner
20 prescribed by the State Board.

21 (c) In assuring compliance with subsections (a) and (b) of this section, the State Board
22 shall require the identification of each business entity or other entity making a donation of more
23 than one hundred dollars (\$100.00) to the business entity or other entity filing the report if the
24 donation was made to further the reported independent expenditure or contribution. If the donor
25 is an individual, the statement shall also contain the principal occupation of the donor. The
26 "principal occupation of the donor" shall mean the same as the "principal occupation of the
27 contributor" as defined in G.S. 163A-4540.

28 (d) Contributions or independent expenditures required to be reported under this section
29 shall be reported within 30 days after they exceed one hundred dollars (\$100.00) or 10 days
30 before an election the contributions or independent expenditures affect, whichever occurs
31 earlier.

32 (e) The State Board shall require subsequent reporting of independent expenditures
33 according to the same schedule required of political committees under G.S. 163A-4532(a). An
34 individual, business entity, or other entity that makes an independent expenditure shall disclose
35 by report to the State Board within 48 hours of incurring an expense of five thousand dollars
36 (\$5,000) or more or receiving a donation of one thousand dollars (\$1,000) or more for making
37 an independent expenditure before an election but after the period covered by the last report
38 due before that election.

39 (f) For the purposes of subsection (c) of this section, a donation to the individual,
40 business entity, or other entity making the independent expenditure is deemed to have been
41 donated to further the independent expenditure if any of subdivisions (1) through (4) of this
42 subsection apply. For purposes of this subsection, the "filer" is the business entity or other
43 entity making the independent expenditure and responsible for filing the report, or an agent of
44 that business entity, or other entity. For purposes of this subsection, the "donor" is the
45 individual, business entity or other entity donating to the filer the funds or other thing of value,
46 or an agent of that business entity or other entity.

47 (1) The donor designates, requests, or suggests that the donation be used for an
48 independent expenditure or for multiple independent expenditures, and the
49 filer agrees to use the donation for an independent expenditure.

50 (2) The filer expressly solicited the donor for a donation for making or paying
51 for an independent expenditure.

1 (3) The donor and the filer engaged in substantial written or oral discussion
2 regarding the donor's making, donating, or paying for an independent
3 expenditure.

4 (4) The donor or the filer knew or had reason to know of the filer's intent to
5 make independent expenditures with the donation.

6 A donation shall not be deemed to be made to further an independent expenditure if the
7 donation was a commercial transaction occurring in the ordinary course of business between
8 the donor and the filer unless there is affirmative evidence that the amounts were donated to
9 further an independent expenditure. In determining the amount of a donation that was made to
10 further any particular independent expenditure, there shall be excluded any amount that was
11 designated by the donor with respect to a different election than the election that is the subject
12 of the independent expenditure covered by the report.

13 Subdivisions (1) through (4) of this subsection shall also apply to reports made under
14 subsection (c) of this section concerning contributions. However, nothing in this section shall
15 be interpreted to limit the effect of the prohibition on making contributions in the name of
16 another in G.S. 163A-4544.

17 (g) All reports required by this section shall be filed according to rules adopted by the
18 State Board. If the expense incurred is greater than five thousand dollars (\$5,000), the report
19 shall be filed electronically. The State Board shall provide the software necessary to file the
20 electronic report to any individual, business entity, or other entity required to file an electronic
21 report at no cost to that individual, business entity, or other entity.

22 **"§ 163A-4556. Special reporting of electioneering communications.**

23 (a) Every individual, business entity, or other entity that incurs an expense for the direct
24 costs of producing or airing electioneering communications aggregating in excess of five
25 thousand dollars (\$5,000) shall file the following reports with the appropriate board of elections
26 in the manner prescribed by the State Board:

27 (1) The identification of the individual, business entity, or other entity incurring
28 the expense, of any individual, business entity, or other entity sharing or
29 exercising direction or control over the activities of that individual, business
30 entity, or other entity, and of the custodian of the books and accounts of the
31 individual, business entity, or other entity incurring the expense.

32 (2) The principal place of business of the individual, business entity, or other
33 entity incurring the expense if not an individual.

34 (3) The amount of each expense incurred during the period covered by the
35 statement and the identification of the individual, business entity, or other
36 entity to whom the expense was incurred.

37 (4) The elections to which the electioneering communications pertain, if any,
38 and the names, if known, of the candidates identified or to be identified.

39 (5) The names and addresses of all entities that donated, to further an
40 electioneering communication or electioneering communications, funds or
41 anything of value whatsoever in an aggregate amount of more than one
42 thousand dollars (\$1,000) during the reporting period. If the donor is an
43 individual, the statement shall also contain the principal occupation of the
44 donor. The "principal occupation of the donor" shall mean the same as the
45 "principal occupation of the contributor" as defined in G.S. 163A-4540.

46 (b) The initial report shall be filed with the State Board no later than the 10th day
47 following the day the individual, business entity, or other entity incurs an expense for the direct
48 costs of producing or airing an electioneering communication. The State Board shall require
49 subsequent reporting according to the same schedule required of political committees under
50 G.S. 163A-4532(a). An individual, business entity, or other entity that produces or airs an
51 electioneering communication shall disclose by report to the State Board within 48 hours of

1 incurring an expense of five thousand dollars (\$5,000) or more or receiving a donation of one
2 thousand dollars (\$1,000) or more for making an electioneering communication before an
3 election but after the period covered by the last report due before that election.

4 (c) For the purposes of subdivision (a)(5) of this section, a donation to the individual,
5 business entity, or other entity making the electioneering communication is deemed to have
6 been donated to further the electioneering communication if any of subdivisions (1) through (4)
7 of this subsection apply. For purposes of this subsection, the "filer" is the individual, business
8 entity, or other entity making the electioneering communication and responsible for filing the
9 report, or an agent of that individual, business entity, or other entity. For purposes of this
10 subsection, the "donor" is the individual, business entity, or other entity donating to the filer the
11 funds or other thing of value, or an agent of that individual, business entity, or other entity.

12 (1) The donor designates, requests, or suggests that the donation be used for an
13 electioneering communication or electioneering communications, and the
14 filer agrees to use the donation for that purpose.

15 (2) The filer expressly solicited the donor for a donation for making or paying
16 for an electioneering communication.

17 (3) The donor and the filer engaged in substantial written or oral discussion
18 regarding the donor's making, donating, or paying for an electioneering
19 communication.

20 (4) The donor or the filer knew or had reason to know of the filer's intent to
21 make electioneering communication with the donation.

22 A donation shall not be deemed to be made to further an electioneering communication if
23 the donation was a commercial transaction occurring in the ordinary course of business
24 between the donor and the filer unless there is affirmative evidence that the amounts were
25 donated to further an electioneering communication. In determining the amount of a donation
26 that was made to further any particular electioneering communication, there shall be excluded
27 any amount that was designated by the donor with respect to a different election than the
28 election that is the subject of the electioneering communication covered by the report.

29 (d) All reports required by this section shall be filed according to rules adopted by the
30 State Board. If the expense incurred is greater than five thousand dollars (\$5,000), the report
31 shall be filed electronically. The State Board shall provide the software necessary to file the
32 electronic report to any individual or business entity required to file an electronic report at no
33 cost to that individual or business entity.

34 **"§ 163A-4557. Violations by business entities.**

35 (a) Except as provided in subsections (d), (e), (g), (h), (i), and (j) of this section, it shall
36 be unlawful for any business entity, directly or indirectly, to do any of the following:

37 (1) To make any contribution to a candidate or political committee.

38 (2) To pay or use or offer, consent, or agree to pay or use any of its money or
39 property for any contribution to a candidate or political committee.

40 (3) To compensate, reimburse, or indemnify any individual or business entity
41 for money or property so used or for any contribution or expenditure so
42 made.

43 (b) It shall be unlawful for any officer, director, stockholder, attorney, agent, or member
44 of any business entity to aid, abet, advise, or consent to any such contribution, or for any
45 business entity or individual to solicit or knowingly receive any such contribution. Supporting
46 or opposing the election of clearly identified candidates includes supporting or opposing the
47 candidates of a clearly identified political party. Any officer, director, stockholder, attorney,
48 agent, or member of any business entity aiding or abetting in any contribution made in violation
49 of this section shall be guilty of a Class 2 misdemeanor and shall, in addition, be liable to such
50 business entity for the amount of such contribution, and the same may be recovered of that

1 officer, director, stockholder, attorney, agent, or member upon suit by any stockholder or
2 member thereof.

3 (c) A transfer of funds shall be deemed to have been a contribution made indirectly if it
4 is made to any committee or political party account, whether inside or outside this State, with
5 the intent or purpose of being exchanged in whole or in part for any other funds to be
6 contributed or expended in an election for North Carolina office or to offset any other funds
7 contributed or expended in an election for North Carolina office.

8 (d) Proceeds of loans made in the ordinary course of business by financial institutions
9 may be used for contributions made in compliance with this Chapter. Financial institutions may
10 also grant revolving credit to political committees and referendum committees in the ordinary
11 course of business.

12 (e) It shall, however, be lawful for any business entity to communicate with its
13 employees, stockholders, or members and their families on any subject; to conduct nonpartisan
14 registration and get-out-the-vote campaigns aimed at their employees, stockholders, or
15 members and their families; or for officials, employees, or members of any business entity to
16 establish, administer, contribute to, and to receive and solicit contributions to a separate
17 segregated fund to be utilized for political purposes, and those individuals shall be deemed to
18 become and be a political committee as that term is defined in G.S. 163A-4502(22) or a
19 referendum committee as defined in G.S. 163A-4502(27); provided, however, that it shall be
20 unlawful for any such fund to make a contribution or expenditure by utilizing contributions
21 secured by physical force, job discrimination, financial reprisals, or the threat of force, job
22 discrimination, or financial reprisals, or by dues, fees, or other moneys required as a condition
23 of membership or employment or as a requirement with respect to any terms or conditions of
24 employment, including, without limitation, hiring, firing, transferring, promoting, demoting, or
25 granting seniority or employment-related benefits of any kind, or by moneys obtained in any
26 commercial transaction whatsoever.

27 (f) A violation of this section is a Class 2 misdemeanor. In addition, the acceptance of
28 any contribution, reimbursement, or indemnification under subsection (a) of this section shall
29 be a Class 2 misdemeanor.

30 (g) Whenever a candidate or treasurer is an officer, director, stockholder, attorney,
31 agent, or employee of any business entity and by virtue of the position therewith uses office
32 space and communication facilities of the business entity in the normal and usual scope of
33 employment, the fact that the candidate or treasurer receives telephone calls, mail, or visits in
34 such office which relates to activities prohibited by this Article shall not be considered a
35 violation under this section.

36 (h) Notwithstanding the prohibitions specified in this Article and Article 22 of Chapter
37 163 of the General Statutes, a political committee organized under provisions of this Article
38 shall be entitled to receive, and the business entity designated on the committee's organizational
39 report as the parent entity of the employees or members who organized the committee is
40 authorized to give, reasonable administrative support that shall include record keeping,
41 computer services, billings, mailings to members of the committee, membership development,
42 fund-raising activities, office supplies, office space, and such other support as is reasonably
43 necessary for the administration of the committee.

44 The approximate cost of any reasonable administrative support shall be submitted to the
45 committee, in writing, and the committee shall include that cost on the report required by
46 G.S. 163A-4532(a)(4). Also included in the report shall be the approximate allocable portion of
47 the compensation of any officer or employee of the business entity who has devoted more than
48 thirty-five percent (35%) of that officer's or employee's time during normal business hours of
49 the business entity the period covered by the required report. The approximate cost submitted
50 by the parent business entity shall be entered on the committee's report as the final entry on its

1 list of "contributions," and a copy of the written approximate cost received by it shall be
2 attached.

3 The reasonable administrative support given by a business entity shall be designated on the
4 books of the business entity as such and may not be treated by it as a business deduction for
5 State income tax purposes.

6 (i) This section does not prohibit a contribution that meets all of the following criteria:

7 (1) Has as an express purpose promoting social, educational, or political ideas
8 and not to generate business income.

9 (2) Does not have shareholders or other persons which have an economic
10 interest in its assets and earnings.

11 (3) Was not established by a business corporation, by an insurance company, by
12 a business entity, including, but not limited to, those chartered under Chapter
13 55, Chapter 55A, Chapter 55B, or Chapter 58 of the General Statutes, by a
14 professional association, or by a labor union and does not receive substantial
15 revenue from such entities. Substantial revenue is rebuttably presumed to be
16 more than ten percent (10%) of total revenues in a calendar year.

17 (j) If a political committee has as its only purpose accepting contributions and making
18 expenditures to influence elections, and that political committee incorporates as a nonprofit
19 corporation to shield its participants from liability created outside this Chapter, that political
20 committee is not considered to be a corporation for purposes of this section. Incorporation of a
21 political committee does not relieve any individual, business entity, or other entity of any
22 liability, duty, or obligation created pursuant to any provision of this Chapter. To obtain the
23 benefits of this subsection, an incorporating political committee shall state exactly the
24 following language as the only purpose for which the corporation can be organized: "to accept
25 contributions and make expenditures to influence elections as a political committee pursuant to
26 G.S. 163A-4502(22) only." No political committee shall do business as a political committee
27 after incorporation unless it has been certified by the State Board as being in compliance with
28 this subsection.

29 **"§ 163A-4558. Political party headquarters building funds.**

30 (a) Notwithstanding the provisions of G.S. 163A-4557, a business entity prohibited by
31 that section from making a contribution may donate to political parties, and political parties
32 may accept from such a business entity, money and other things of value donated to a political
33 party headquarters building fund. Donations to the political party headquarters building fund
34 shall be subject to all the following rules:

35 (1) The donations solicited and accepted are designated to the political party
36 headquarters building fund.

37 (2) Potential donors to that fund are advised that all donations will be
38 exclusively for the political party headquarters building fund.

39 (3) The political party establishes a separate segregated bank account into which
40 shall be deposited only donations for the political party headquarters
41 building fund from business entities prohibited by G.S. 163A-4557 from
42 making contributions.

43 (4) The donations deposited in the separate segregated bank account for the
44 political party headquarters building fund will be spent only to purchase a
45 headquarters building, to construct a headquarters building, to renovate a
46 headquarters building, to pay a mortgage on a headquarters building, or to
47 repay donors if a headquarters building is not purchased, constructed, or
48 renovated. Donations deposited into that account shall not be used for
49 headquarters rent, utilities, or equipment other than fixtures.

50 (5) The political party executive committee shall report donations to and
51 spending by a political party headquarters building fund on every report

1 required to be made by G.S. 163A-4532. If a committee is excused from
2 making general campaign finance reports under G.S. 163A-4534, that
3 committee shall nonetheless report donations in any amount to and spending
4 in any amount by the political party headquarters building fund at the times
5 required for reports in G.S. 163A-4532.

6 (b) If all the criteria set forth in subdivisions (1) through (5) of subsection (a) of this
7 section are complied with, then donations to and spending by a political party headquarters
8 building fund do not constitute contributions or expenditures as defined in G.S. 163A-4502. If
9 those criteria are complied with, then donations may be made to a political party headquarters
10 building fund.

11 **"§ 163A-4559: Reserved for future codification purposes.**

12 **"§ 163A-4560. Use of contributions for certain purposes.**

13 (a) A candidate or candidate campaign committee may use contributions only for the
14 following purposes:

15 (1) Expenditures resulting from the campaign for public office by the candidate
16 or candidate's campaign committee.

17 (2) Expenditures resulting from holding public office.

18 (3) Donations to an organization described in section 170(c) of the Internal
19 Revenue Code of 1986 (26 U.S.C. § 170(c)), provided that the candidate or
20 the candidate's spouse, children, parents, brothers, or sisters are not
21 employed by the organization.

22 (4) Contributions to a national, State, or district or county committee of a
23 political party or a caucus of the political party.

24 (5) Contributions to another candidate or candidate's campaign committee.

25 (6) To return all or a portion of a contribution to the contributor.

26 (7) Payment of any penalties against the candidate or candidate's campaign
27 committee for violation of this Article imposed by a board of elections or a
28 court of competent jurisdiction.

29 (8) Payment to the Escheat Fund established by Chapter 116B of the General
30 Statutes.

31 (9) Legal expense donation not in excess of four thousand dollars (\$4,000) per
32 calendar year to a legal expense fund established pursuant to Article 60 of
33 this Chapter.

34 (b) Contributions made to a candidate or candidate campaign committee do not become
35 a part of the personal estate of the individual candidate. The candidate may file with the board a
36 written designation of those funds that directs to which of the permitted uses in subsection (a)
37 of this section those funds shall be paid in the event of the death or incapacity of the candidate.
38 If the candidate fails to file the written designation before death, the personal representative of
39 the estate may file the written designation within 90 days of the date of death and may only
40 direct those funds to donations under subdivision (a)(3) of this section. After the payment of
41 permitted outstanding debts of the account, the candidate's filed written designation shall
42 control. If the candidate files no such written designation, the funds after payment of permitted
43 outstanding debts shall be distributed in accordance with subdivision (a)(8) of this section.

44 **"§ 163A-4561. Contributions allowed.**

45 Notwithstanding any other provision of this Subchapter, it is lawful for any business entity
46 to contribute to a referendum committee.

47 **"§§ 163A-4562 through 163A-4564: Reserved for future codification purposes.**

48 **"§ 163A-4565. Statements of communications media outlets regarding political**
49 **advertising.**

50 (a) Each communications media outlet shall require written authority for each
51 expenditure from each candidate, treasurer, or individual making or authorizing an expenditure.

1 A candidate may authorize advertisement paid for by a treasurer appointed by the candidate.
2 All written authorizations of expenditures signed by a candidate, treasurer, or individual shall
3 be deemed public records, and copies of those written authorizations shall be available for
4 inspection during normal business hours at the office(s) of the communications media outlet
5 making the publication or broadcast nearest to the place(s) of publication or broadcast.

6 (b) Each communications media outlet shall require written authority for each
7 independent expenditure or electioneering communication from each individual, business
8 entity, or entity making or authorizing an independent expenditure or electioneering
9 communication. All written authorizations of independent expenditures or electioneering
10 communications shall be deemed public records, and copies of those written authorizations
11 shall be available for inspection during normal business hours at the office(s) of the
12 communications media outlet making the publication or broadcast nearest to the place(s) of
13 publication or broadcast. The written authorization shall include all of the following:

14 (1) The name and address of the individual, business entity, or entity making the
15 independent expenditure or electioneering communication.

16 (2) The information required by G.S. 163A-4571, provided, however, that the
17 provisions of G.S. 163A-4571(a)(6) and (a)(7) shall not apply to radio or
18 television advertising.

19 **"§ 163A-4566. Normal commercial charges for political advertising.**

20 (a) No communications media and no supplier of materials or services shall charge or
21 require a candidate, treasurer, political party, or individual to pay a charge for advertising,
22 materials, space, or services purchased for or in support of or in opposition to any candidate,
23 political committee, or political party that is higher than the normal charge it requires other
24 customers to pay for comparable advertising, materials, space, or services purchased for other
25 purposes.

26 (b) A newspaper, magazine, or other advertising medium shall not charge any
27 candidate, treasurer, political committee, political party, or individual for any advertising for or
28 in support of or in opposition to any candidate, political committee, or political party at a rate
29 higher than the comparable rate charged to other persons for advertising of comparable
30 frequency and volume; and every candidate, treasurer, political party or individual, with respect
31 to political advertising, shall be entitled to the same discounts afforded by the advertising
32 medium to other advertisers under comparable conditions and circumstances.

33 **"§§ 163A-4567 through 163A-4569: Reserved for future codification purposes.**

34 "Part 3. Disclosure Requirements for Media Advertisements.

35 **"§ 163A-4570. Definitions.**

36 The following definitions apply in this Part:

37 (1) Advertisement. – Any message appearing in the print media, on television,
38 or on radio that constitutes a contribution or expenditure under this Article.

39 (2) Candidate. – Any individual who, with respect to a public office listed in
40 G.S. 163A-4502(25), has filed a notice of candidacy or a petition requesting
41 to be a candidate, or has been certified as a nominee of a political party for a
42 vacancy, or has otherwise qualified as a candidate in a manner authorized by
43 law, or has filed a statement of organization under G.S. 163A-4530 and is
44 required to file periodic financial disclosure statements under
45 G.S. 163A-4532.

46 (3) Full-screen. – The only picture appearing on the television screen during the
47 oral disclosure statement contains the disclosing individual, that the picture
48 occupies all visible space on the television screen, and that the image of the
49 disclosing individual occupies at least fifty percent (50%) of the vertical
50 height of the television screen.

- 1 (4) Political action committee. – As defined in G.S. 163A-4502(22), except that
2 "political action committee" does not include any political party or political
3 party organization.
- 4 (5) Political party organization. – Any political party executive committee or
5 any political committee that operates under the direction of a political party
6 executive committee or political party chair.
- 7 (6) Print media. – Billboards, cards, newspapers, newspaper inserts, magazines,
8 mass mailings, pamphlets, fliers, periodicals, and outdoor advertising
9 facilities.
- 10 (7) Radio. – Any radio broadcast station that is subject to the provisions of 47
11 U.S.C. §§ 315 and 317.
- 12 (8) Scan line. – A standard term of measurement used in the electronic media
13 industry calculating a certain area in a television advertisement.
- 14 (9) Sponsor. – A candidate, candidate committee, political party organization,
15 political action committee, referendum committee, individual, or other entity
16 that purchases an advertisement.
- 17 (10) Television. – Any television broadcast station, cable television system,
18 wireless-cable multipoint distribution system, satellite company, or
19 telephone company transmitting video programming that is subject to the
20 provisions of 47 U.S.C. §§ 315 and 317.
- 21 (11) Unobscured. – The only printed material that may appear on the television
22 screen is a visual disclosure statement required by law, and nothing is
23 blocking the view of the disclosing individual's face.

24 **§ 163A-4571. Basic disclosure requirements for all political advertisements.**

25 (a) Basic Requirements. – It shall be unlawful for any sponsor to sponsor an
26 advertisement in the print media or on radio or television that constitutes an expenditure,
27 independent expenditure, electioneering communication, or contribution required to be
28 disclosed under this Article unless all the following conditions are met:

- 29 (1) It bears the legend or includes the statement: "Paid for by
30 [name of candidate, candidate campaign committee, political party
31 organization, political action committee, referendum committee, individual,
32 or other sponsor]." In television advertisements, this disclosure shall be
33 made by visual legend.
- 34 (2) The name used in the labeling required in subdivision (1) of this subsection
35 is the name that appears on the statement of organization as required in
36 G.S. 163A-4530(b)(1) or G.S. 163A-4556(a).
- 37 (3) The sponsor states in the advertisement its position for or against a ballot
38 measure, provided that this subdivision applies only if the advertisement is
39 made for or against a ballot measure.
- 40 (4) In a print media advertisement supporting or opposing the nomination or
41 election of one or more clearly identified candidates, the sponsor states
42 whether it is authorized by a candidate. The visual legend in the
43 advertisement shall state either "Authorized by [name of candidate],
44 candidate for [name of office]" or "Not authorized by a candidate." This
45 subdivision does not apply if the sponsor of the advertisement is the
46 candidate the advertisement supports or that candidate's campaign
47 committee.
- 48 (5) In a print media advertisement that identifies a candidate the sponsor is
49 opposing, the sponsor discloses in the advertisement the name of the
50 candidate who is intended to benefit from the advertisement. This
51 subdivision applies only when the sponsor coordinates or consults about the

1 advertisement or the expenditure for it with the candidate who is intended to
2 benefit.

3 (6) In a print media advertisement supporting or opposing the nomination or
4 election of one or more clearly identified candidates that is an independent
5 expenditure, the sponsor discloses the names of the individuals or persons
6 making the five largest donations to the sponsor within the six-month period
7 prior to the purchase of the advertisement if those donations are required to
8 be reported under G.S. 163A-4555.

9 (7) In a print media advertisement that is an electioneering communication, the
10 sponsor discloses the names of the individuals or persons making the five
11 largest donations to the sponsor within the six-month period prior to the
12 purchase of the advertisement if those donations are required to be reported
13 under G.S. 163A-4556.

14 If an advertisement described in this section is jointly sponsored, the disclosure statement
15 shall name all the sponsors.

16 (b) Size Requirements. – In a print media advertisement covered by subsection (a) of
17 this section, the height of all disclosure statements required by that subsection shall constitute
18 at least five percent (5%) of the height of the printed space of the advertisement, provided that
19 the type shall in no event be less than 12 points in size. In an advertisement in a newspaper or a
20 newspaper insert, the total height of the disclosure statement need not constitute five percent
21 (5%) of the printed space of the advertisement if the type of the disclosure statement is at least
22 28 points in size. If a single advertisement consists of multiple pages, folds, or faces, the
23 disclosure requirement of this section applies only to one page, fold, or face. In a television
24 advertisement covered by subsection (a) of this section, the visual disclosure legend shall
25 constitute four percent (4%) of vertical picture height in size. In a radio advertisement covered
26 by subsection (a) of this section, the disclosure statement shall last at least two seconds,
27 provided the statement is spoken so that its contents may be easily understood.

28 (c) Misrepresentation of Authorization. – Notwithstanding G.S. 163A-4519(a), any
29 candidate, candidate campaign committee, political party organization, political action
30 committee, referendum committee, individual, or other sponsor making an advertisement in the
31 print media or on radio or television bearing any legend required by subsection (a) of this
32 section that misrepresents the sponsorship or authorization of the advertisement is guilty of a
33 Class 1 misdemeanor.

34 **"§ 163A-4572. Disclosure requirements for television and radio advertisements**
35 **supporting or opposing the nomination or election of one or more clearly**
36 **identified candidates.**

37 (a) Expanded Disclosure Requirements. – Any political advertisement on radio or
38 television shall comply with the expanded disclosure requirements set forth in this section. To
39 the extent that it provides the same information required by G.S. 163A-4571, a statement made
40 pursuant to this section satisfies the requirements of G.S. 163A-4571 for the same
41 advertisement.

42 (b) Disclosure Requirements for Television. –

43 (1) Candidate advertisements on television. – Television advertisements
44 purchased by a candidate or by a candidate campaign committee supporting
45 or opposing the nomination or election of one or more clearly identified
46 candidates shall include a disclosure statement spoken by the candidate and
47 containing at least the following words: "I am (or "This is _____") [name of
48 candidate], candidate for [name of office], and I (or "my campaign _____")
49 sponsored this ad." This subdivision applies only to an advertisement that
50 mentions the name of, shows the picture of, transmits the voice of, or

- 1 otherwise refers to an opposing candidate for the same office as the
2 sponsoring candidate.
- 3 (2) Political party advertisements on television. – Television advertisements
4 purchased by a political party organization supporting or opposing the
5 nomination or election of one or more clearly identified candidates shall
6 include a disclosure statement spoken by the chair, executive director, or
7 treasurer of the political party organization and containing at least the
8 following words: "The [name of political party organization] sponsored this
9 ad opposing/supporting [name of candidate] for [name of office]." The
10 disclosed name of the political party organization shall include the name of
11 the political party as it appears on the ballot.
- 12 (3) Political action committee advertisements on television. – Television
13 advertisements purchased by a political action committee supporting or
14 opposing the nomination or election of one or more clearly identified
15 candidates shall include a disclosure statement spoken by the chief executive
16 officer or treasurer of the political action committee and containing at least
17 the following words: "The [name of political action committee] political
18 action committee sponsored this ad opposing/supporting [name of candidate]
19 for [name of office]." The name of the political action committee used in the
20 advertisement shall be the name that appears on the statement of
21 organization as required in G.S. 163A-4530(b)(1).
- 22 (4) Advertisements on television by an individual. – Television advertisements
23 purchased by an individual supporting or opposing the nomination or
24 election of one or more clearly identified candidates shall include a
25 disclosure statement spoken by the individual and containing at least the
26 following words: "I am [individual's name], and I sponsored this
27 advertisement opposing/supporting [name of candidate] for [name of
28 office]."
- 29 (5) Advertisements on television by another sponsor. – Television
30 advertisements purchased by a sponsor other than a candidate, a candidate
31 campaign committee, a political party organization, a political action
32 committee, or an individual which supports or opposes the nomination or
33 election of one or more clearly identified candidates shall include a
34 disclosure statement spoken by the chief executive or principal decision
35 maker of the sponsor and containing at least the following words: "[name of
36 sponsor] sponsored this ad." If the sponsor is a corporation that has the
37 purpose of promoting social, educational, or political ideas, the
38 advertisement shall also include a legible listing on the screen indicating that
39 the viewer may obtain additional information on the sponsor and the
40 sponsor's donors from the appropriate board of elections, containing at least
41 the following words: "For donor information contact [name of board of
42 elections with whom information filed]."
- 43 (6) All advertisements on television. – In any television advertisement described
44 in subdivisions (1) through (4) of this subsection, an unobscured, full-screen
45 picture containing the disclosing individual, either in photographic form or
46 through the actual appearance of the disclosing individual on camera, shall
47 be featured throughout the duration of the disclosure statement.
- 48 (7) Electioneering communications on television. – Television advertisements
49 purchased by an individual that are electioneering communications shall
50 include a disclosure statement spoken by the individual and containing at
51 least the following words: "I am [individual's name], and I sponsored this

1 advertisement opposing/supporting [name of candidate] for [name of
2 office]." Television advertisements purchased by a sponsor other than a
3 candidate, a candidate campaign committee, a political party organization, a
4 political action committee, or an individual that are electioneering
5 communications shall include a disclosure statement spoken by the chief
6 executive or principal decision maker of the sponsor and containing at least
7 the following words: "[Name of sponsor] sponsored this ad." If the sponsor
8 is a corporation that has the purpose of promoting social, educational, or
9 political ideas, the advertisement shall also include a legible listing on the
10 screen indicating that the viewer may obtain additional information on the
11 sponsor and the sponsor's donors from the appropriate board of elections,
12 containing at least the following words: "For donor information contact
13 [name of board of elections with whom information filed]."

14 (c) Disclosure Requirements for Radio. –

15 (1) Candidate advertisements on radio. – Radio advertisements purchased by a
16 candidate or by a candidate campaign committee supporting or opposing the
17 nomination or election of one or more clearly identified candidates shall
18 include a disclosure statement spoken by the candidate and containing at
19 least the following words: "I am (or "This is ") [name of candidate],
20 candidate for [name of office], and this ad was paid for (or "sponsored" or
21 "furnished") by [name of candidate campaign committee that paid for the
22 advertisement]." This subdivision applies only to an advertisement that
23 mentions the name of, transmits the voice of, or otherwise refers to an
24 opposing candidate for the same office as the sponsoring candidate.

25 (2) Political party advertisements on radio. – Radio advertisements purchased by
26 a political party organization supporting or opposing the nomination or
27 election of one or more clearly identified candidates shall include a
28 disclosure statement spoken by the chair, executive director, or treasurer of
29 the political party organization and containing at least the following words:
30 "This ad opposing/supporting [name of candidate] for [name of office] was
31 paid for (or "sponsored" or "furnished") by [name of political party]." The
32 disclosed name of the political party organization shall include the name of
33 the political party as it appears on the ballot.

34 (3) Political action committee advertisements on radio. – Radio advertisements
35 purchased by a political action committee supporting or opposing the
36 nomination or election of one or more clearly identified candidates shall
37 include a disclosure statement spoken by the chief executive officer or
38 treasurer of the political action committee and containing at least the
39 following words: "This ad opposing/supporting [name of candidate] for
40 [name of office] was paid for (or "sponsored" or "furnished") by [name of
41 political action committee] political action committee." The name of the
42 political action committee used in the advertisement shall be the name that
43 appears on the statement of organization as required by
44 G.S. 163A-4530(b)(1).

45 (4) Advertisements on radio by an individual. – Radio advertisements purchased
46 by an individual supporting or opposing the nomination or election of one or
47 more clearly identified candidates shall include a disclosure statement
48 spoken by the individual and containing at least the following words: "I am
49 [individual's name], and this ad opposing/supporting [name of candidate] for
50 [name of office] was paid for (or "sponsored" or "furnished") by me."

1 (5) Advertisements on radio by another sponsor. – Radio advertisements
2 purchased by a sponsor other than a candidate, a candidate campaign
3 committee, a political party organization, a political action committee, or an
4 individual which supports or opposes the nomination or election of one or
5 more clearly identified candidates shall include a disclosure statement
6 spoken by the chief executive or principal decision maker of the sponsor and
7 containing at least the following words: "[Name of sponsor] paid for (or
8 "sponsored" or "furnished") this ad." If the sponsor is a corporation that has
9 the purpose of promoting social, educational, or political ideas, the
10 advertisement shall also include an aural disclosure indicating that the
11 viewer may obtain additional information on the sponsor and the sponsor's
12 donors from the appropriate board of elections, containing at least the
13 following words: "For donor information contact [name of board of elections
14 with whom information filed]."

15 (6) Electioneering communication on the radio. – Radio advertisements
16 purchased by an individual that are electioneering communications shall
17 include a disclosure statement spoken by the individual and containing at
18 least the following words: "I am [individual's name], and this ad
19 opposing/supporting [name of candidate] for [name of office] was paid for
20 (or "sponsored" or "furnished") by me." Radio advertisements purchased by
21 a sponsor other than a candidate, a candidate campaign committee, a
22 political party organization, a political action committee, or an individual
23 that are electioneering communications shall include a disclosure statement
24 spoken by the chief executive or principal decision maker of the sponsor and
25 containing at least the following words: "[Name of sponsor] paid for (or
26 "sponsored" or "furnished") this ad." If the sponsor is a corporation that has
27 the purpose of promoting social, educational, or political ideas, the
28 advertisement shall also include an aural disclosure indicating that the
29 viewer may obtain additional information on the sponsor and the sponsor's
30 donors from the appropriate board of elections, containing at least the
31 following words: "For donor information contact [name of board of elections
32 with whom information filed]."

33 (d) Placement of Disclosure Statement in Television and Radio Advertisements. – In
34 advertisements on television, a sponsor may place the disclosure statement required by this
35 section at any point during the advertisement, except that if the duration of the advertisement is
36 more than five minutes, the disclosure statement shall be made both at the beginning and end of
37 the advertisement. The sponsor may provide the oral disclosure statement required by this
38 section at the same time as the visual disclosure required under the Communications Act of
39 1934, 47 U.S.C. §§ 315 and 317, is shown, but any visual disclosure legend shall be at least
40 four percent (4%) of vertical picture height in size. For advertisements on radio, the placement
41 of the oral disclosure statement shall comply with the requirements of the Communications Act
42 of 1934, 47 U.S.C. §§ 315 and 317.

43 (e) Choice of Supporting or Opposing a Candidate. – In its oral disclosure statement, a
44 sponsoring political party organization, political action committee, individual, or other
45 noncandidate sponsor shall choose either to identify an advertisement as supporting or
46 opposing the nomination or election of one or more clearly identified candidates.

47 (f) Joint Sponsors. – If an advertisement described in this section is jointly sponsored,
48 the disclosure statement shall name all the sponsors, and the disclosing individual shall be one
49 of those sponsors. If a candidate is one of the sponsors, that candidate shall be the disclosing
50 individual, and if more than one candidate is the sponsor, at least one of the candidates shall be
51 the disclosing individual.

1 (g) Legal Remedy. – Pursuant to the conditions established in subdivisions (1), (2), and
2 (3) of this subsection, a candidate for an elective office who complied with the television and
3 radio disclosure requirements throughout that candidate's entire campaign shall have a
4 monetary remedy in a civil action against (i) an opposing candidate or candidate committee
5 whose television or radio advertisement violates these disclosure requirements and (ii) against
6 any political party organization, political action committee, individual, or other sponsor whose
7 advertisement for that elective office violates these disclosure requirements:

8 (1) Any plaintiff candidate in a statewide race in an action under this section
9 shall complete and file a Notice of Complaint Regarding Failure to Disclose
10 on Television or Radio Campaign Advertising with the State Board after the
11 airing of the advertisement but no later than the first Friday after the
12 Tuesday on which the election occurred. Candidates in non-statewide races
13 may file the notice during the same time period with one county board of
14 elections within the electoral area in which they are candidates. The timely
15 filing of this notice preserves the candidate's right to bring an action in
16 superior court any time within 90 days after the election. A candidate shall
17 bring the civil action in the county where the candidate filed the notice.

18 (2) Upon receiving a favorable verdict in accordance with existing law, the
19 plaintiff candidate shall receive a monetary award of actual damages. The
20 price of actual damages shall be calculated as the total dollar amount of
21 television and radio advertising time that was aired and that the plaintiff
22 candidate correctly identifies as being in violation of the disclosure
23 requirements of this section.

24 The plaintiff candidate shall also receive an award that trebles the
25 amount of actual damages if the following conditions apply:

26 a. The plaintiff candidate can establish having notified or attempted to
27 notify the sponsor of the advertisement properly by return-receipt
28 mail about the failure of a particular advertisement or advertisements
29 to comply with the disclosure requirements of this section.

30 b. After the notice or attempted notice, the advertisement continued to
31 be aired.

32 The treble damages shall be calculated from the date on which the
33 return-receipt notice was accepted or rejected by a defendant sponsoring
34 candidate or candidate committee, political party organization, political
35 action committee, or individual. The plaintiff candidate or candidate
36 committee shall send a copy of any return-receipt mailing to the relevant
37 board of elections as provided in subdivision (1) of this subsection within
38 five days after the notice is returned to the possession of the candidate or
39 candidate committee.

40 The plaintiff candidate may bring the civil action personally or authorize
41 his or her candidate campaign committee to bring the civil action.

42 (3) A candidate who violates the disclosure requirements of State law in this
43 section and that candidate's campaign committee shall be jointly and
44 severally liable for the payment of damages and attorneys' fees. If the
45 candidate is held personally liable for any payment of damages or attorneys'
46 fees, the candidate for State or local office shall not use or be reimbursed by
47 funds from the candidate's campaign committee in paying any amount.

48 (h) Relation to the Communications Act of 1934. – Television advertisements by a
49 sponsor supporting or opposing the nomination or election of one or more clearly identified
50 candidates shall comply with the oral disclosure requirements under State law in this section.
51 Those advertisements shall also comply with disclosure requirements under the

1 Communications Act of 1934, 47 U.S.C. §§ 315 and 317, by use of visual legends. The content
2 of those visual legends is specified by the Communications Act of 1934, 47 U.S.C. §§ 315 and
3 317, and G.S. 163A-4571(a)(1). The size of those visual legends is determined by
4 G.S. 163A-4571(b), which satisfies requirements under the Communications Act of 1934, 47
5 U.S.C. §§ 315 and 317. In the case of radio advertisements, the oral disclosure requirements
6 under State law in this section incorporate the content requirements under the Communications
7 Act of 1934, 47 U.S.C. §§ 315 and 317.

8 (i) No Additional Liability of Television or Radio Outlets. – Television or radio outlets
9 shall not be liable under this Part for carriage of political advertisements that fail to include the
10 disclosure requirements provided for in this Part.

11 (j) No Criminal Liability. – Nothing in this section regarding the disclosure
12 requirements in subsections (b) and (c) of this section shall be relied upon or otherwise
13 interpreted to create criminal liability.

14 **"§ 163A-4573. Scope of disclosure requirements.**

15 The disclosure requirements of this Part apply to any sponsor of an advertisement in the
16 print media or on radio or television the cost or value of which constitutes an expenditure or
17 contribution required to be disclosed under this Article, except that the disclosure requirements
18 of this Part:

19 (1) Do not apply to an individual who makes uncoordinated independent
20 expenditures aggregating less than one thousand dollars (\$1,000) in a
21 political campaign.

22 (2) Do not apply to an individual who incurs expenses with respect to a
23 referendum.

24 **"§ 163A-4574: Reserved for future codification purposes.**

25 **"§ 163A-4575: Reserved for future codification purposes.**

26 "Part 4. Municipal Campaign Reporting.

27 **"§ 163A-4576. Definitions.**

28 When used in this Part, the following definitions also apply:

29 (1) Board. – The county board of elections.

30 (2) City. – Any incorporated city, town, or village.

31 **"§ 163A-4577. Organizational report.**

32 (a) Each candidate and political committee in a city election shall appoint a treasurer
33 and, under verification, report the name and address of the treasurer to the board. A candidate
34 may appoint himself or herself, or any other individual, including any relative except a spouse,
35 as treasurer. If the candidate fails to designate a treasurer, the candidate shall be deemed to
36 have appointed himself or herself as treasurer. A candidate or political committee may remove
37 the treasurer.

38 (b) The organizational report shall state the bank account and number of such campaign
39 fund. Each report required by this Part shall reflect all contributions, expenditures, and loans
40 made in behalf of a candidate. The organizational report shall be filed with the county board of
41 elections within 10 days after the candidate files a notice of candidacy with the county board of
42 elections or within 10 days following the organization of the political committee, whichever
43 occurs first.

44 **"§ 163A-4578. Campaign report; partisan election.**

45 In any city election conducted on a partisan basis in accordance with G.S. 163-279(a)(2)
46 and G.S. 163-291, the following reports shall be filed in addition to the organizational report:

47 (1) 35-day report. – The treasurer shall file a report with the board 35 days
48 before the primary.

49 (2) Pre-primary report. – The treasurer shall file a report with the board no later
50 than the 10th day preceding each primary election.

1 (3) Preelection report. – The treasurer shall file a report 10 days before the
2 election, unless a second primary is held and the candidate appeared on the
3 ballot in the second primary, in which case the report shall be filed 10 days
4 before the second primary.

5 (4) Semiannual reports. – If contributions are received or expenditures made
6 during any part of a calendar year, for which no reports are otherwise
7 required by this section, any and all of those contributions and expenditures
8 shall be reported on semiannual reports due on the last Friday in July,
9 covering the period through June 30, and due on the last Friday in January,
10 covering the period through December 31 of the previous year.

11 **"§ 163A-4579. Campaign report; nonpartisan election and runoff.**

12 If any city election conducted under the nonpartisan election and runoff basis in accordance
13 with G.S. 163-279(a)(4) and G.S. 163-293, the following reports shall be filed in addition to the
14 organizational report:

15 (1) 35-day report. – The treasurer shall file a report with the board 35 days
16 before the election.

17 (2) Preelection report. – The treasurer shall file a report with the board 10 days
18 before the election.

19 (3) Pre-runoff report. – The treasurer shall file a report with the board 10 days
20 before the runoff if the candidate is in a runoff.

21 (4) Semiannual reports. – If contributions are received or expenditures made
22 during any part of a calendar year, for which no reports are otherwise
23 required by this section, any and all of those contributions and expenditures
24 shall be reported on semiannual reports due on the last Friday in July,
25 covering the period through June 30, and due on the last Friday in January,
26 covering the period through December 31 of the previous year.

27 **"§ 163A-4580. Campaign report; nonpartisan primary and elections.**

28 In any city election conducted under the nonpartisan primary method in accordance with
29 G.S. 163-279(a)(3) and G.S. 163-294, the following reports shall be filed in addition to the
30 organizational report:

31 (1) 35-day report. – The treasurer shall file a report with the board 35 days
32 before the primary if the candidate is in a primary or the same length of time
33 before the election if the candidate is not in a primary.

34 (2) Pre-primary and preelection reports. – The treasurer shall file a report 10
35 days before the primary if the candidate is in a primary and 10 days before
36 the election.

37 (3) Semiannual reports. – If contributions are received or expenditures made
38 during any part of a calendar year, for which no reports are otherwise
39 required by this section, any and all of those contributions and expenditures
40 shall be reported on semiannual reports due on the last Friday in July,
41 covering the period through June 30, and due on the last Friday in January,
42 covering the period through December 31 of the previous year.

43 **"§ 163A-4581. Campaign report; nonpartisan plurality.**

44 In any city election conducted under the nonpartisan plurality method under
45 G.S. 163-279(a)(1) and G.S. 163-292, the following reports shall be filed in addition to the
46 organizational report:

47 (1) 35-day report. – The treasurer shall file a report with the board 35 days
48 before the election.

49 (2) Preelection report. – The treasurer shall file a report 10 days before the
50 election.

1 (3) Semiannual reports. – If contributions are received or expenditures made
2 during any part of a calendar year, for which no reports are otherwise
3 required by this section, any and all of those contributions and expenditures
4 shall be reported on semiannual reports due on the last Friday in July,
5 covering the period through June 30, and due on the last Friday in January,
6 covering the period through December 31 of the previous year.

7 **"§ 163A-4582. Form of report.**

8 Forms of reports under this Part shall be prescribed by the board.

9 **"§ 163A-4583. Content.**

10 Except as otherwise provided in this Part, each report shall be current within seven days
11 prior to the date the report is due and shall list all contributions received and expenditures made
12 which have not been previously reported.

13 **"§ 163A-4584. Notice of reports due.**

14 The director of the board shall advise, or cause to be advised, no less than five days nor
15 more than 15 days before each report is due, each candidate or treasurer whose organizational
16 report has been filed under G.S. 163A-4577 of the specific date each report is due. The director
17 shall immediately notify any individual, candidate, treasurer, or political committee to file a
18 statement under this Part if either of the following applies:

19 (1) It appears that the individual, candidate, treasurer, or political committee has
20 failed to file a statement as required by law or that a statement filed does not
21 conform to this Part.

22 (2) A written complaint is filed under oath with the board by any registered
23 voter of this State alleging that a statement filed with the board does not
24 conform to this Part or to the truth or that an individual, candidate, treasurer,
25 or political committee has failed to file a statement required by this Part.

26 **"§ 163A-4585. Part 1 to apply.**

27 (a) Except as provided in this Part or in G.S. 163A-4532(d), the provisions of Part 1
28 shall apply to municipal elections covered by this Part.

29 (b) G.S. 163A-4506(1) and (9), the first paragraph of G.S. 163A-4507,
30 G.S. 163A-4508, 163A-4524, 163A-4525, 163A-4530, and 163A-4532(a) and (b) shall not
31 apply to this Part.

32 **"§ 163A-4586. Other committees report by municipal schedule.**

33 A candidate or political committee that appoints a treasurer under G.S. 163A-4530 shall
34 make reports according to the schedule under this Part if it makes contributions or expenditures
35 concerning municipal elections.

36 "Article 46.

37 "Appropriations from the North Carolina Political Parties Financing Fund.

38 **"§ 163A-4601. Appropriations in general election years and other years.**

39 (a) Following the conclusion of the last primary or nominating convention held by a
40 political party in a general election year in which a presidential election is held, the State chair
41 of that political party may apply to the State Board for the disbursement of all funds deposited
42 with the State Treasurer on behalf of that party in the North Carolina Political Parties Financing
43 Fund (Political Parties Fund) to be administered by the State Board and in which shall be
44 placed money contributed by taxpayers, as provided in G.S. 105-159.1. If the regular date set
45 for a primary in G.S. 163-1 or nominating convention in G.S. 163-98 is temporarily postponed
46 for one election year, the State party chair may apply for the disbursement after the regular date
47 set in those sections for that party's primary or convention, even though the primary has not
48 occurred under the temporary schedule. Upon receipt of that application, the State Board shall
49 forthwith, and every 30 days thereafter, pay over to said chair all funds currently held by the
50 State Treasurer on behalf of that chair's political party, provided that all such payments shall
51 cease 30 days after the State Board of Elections and Ethics Enforcement has certified all of the

1 results of the general election to the Secretary of State. Upon receipt of that application, the
2 State Board shall pay over to the chair all funds currently held by the State Treasurer in the
3 "Presidential Election Year Candidates Fund" of that party, which funds shall be allocated and
4 disbursed during the presidential election year by the same procedure as the funds received
5 from the Political Parties Fund are allocated. Any remaining funds of the political party in the
6 hands of the State Treasurer shall thereafter be held by the State Treasurer until eligible for
7 distribution pursuant to this section.

8 (b) Following the conclusion of the last primary or nominating convention held by a
9 political party in a general election year in which there is not a presidential election, the State
10 chair of the political party may apply to the State Board for the disbursement of all funds
11 deposited on behalf of such party in the Political Parties Fund. If the regular date set for a
12 primary in G.S. 163-1 or nominating convention in G.S. 163-98 is temporarily postponed for
13 one election year, the State party chair may apply for the disbursement after the regular date set
14 in those sections for that party's primary or convention, even though the primary has not
15 occurred under the temporary schedule. Upon receipt of such application, the State Board shall
16 forthwith, and every 30 days thereafter, pay over to said chair all funds currently held by the
17 State Treasurer on behalf of that chair's political party, provided that all such payments to the
18 chair shall cease 30 days after the State Board of Elections and Ethics Enforcement has
19 certified all of the results of the general election. Any remaining funds of the political party in
20 the hands of the State Treasurer shall thereafter be held by the State Treasurer until eligible for
21 distribution pursuant to this section.

22 (c) In each year in which no general election is held, each State chair of a political party
23 on behalf of which funds have been deposited in the Political Parties Fund may, on or between
24 August 1 and September 1 thereof, apply to the State Board for payment of an amount not to
25 exceed fifty percent (50%) of the then available funds credited to the account of that party.
26 Upon receipt of such application, the State Board shall pay over to that State chair an amount
27 not to exceed fifty percent (50%) of the then available funds credited to the account of that
28 party. Additionally and upon receipt of that application, the State Board shall direct the State
29 Treasurer to place fifty percent (50%) of those available funds in a separate interest-bearing
30 account to be known as the "Presidential Election Year Candidates Fund of the (name of the
31 party) Party" to be disbursed in accord with the provisions of subsection (a) of this section. Any
32 remaining funds of the political party in the hands of the State Treasurer shall thereafter be held
33 by the State Treasurer until eligible for distribution by the State Board pursuant to this section.
34 Any interest earned on the funds deposited in such Presidential Election Year Candidates Fund
35 shall be credited thereto.

36 **"§ 163A-4602. Distribution of campaign funds; legitimate expenses permitted.**

37 (a) In a general election year in which a presidential election is held, every State chair
38 of a political party shall disburse fifty percent (50%) of all funds received from the North
39 Carolina Political Parties Financing Fund to that political party. The remaining fifty percent
40 (50%) of such funds shall be allocated by the special committee established by subsection (d)
41 of this section and used for one or more of the purposes permitted by subsection (e) of this
42 section. Any candidate may elect to decline in whole or in part any funds that the party chooses
43 to distribute to the candidate.

44 (b) In a general election year in which there is not a presidential election, every State
45 chair of a political party shall disburse fifty percent (50%) of all funds received from the
46 Political Parties Fund to that political party. The remaining fifty percent (50%) of such funds
47 shall be allocated by the special committee established in subsection (d) of this section and
48 used for one or more of the purposes permitted by subsection (e) of this section. Any candidate
49 may elect to decline in whole or in part any funds that the party chooses to distribute to the
50 candidate.

1 (c) In each year in which no general election is held, every State chair of a political
2 party shall disburse all funds received from the Political Parties Fund to that political party.

3 (d) The allocation of the remaining fifty percent (50%) of the funds under subsections
4 (a) or (b) of this section shall be made by a committee composed of the State chair of that
5 political party, the treasurer of that party, the congressional district chair of that party, and a
6 number of individuals that shall not exceed the number of congressional districts in North
7 Carolina appointed by the State chair of that party, and the State chair shall serve as chair of
8 this committee. The allocation of funds shall be in the sole discretion of the committee but shall
9 be for a purpose permitted by subsection (e) of this section and, if allocated to a candidate, shall
10 be disbursed by the State chair of that party only to the treasurer of that candidate or committee
11 appointed under Article 45 of this Chapter or under the Federal Election Campaign Act of
12 1971, Chapter 14 of Title 2, United States Code.

13 (e) A political party shall expend funds distributed from the Political Parties Fund or
14 from the "Presidential Election Year Candidates Fund" only for legitimate campaign expenses.
15 By way of illustration, but not by way of limitation, the following are examples of legitimate
16 campaign expenses:

17 (1) Radio, television, newspaper, and billboard advertising for and on behalf of
18 a political party or candidate.

19 (2) Leaflets, fliers, buttons, and stickers.

20 (3) Campaign staff salaries, provided each staff member is listed by name and
21 by the amount paid as salary and the amount paid as campaign expense
22 reimbursement.

23 (4) Travel expenses, lodging, and food for candidate and staff.

24 (5) Expenses to ensure compliance with federal and State campaign finance and
25 reporting laws.

26 (6) Contributions to or expenses on behalf of candidates of that political party.

27 (7) Party headquarters operations related to upcoming general elections,
28 including the purchase, maintenance and programming of computers to
29 provide lists of voters, party workers, officers, committee members, and
30 participants in party functions, patterns of voting and other data for use in
31 general election campaigns and party activities and functions prior thereto,
32 the establishment and updating computer file systems of voter registration
33 lists, State, district, county, and precinct officers and committee member
34 lists, party clubs or organization lists, the organizing of voter registration,
35 fund-raising and get-out-the-vote programs at the county level when
36 conducted by State party personnel, and the preparation of reports required
37 to be filed by State and federal laws and systems needed to prepare the same
38 and keep records incident thereto.

39 (f) All moneys and funds previously designated by taxpayers being held by the North
40 Carolina Secretary of Revenue and being held by the North Carolina State Treasurer, which
41 moneys and funds have not been disbursed or delivered to a political party as of June 16, 1978,
42 when disbursed shall be allocated by the State chair of the political party as follows: sixty-two
43 and one-half percent (62 1/2%) of such funds to the political party for legitimate general
44 election campaign expenditures; thirty-seven and one-half percent (37 1/2%) to the eligible
45 candidates as determined by the committee established under this Article.

46 (g) It shall be unlawful for any political party to use either directly or indirectly any part
47 of funds distributed from the Political Parties Fund or the Presidential Election Year Candidates
48 Fund of any political party for the support or assistance either directly or indirectly of any
49 candidate in a primary election, for support or assistance relating to the selection of a candidate
50 at a political convention or by the executive committee of a party, for the payment or
51 repayment of any debt or obligation of whatsoever kind or nature incurred by any individual,

1 business entity, candidate, or political committee in a primary election, the selection of a
2 candidate at a political convention or by the executive committee of a party, or for the support,
3 promotion, or opposition of a national, State, or local referendum, bond election, or
4 constitutional amendment.

5 **"§ 163A-4603. Annual report to State Board; suspension of disbursements; willful**
6 **violations a misdemeanor; adoption of rules; reporting by candidates and**
7 **political committees.**

8 (a) The State chair of each political party receiving funds from the Political Parties
9 Fund or the Presidential Election Year Candidates Fund or both shall maintain a full and
10 complete record of the party's receipts and any and all subsequent expenditures and
11 disbursements thereof, and such shall be substantiated by any records, receipts, and information
12 that the Executive Director of the State Board shall require. Such record shall be centrally
13 located and shall be readily available at reasonable hours for public inspection.

14 (b) By December 31 of each year, the State chair of each political party receiving funds
15 from the Political Parties Fund or a Presidential Election Year Candidates Fund in the 12
16 preceding months shall file with the State Board an itemized statement reporting all receipts,
17 expenditures, and disbursements from the date of the last report, and attached to such report
18 shall be the verification of such chair that all such funds received were expended in accordance
19 with the provisions of this Article. If the Executive Director determines and finds as a fact that
20 any such funds were not disbursed or expended in accordance with this Article, the Executive
21 Director shall order such political party to reimburse the amount improperly expended or
22 disbursed to the General Fund of the State, and such political party shall not receive further
23 disbursements from the Political Parties Fund or a Presidential Election Year Candidates Fund
24 until such reimbursement has been accomplished in full. A copy of any such order shall be
25 forwarded to the State Treasurer, which shall constitute notice to suspend further disbursements
26 from the campaign fund.

27 (c) The State Board shall review each application and certify that the political party is
28 eligible to receive the funds requested. The State Board shall establish rules for the
29 administration and enforcement of this Article.

30 (d) The treasurer of any political committee or candidate receiving any funds from the
31 Political Parties Fund or a Presidential Election Year Candidates Fund through a political party
32 shall report such receipts as contributions according to the method and timetable set forth in
33 Article 45 of this Chapter. The treasurer shall report disbursements of such funds as
34 expenditures or loans according to the method and timetable set forth in Article 45 of this
35 Chapter. The reports shall be made to the proper board of elections according to Article 45 of
36 this Chapter. There is no requirement that a candidate or a political committee other than a
37 political party shall maintain funds from the Political Parties Fund or a Presidential Election
38 Year Candidates Fund in a separate account.

39 **"§ 163A-4604. Crime; punishment.**

40 Any individual person, candidate, political committee, or treasurer who willfully and
41 intentionally violates any of the provisions of this Article shall be guilty of a Class 2
42 misdemeanor.

43 **"§§ 163A-4605 through 163A-4610: Reserved for future codification purposes.**

44 "Article 47.

45 "The North Carolina Public Campaign Fund.

46 **"§ 163A-4701. Purpose of the North Carolina Public Campaign Fund.**

47 The purpose of this Article is to ensure the fairness of democratic elections in North
48 Carolina and to protect the constitutional rights of voters and candidates from the detrimental
49 effects of increasingly large amounts of money being raised and spent to influence the outcome
50 of elections, those effects being especially problematic in elections of the judiciary, since
51 impartiality is uniquely important to the integrity and credibility of the courts. Accordingly, this

1 Article establishes the North Carolina Public Campaign Fund as an alternative source of
2 campaign financing for candidates who demonstrate public support and voluntarily accept strict
3 fund-raising and spending limits. This Article is available to candidates for justice of the
4 Supreme Court and judge of the Court of Appeals in elections to be held in 2004 and thereafter.

5 **"§ 163A-4702. Definitions.**

6 The following definitions apply in this Article:

- 7 (1) Candidate. – An individual who becomes a candidate as described in
8 G.S. 163A-4502(3), and includes a "candidate campaign committee" as
9 defined in G.S. 163A-4502(4).
- 10 (2) Certified candidate. – A candidate running for office who chooses to receive
11 campaign funds from the Fund and who is certified under
12 G.S. 163A-4705(c).
- 13 (3) Contested primary and contested general election. – An election in which
14 there are more candidates than the number to be elected. A distribution from
15 the Fund pursuant to this Article is not a "contribution" and is not subject to
16 the limitations of G.S. 163A-4541 or the prohibitions of G.S. 163A-4545 or
17 G.S. 163A-4557.
- 18 (4) Contribution. – As defined in G.S. 163A-4502, except that a distribution
19 from the Fund pursuant to this Article is not a "contribution" and is not
20 subject to the limitations of G.S. 163A-4541 or the prohibitions of
21 G.S. 163A-4545 or G.S. 163A-4557.
- 22 (5) Electioneering communication. – As defined in G.S. 163A-4502, except that
23 it is made during the period beginning 30 days before absentee ballots
24 become available for a primary and ending on primary election day and
25 during the period 60 days before absentee ballots become available for a
26 general election and ending on general election day.
- 27 (6) Fund. – The North Carolina Public Campaign Fund as established by this
28 Article.
- 29 (7) Maximum qualifying contributions. – An amount of qualifying contributions
30 equal to 60 times the filing fee for candidacy for the office.
- 31 (8) Minimum qualifying contributions. – An amount of qualifying contributions
32 equal to 30 times the filing fee for candidacy for the office.
- 33 (9) Nonparticipating candidate. – A candidate running for office who is not
34 seeking to be certified under G.S. 163A-4705(c).
- 35 (10) Office. – A position on the North Carolina Court of Appeals or North
36 Carolina Supreme Court.
- 37 (11) Participating candidate. – A candidate for office who has filed a declaration
38 of intent to participate under G.S. 163A-4705.
- 39 (12) Qualifying contribution. – A contribution of not less than ten dollars
40 (\$10.00) and not more than five hundred dollars (\$500.00) in the form
41 prescribed for noncash monetary contributions in G.S. 163A-4544(b) to the
42 candidate or the candidate's committee that meets both of the following
43 conditions:
- 44 a. Made by an individual who is a registered voter in this State at the
45 time of the submittal of the report specified in G.S. 163A-4705(c).
- 46 b. Made during the qualifying period and obtained with the approval of
47 the candidate or candidate's committee.
- 48 (13) Qualifying period. – The period beginning September 1 in the year before
49 the election and ending on the day of the primary of the election year.
- 50 (14) Trigger for matching funds. – The dollar amount at which matching funds
51 are released for certified candidates. In the case of a primary, the trigger

1 equals the maximum qualifying contributions for participating candidates. In
2 the case of a contested general election, the trigger equals the base level of
3 funding available under G.S. 163A-4708(b)(4).

4 **"§ 163A-4703. North Carolina Public Campaign Fund established; sources of funding.**

5 (a) Establishment of Fund. – The North Carolina Public Campaign Fund is established
6 to finance the election campaigns of certified candidates for office and to pay administrative
7 and enforcement costs of the State Board related to this Article. The Fund is a special,
8 dedicated, nonlapsing, nonreverting fund. All expenses of administering this Article, including
9 production and distribution of the Voter Guide required by G.S. 163A-4720 and personnel and
10 other costs incurred by the State Board, including public education about the Fund, shall be
11 paid from the Fund and not from the General Fund. Any interest generated by the Fund is
12 credited to the Fund. The State Board shall administer the Fund.

13 (b) Sources of Funding. – Money received from all the following sources shall be
14 deposited in the Fund:

15 (1) Money from the North Carolina Candidates Financing Fund.

16 (2) Designations made to the Public Campaign Fund by individual taxpayers
17 pursuant to G.S. 105-159.2.

18 (3) Public Campaign Fund revenues distributed for an election that remain
19 unspent or uncommitted at the time the recipient is no longer a certified
20 candidate in the election.

21 (4) Money ordered returned to the Public Campaign Fund in accordance with
22 G.S. 163A-4725.

23 (5) Voluntary donations made directly to the Public Campaign Fund. Business
24 entities may make donations to the Fund.

25 (6) Money collected from the fifty-dollar (\$50.00) surcharge on attorney
26 membership fees in G.S. 84-34.

27 (c) Determination of Fund Amount. – By October 1, 2003, and every two years
28 thereafter, the State Board shall prepare and provide to the Joint Legislative Commission on
29 Governmental Operations of the General Assembly a report documenting, evaluating, and
30 making recommendations relating to the administration, implementation, and enforcement of
31 this Article. In its report, the State Board shall set out the funds received to date and the
32 expected needs of the Fund for the next election.

33 **"§ 163A-4704: Reserved for future codification purposes.**

34 **"§ 163A-4705. Requirements for participation; certification of candidates.**

35 (a) Declaration of Intent to Participate. – Any individual choosing to receive campaign
36 funds from the Fund shall first file with the State Board a declaration of intent to participate in
37 the act as a candidate for a stated office. The declaration of intent shall be filed before or during
38 the qualifying period and before collecting any qualifying contributions. In the declaration, the
39 candidate shall swear or affirm that only one political committee, identified with its treasurer,
40 shall handle all contributions, expenditures, and obligations for the participating candidate and
41 that the candidate will comply with the contribution and expenditure limits set forth in
42 subsection (d) of this section and all other requirements set forth in this Article or adopted by
43 the State Board. Failure to comply is a violation of this Article.

44 (b) Demonstration of Support of Candidacy. – Participating candidates who seek
45 certification to receive campaign funds from the Fund shall first, during the qualifying period,
46 obtain qualifying contributions from at least 350 registered voters in an aggregate sum that at
47 least equals the amount of minimum qualifying contributions described in G.S. 163A-4702(8)
48 but that does not exceed the amount of maximum qualifying contributions described in
49 G.S. 163A-4702(7).

50 No payment, gift, anything of value, or the opportunity to win anything of value shall be
51 given in exchange for a qualifying contribution.

1 (c) Certification of Candidates. – Upon receipt of a submittal of the record of
2 demonstrated support by a participating candidate, the State Board shall determine whether or
3 not the candidate has complied with all the following requirements:

- 4 (1) Signed and filed a declaration of intent to participate in this Article.
- 5 (2) Submitted a report itemizing the appropriate number of qualifying
6 contributions received from registered voters, which the State Board shall
7 verify through a random sample or other means it adopts. The report shall
8 include the county of residence of each registered voter listed.
- 9 (3) Filed a valid notice of candidacy pursuant to Article 25 of Chapter 163 of the
10 General Statutes.
- 11 (4) Otherwise met the requirements for participation in this Article.

12 The State Board shall certify candidates complying with the requirements of this section as
13 soon as possible and no later than five business days after receipt of a satisfactory record of
14 demonstrated support.

15 (d) Restrictions on Contributions and Expenditures for Participating and Certified
16 Candidates. – The following restrictions shall apply to contributions and expenditures with
17 respect to participating and certified candidates:

- 18 (1) Beginning January 1 of the year before the election and before the filing of a
19 declaration of intent, a candidate for office may accept in contributions up to
20 ten thousand dollars (\$10,000) from sources and in amounts permitted by
21 Article 45 of this Chapter and may expend up to ten thousand dollars
22 (\$10,000) for any campaign purpose. A candidate who exceeds either of
23 these limits shall be ineligible to file a declaration of intent or receive funds
24 from the Public Campaign Fund.
- 25 (2) From the filing of a declaration of intent through the end of the qualifying
26 period, a candidate may accept only qualifying contributions, contributions
27 under ten dollars (\$10.00) from North Carolina voters, and personal and
28 family contributions permitted under subdivision (4) of this subsection. The
29 total contributions the candidate may accept during this period shall not
30 exceed the maximum qualifying contributions for that candidate. In addition
31 to these contributions, the candidate may only expend during this period the
32 remaining money raised pursuant to subdivision (1) of this subsection and
33 possible matching funds received pursuant to G.S. 163A-4710. Except for
34 personal and family contributions permitted under subdivision (4) of this
35 subsection, multiple contributions from the same contributor to the same
36 candidate shall not exceed five hundred dollars (\$500.00).
- 37 (3) After the qualifying period and through the date of the general election, the
38 candidate shall expend only the funds the candidate receives from the Fund
39 pursuant to G.S. 163A-4708(b)(4) plus any funds remaining from the
40 qualifying period and possible matching funds.
- 41 (4) During the qualifying period, the candidate may contribute up to one
42 thousand dollars (\$1,000) of that candidate's own money to the campaign.
43 Debt incurred by the candidate for a campaign expenditure shall count
44 toward that limit. The candidate may accept in contributions one thousand
45 dollars (\$1,000) from each member of that candidate's family consisting of
46 spouse, parent, child, brother, and sister. Up to five hundred dollars
47 (\$500.00) of a contribution from the candidate's family member may be
48 treated as a qualifying contribution if it meets the requirements of
49 G.S. 163A-4702(12)a. and b.
- 50 (5) A candidate and the candidate's committee shall limit the use of all revenues
51 permitted by this subsection to expenditures for campaign-related purposes

1 only. The State Board shall publish guidelines outlining permissible
2 campaign-related expenditures. In establishing those guidelines, the State
3 Board shall differentiate expenditures that reasonably further a candidate's
4 campaign from expenditures for personal use that would be incurred in the
5 absence of the candidacy. In establishing the guidelines, the State Board
6 shall review relevant provisions of G.S. 163A-4602(e), the Federal Election
7 Campaign Act and rules adopted pursuant to it, and similar provisions in
8 other states.

9 (6) Any contribution received by a participating or certified candidate that falls
10 outside that permitted by this subsection shall be returned to the donor as
11 soon as practicable. Contributions intentionally made, solicited, or accepted
12 in violation of this Article are subject to civil penalties as specified in
13 G.S. 163A-4725. The funds involved shall be forfeited to the Civil Penalty
14 and Forfeiture Fund.

15 (7) A candidate shall return to the Fund any amount distributed for an election
16 that is unspent and uncommitted at the date of the election, or at the time the
17 individual ceases to be a certified candidate, whichever occurs first. For
18 accounting purposes, all qualifying, personal, and family contributions shall
19 be considered spent before revenue from the Fund is spent or committed.

20 (e) Revocation. – A candidate may revoke, in writing to the State Board, a decision to
21 participate in the Public Campaign Fund at any time before the deadline set by the State Board
22 for the candidate's submission of information for the Voter Guide described in G.S. 163A-4720.
23 After a timely revocation, that candidate may accept and expend outside the limits of this
24 Article without violating this Article. Within 10 days after revocation, a candidate shall return
25 to the State Board all money received from the Fund.

26 **"§ 163A-4706. Special participation provisions for candidates in vacancy elections.**

27 (a) Participation Provisions Modified. – Candidates involved in elections described in
28 G.S. 163-329 may participate in the Fund subject to the provisions of G.S. 163A-4705 as
29 modified by this section. The State Board shall adapt other provisions of this Article, including
30 G.S. 163A-4710, to those elections.

31 (b) Qualifying. – The State Board shall designate a special qualifying period of no less
32 than four weeks for these candidates, beginning at the close of the notice-of-candidacy filing
33 period. To receive certification, a participating candidate shall raise at least 225 qualifying
34 contributions, totaling at least 20 times the amount of the filing fee for the office, for a
35 four-week qualifying period. If the State Board sets a longer qualifying period, then for each
36 additional week that the qualifying period extends beyond four weeks, the minimum number of
37 qualifying contributions required for certification shall increase by 25, and the minimum
38 amount of the qualifying contributions shall increase by two times the filing fee. The minimum
39 qualifying contributions shall not exceed the limit set by G.S. 163A-4705(b).

40 (c) Allocations. – Certified candidates shall receive one percent (1%) of the funding to
41 which they would be eligible under G.S. 163A-4708 times the number of calendar days
42 between the end of the special qualifying period and the day of the general election. That
43 amount shall not exceed one hundred percent (100%) of the funding to which they would be
44 eligible under G.S. 163A-4708.

45 **"§ 163A-4707: Reserved for future codification purposes.**

46 **"§ 163A-4708. Distribution from the Fund.**

47 (a) Timing of Fund Distribution. – The State Board shall distribute to a certified
48 candidate revenue from the Fund in an amount determined under subdivision (b)(4) of this
49 section within five business days after the certified candidate's name is approved to appear on
50 the ballot in a contested general election, but no earlier than five business days after the
51 primary.

1 (b) Amount of Fund Distribution. – By August 1, 2003, and no less frequently than
2 every two years thereafter, the State Board shall determine the amount of funds, rounded to the
3 nearest one hundred dollars (\$100.00), to be distributed to certified candidates as follows:

4 (1) Uncontested primaries. – No funds shall be distributed.

5 (2) Contested primaries. – No funds shall be distributed except as provided in
6 G.S. 163A-4710.

7 (3) Uncontested general elections. – No funds shall be distributed.

8 (4) Contested general elections. – Funds shall be distributed to a certified
9 candidate for a position on the Court of Appeals in an amount equal to 125
10 times the candidate's filing fee as set forth in G.S. 163-107. Funds shall be
11 distributed to a certified candidate for a position on the Supreme Court in an
12 amount equal to 175 times the candidate's filing fee as set forth in
13 G.S. 163-107.

14 (c) Method of Fund Distribution. – The State Board, in consultation with the State
15 Treasurer and the State Controller, shall develop a rapid, reliable method of conveying funds to
16 certified candidates. In all cases, the State Board shall distribute funds to certified candidates in
17 a manner that is expeditious, ensures accountability, and safeguards the integrity of the Fund. If
18 the money in the Fund is insufficient to fully fund all certified candidates, then the available
19 money shall be distributed proportionally, according to each candidate's eligible funding, and
20 the candidate may raise additional money in the same manner as a noncertified candidate for
21 the same office up to the unfunded amount of the candidate's eligible funding.

22 **"§ 163A-4709. Reporting requirements.**

23 (a) Reporting by Noncertified Candidates and Other Entities. – Any noncertified
24 candidate with a certified opponent shall report total contributions received to the State Board
25 by facsimile machine or electronically within 24 hours after the total amount of contributions
26 received exceeds eighty percent (80%) of the trigger for matching funds as defined in
27 G.S. 163A-4702(14). Any entity making independent expenditures in support of or opposition
28 to a certified candidate or in support of a candidate opposing a certified candidate, or paying for
29 electioneering communications referring to one of those candidates, shall report the total
30 expenditures or payments made to the State Board by facsimile machine or electronically
31 within 24 hours after the total amount of expenditures or payments made for the purpose of
32 making the independent expenditures or electioneering communications exceeds five thousand
33 dollars (\$5,000). After the initial 24-hour filing, the noncertified candidate or other reporting
34 entity shall comply with an expedited reporting schedule. The schedule and forms for reports
35 required by this subsection shall be supplied by the State Board.

36 (b) Reporting by Participating and Certified Candidates. – Notwithstanding other
37 provisions of law, participating and certified candidates shall report any money received,
38 including all previously unreported qualifying contributions, all campaign expenditures,
39 obligations, and related activities to the State Board according to procedures developed by the
40 State Board. A certified candidate who ceases to be certified or ceases to be a candidate or who
41 loses an election shall file a final report with the State Board and return any unspent revenues
42 received from the Fund. In developing these procedures, the State Board shall utilize existing
43 campaign reporting procedures whenever practical.

44 (c) Timely Access to Reports. – The State Board shall ensure prompt public access to
45 the reports received in accordance with this Article. The State Board may utilize electronic
46 means of reporting and storing information.

47 **"§ 163A-4710. Matching funds.**

48 (a) When Matching Funds Become Available. – When any report or group of reports
49 shows that "funds in opposition to a certified candidate or in support of an opponent to that
50 candidate" as described in this section, exceed the trigger for matching funds as defined in
51 G.S. 163A-4702(14), the State Board shall issue immediately to that certified candidate an

1 additional amount equal to the reported excess within the limits set forth in this section. "Funds
2 in opposition to a certified candidate or in support of an opponent to that candidate" shall be
3 equal to the sum of subdivisions (1) and (2) of this subsection as follows:

4 (1) The greater of the following:

5 a. Campaign expenditures or obligations made, or funds raised or
6 borrowed, whichever is greater, reported by any one nonparticipating
7 candidate who is an opponent of a certified candidate. Where a
8 certified candidate has more than one nonparticipating candidate as
9 an opponent, the measure shall be taken from the nonparticipating
10 candidate showing the highest relevant dollar amount.

11 b. The funds distributed in accordance with G.S. 163A-4708(b) to a
12 certified opponent of the certified candidate.

13 (2) The aggregate total of all expenditures and payments reported in accordance
14 with G.S. 163A-4709(a) of entities making independent expenditures or
15 electioneering communications in opposition to the certified candidate or in
16 support of any opponent of that certified candidate.

17 (b) Limit on Matching Funds Before Date of Primary. – Total matching funds to a
18 certified candidate before the date of the primary shall be limited to an amount equal to two
19 times the maximum qualifying contributions for the office sought. Matching funds are available
20 to a certified candidate with an opponent in the primary or to a certified candidate who is
21 clearly referred to in expenditures reportable under G.S. 163A-4708 made in opposition to that
22 candidate.

23 (c) Limit on Matching Funds in Contested General Election. – Total matching funds to
24 a certified candidate in a contested general election shall be limited to an amount equal to two
25 times the amount described in G.S. 163A-4708(b)(4).

26 (d) Expedited Distribution of Matching Funds. – When a candidate becomes entitled to
27 any amount of matching funds under subsection (a) of this section, the State Board shall
28 authorize the issuance of that amount to the candidate as soon as practicable. The Department
29 of Administration shall transfer that amount to the candidate as soon as practicable and in no
30 event later than 12 hours after receiving notice from the State Board that the candidate has
31 become entitled to it. The Department of Administration shall develop a method of rapidly
32 transferring funds to a candidate or otherwise fulfilling the requirements of this subsection in
33 conjunction with the State Board. The candidate shall return to the State Board as soon as
34 practicable any amount of the matching funds that the candidate has not spent at the date of the
35 election or at the time the individual ceases to be a certified candidate, whichever occurs first.

36 (e) Determinations by State Board. – In the case of electioneering communications, the
37 State Board shall determine which candidate, if any, is entitled to receive matching funds as a
38 result of the communication. The State Board shall issue matching funds based on the
39 communication only if it ascertains that the communication is susceptible of no reasonable
40 interpretation other than as an appeal to vote for or against a specific candidate. In making its
41 determination, the State Board shall not consider evidence external to the communication itself
42 of the intent of the sponsor or the effect of the communication. The State Board shall notify
43 each candidate it determines is entitled to receive matching funds based on those
44 communications, the sponsor of those communications, and any candidate who is an opponent
45 of the candidate it determines is entitled to the matching funds. The State Board shall give the
46 sponsor of the communication and any opposing candidate an adequate opportunity to rebut the
47 determination of the State Board. In considering the rebuttal, all candidates in the race and the
48 sponsor shall be given adequate and equal opportunity to be heard. The State Board shall adopt
49 procedures for implementing this subsection, balancing in those procedures adequacy of
50 opportunity to rebut and adequacy and equality of opportunity to be heard on the rebuttal with

1 the need to expedite the decision on awarding matching funds. The State Board shall distribute
2 the matching funds, if any, at the conclusion of its process.

3 (f) Proportional Measuring of Multicandidate Communications. – In calculating the
4 amount of matching funds a certified candidate is eligible to receive under this section, the
5 State Board shall include the proportion of expenditures, obligations, or payments for
6 multicandidate communications that pertain to the candidate.

7 (g) No Matching Funds for Certain Communications Involving All Candidates. – No
8 matching funds are available under this section as a result of an expenditure that supports all
9 candidates for the same office or opposes all candidates for the same office. No matching funds
10 are available under this section as a result of an electioneering communication that the State
11 Board ascertains is susceptible of no reasonable interpretation other than as an appeal to vote
12 for all candidates for the same office or to vote against all candidates for the same office.

13 **"§§ 163A-4711 through 163A-4714: Reserved for future codification purposes.**

14 **"§ 163A-4715. Enforcement and administration.**

15 (a) Enforcement by the State Board. – The State Board shall administer the provisions
16 of this Article.

17 (b) Appeals. – The initial decision on an issue concerning qualification, certification, or
18 distribution of funds under this Article shall be made by the Executive Director of the State
19 Board. The procedure for challenging that decision is as follows:

20 (1) An individual or entity aggrieved by a decision by the Executive Director of
21 the State Board may appeal to the full State Board within three business days
22 of the decision. The appeal shall be in writing and shall set forth the reasons
23 for the appeal.

24 (2) Within five business days after an appeal is properly made, and after due
25 notice is given to the parties, the State Board shall hold a hearing. The
26 appellant has the burden of providing evidence to demonstrate that the
27 decision of the Executive Director was improper. The State Board shall rule
28 on the appeal within three business days after the completion of the hearing.

29 (c) State Board to Adopt Rules and Issue Opinions. – The State Board shall adopt rules
30 and issue opinions to ensure effective administration of this Article. Such rules and opinions
31 shall include, but not be limited to, procedures for obtaining qualifying contributions,
32 certification of candidates, addressing circumstances involving special elections, vacancies,
33 recounts, withdrawals, or replacements, collection of revenues for the Fund, distribution of
34 Fund revenue to certified candidates, return of unspent Fund disbursements, and compliance
35 with this Article. The State Board shall adopt procedures for the distribution of matching
36 money that further the purpose and avoid the subversion of G.S. 163A-4710. For races
37 involving special elections, recounts, vacancies, withdrawals, or replacement candidates, the
38 State Board shall establish procedures for qualification, certification, disbursement of Fund
39 revenues, and return of unspent Fund revenues.

40 **"§§ 163A-4716 through 163A-4719: Reserved for future codification purposes.**

41 **"§ 163A-4720. Voter education.**

42 (a) Judicial Voter Guide. – The State Board shall publish a Judicial Voter Guide that
43 explains the functions of the appellate courts and the laws concerning the election of appellate
44 judges, the purpose and function of the Public Campaign Fund, and the laws concerning voter
45 registration. The State Board shall distribute the Guide to as many voting-age individuals in the
46 State as practical, through a mailing to all residences or other means it deems effective. The
47 distribution shall occur no more than 28 days nor fewer than seven days before the one-stop
48 voting period provided in G.S. 163-227.2 for the primary and no more than 28 days nor fewer
49 than seven days before the one-stop voting period provided in G.S. 163-227.2 for the general
50 election.

1 (b) Candidate Information. – The Judicial Voter Guide shall include information
2 concerning all candidates for the Supreme Court and the Court of Appeals, as provided by
3 those candidates according to a format provided to the candidates by the State Board. The State
4 Board shall request information for the Guide from each candidate according to the following
5 format:

6 (1) Place of residence.

7 (2) Education.

8 (3) Occupation.

9 (4) Employer.

10 (5) Date admitted to the bar.

11 (6) Legal/judicial experience.

12 (7) Candidate statement. Concerning that statement, the State Board shall send
13 to the candidates instructions as follows: "Your statement may include
14 information such as your qualifications, your endorsements, your ratings,
15 why you are seeking judicial office, why you would make a good judge,
16 what distinguishes you from your opponent(s), your acceptance of spending
17 and fund-raising limits to qualify to receive funds from the Public Campaign
18 Fund, and any other information relevant to your candidacy. The State Board
19 will reject any portion of any statement which it determines contains
20 obscene, profane, or defamatory language. The candidate shall have three
21 days to resubmit the candidate statement if the State Board rejects a portion
22 of the statement.

23 The entire entry for a candidate shall be limited to 250 words.

24 (c) Disclaimer. – The Judicial Voter Guide shall contain the following statement:
25 "Statements by candidates do not express or reflect the opinions of the State Board."

26 "§§ 163A-4721 through 163A-4724: Reserved for future codification purposes.

27 "§ 163A-4725. Civil penalty.

28 In addition to any other penalties that may be applicable, any individual, political
29 committee, or other entity that violates any provision of this Article is subject to a civil penalty
30 of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial
31 transactions involved in the violation, whichever is greater. In addition to any fine, for good
32 cause shown, a candidate found in violation of this Article may be required to return to the
33 Fund all amounts distributed to the candidate from the Fund. If the State Board makes a
34 determination that a violation of this Article has occurred, the State Board shall calculate and
35 assess the amount of the civil penalty and shall notify the entity that is assessed the civil
36 penalty of the amount that has been assessed. The State Board shall then proceed in the manner
37 prescribed in G.S. 163A-4518. In determining whether or not a candidate is in violation of this
38 Article, the State Board may consider as a mitigating factor any circumstances out of the
39 candidate's control.

40 "Article 48.

41 "The Voter-Owned Elections Act.

42 "§ 163A-4801. Purpose and establishment of Voter-Owned Elections Act.

43 The purpose of this Article is to ensure the vitality and fairness of democratic elections in
44 North Carolina to the end that any eligible citizen of this State can realistically choose to seek
45 and run for public office. It is also the purpose of this Article to protect the constitutional rights
46 of voters and candidates from the detrimental effects of increasingly large amounts of money
47 being raised and spent in North Carolina to influence the outcome of elections. It is essential to
48 the public interest that the potential for corruption or the appearance of corruption is minimized
49 and that the equal and meaningful participation of all citizens in the democratic process is
50 ensured. Accordingly, this Article establishes the North Carolina Voter-Owned Elections Fund
51 as an alternative source of campaign financing for candidates who obtain a sufficient number of

1 qualifying contributions from registered voters and who voluntarily accept strict fund-raising
2 and spending limits. This Article is available to candidates for the Council of State offices of
3 Auditor, Superintendent of Public Instruction, and Commissioner of Insurance in elections to
4 be held in 2008 and thereafter.

5 **"§ 163A-4802. Definitions.**

6 The following definitions apply in this Article:

- 7 (1) Campaign-related expenditure. – An expenditure that benefits the candidate's
8 current campaign in accordance with guidelines established by the State
9 Board.
- 10 (2) Candidate. – An individual who becomes a candidate as described in
11 G.S. 163A-4502, and includes a "candidate campaign committee" as defined
12 in G.S. 163A-4502(4).
- 13 (3) Certified candidate. – A candidate for office who chooses to receive
14 campaign funds from the Fund and who is certified under
15 G.S. 163A-4805(c).
- 16 (4) Contested primary and contested general election. – An election in which
17 there are more candidates than the number to be elected.
- 18 (5) Contribution. – As defined in G.S. 163A-4502, except that a distribution
19 from the Fund pursuant to this Article is not a "contribution" and is not
20 subject to the limitations of G.S. 163A-4541 or the prohibitions of
21 G.S. 163A-4545 or G.S. 163A-4557. Instead of being subject to
22 G.S. 163A-4560, distributions are subject to the guidelines issued by the
23 State Board pursuant to G.S. 163A-4805(e)(6).
- 24 (6) Electioneering communication. – As defined in G.S. 163A-4502, except that
25 it is made during the period beginning 30 days before absentee ballots
26 become available for a primary and ending on primary election day and
27 during the period 60 days before absentee ballots become available for a
28 general election and ending on general election day.
- 29 (7) Fund. – The North Carolina Voter-Owned Elections Fund as established by
30 this Article.
- 31 (8) Maximum qualifying contributions. – If the candidate has an uncontested
32 primary, an amount equal to 100 times the filing fee for the office sought. If
33 the candidate has a contested primary, 200 times the filing fee for the office
34 sought.
- 35 (9) Nonparticipating candidate. – A candidate for office who is not seeking to be
36 certified under G.S. 163A-4805(c).
- 37 (10) Office. – The Council of State offices of Auditor, Superintendent of Public
38 Instruction, and Commissioner of Insurance.
- 39 (11) Participating candidate. – A candidate for office who has filed a declaration
40 of intent to participate under G.S. 163A-4805(a).
- 41 (12) Qualifying contribution. – A contribution of not less than ten dollars
42 (\$10.00) and not more than two hundred dollars (\$200.00) in the form of a
43 check or money order to the candidate that meets both of the following
44 conditions:
 - 45 a. Made by any registered voter in this State.
 - 46 b. Made only during the qualifying period and obtained with the
47 approval of the candidate or candidate's committee.
- 48 (13) Qualifying period. – The period beginning September 1 in the year before
49 the election and ending on the day of the primary.
- 50 (14) Trigger for matching funds. – The dollar amount at which matching funds
51 are released under G.S. 163A-4810 for certified candidates. In the case of a

1 contested primary, the trigger equals the maximum qualifying contributions
2 for the candidate. In the case of a contested general election, the trigger
3 equals the base level of funding available under G.S. 163A-4808(b)(4).

4 **"§ 163A-4803. Voter-Owned Elections Fund established; sources of funding.**

5 (a) Establishment of Fund. – The North Carolina Voter-Owned Elections Fund is
6 established to finance the election campaigns of certified candidates for office and to pay
7 administrative and enforcement costs of the State Board related to this Article. The Fund is a
8 special, dedicated, nonlapsing, nonreverting fund. Any interest generated by the Fund is
9 credited to the Fund. The State Board shall administer the Fund.

10 (b) Sources of Funding. – Money received from all the following sources shall be
11 deposited in the Fund:

12 (1) Unspent Fund revenues distributed for an election that remain unspent or
13 uncommitted at the time the recipient is no longer a certified candidate in the
14 election.

15 (2) Money ordered returned to the Fund in accordance with G.S. 163A-4815.

16 (3) Money paid to the Fund equal to excess contributions as provided in
17 G.S. 163A-4805(e)(1).

18 (4) Voluntary donations made directly to the Fund.

19 (5) Appropriations from the General Fund.

20 (c) Evaluation and Determination of Fund Amount. – By January 1, 2013, and every
21 four years thereafter, the State Board shall prepare and provide to the Joint Legislative
22 Commission on Governmental Operations of the General Assembly a report documenting,
23 evaluating, and making recommendations relating to the administration, implementation, and
24 enforcement of this Article. In its report, the State Board shall set out the funds received to date
25 and the expected needs of the Fund during the next election cycle and make recommendations
26 about the feasibility of expanding its provisions to include other candidates for State office
27 based on the experience of this Article and the experience of similar programs in North
28 Carolina and other states. The State Board shall also evaluate and make recommendations
29 regarding how to address activities that could undermine the purpose of this Article, including
30 spending that appears to target candidates but is not reached by regulation.

31 **"§ 163A-4804: Reserved for future codification purposes.**

32 **"§ 163A-4805. Requirements for participation.**

33 (a) Declaration of Intent to Participate. – Any individual choosing to receive campaign
34 funds from the Fund shall first file with the State Board a declaration of intent to participate in
35 the program established by this Article as a candidate for a stated office. The declaration of
36 intent shall be filed before or during the qualifying period and before collecting any qualifying
37 contributions. In the declaration, the candidate shall swear or affirm that only one political
38 committee, identified with its treasurer, shall handle all contributions, campaign-related
39 expenditures, and obligations for the participating candidate and that the candidate will comply
40 with the contribution and expenditure limits set forth in subsection (e) of this section and all
41 other requirements set forth in this Article or adopted by the State Board. Failure to comply is a
42 violation of this Article.

43 (b) Demonstration of Support of Candidacy. – In order to be certified, participating
44 candidates shall obtain qualifying contributions from at least 750 registered voters in this State.
45 The qualifying contributions shall be equal to at least 25 times the amount of the filing fee for
46 the office. No payment, gift, or anything of value shall be given in exchange for a qualifying
47 contribution.

48 (c) Certification of Candidates. – Upon receipt of a submittal of the record of qualifying
49 contributions by a participating candidate, the State Board shall determine whether or not the
50 candidate has:

51 (1) Filed a completed declaration of intent to participate in this Article.

- 1 (2) Submitted a report itemizing the appropriate number of qualifying
2 contributions received from registered voters, which the State Board shall
3 verify through a random sample or other means it adopts. The report shall
4 include the county of residence of each registered voter listed.
- 5 (3) Filed a notice of candidacy with the State Board of Elections and Ethics
6 Enforcement as a candidate for the office.
- 7 (4) Otherwise met the requirements for participation in this Article.

8 The State Board shall certify candidates complying with the requirements of this section as
9 soon as possible and no later than five business days after receipt of a satisfactory record of
10 qualifying contributions.

11 (d) Final Report for Qualifying Contributions. – No later than five business days after
12 the end of the qualifying period, all participating candidates shall submit a report to the State
13 Board of all previously unreported qualifying contributions, in accordance with procedures
14 developed by the State Board. Within seven business days after submittal of the final report, the
15 State Board shall determine, through a random audit or other means it adopts, whether the
16 contributions abide by the definition of qualifying contributions, whether they shall be returned
17 to the donor, and whether they exceed the maximum amount of qualifying contributions.

18 (e) Restrictions on Contributions and Expenditures for Participating and Certified
19 Candidates. – The following restrictions shall apply to contributions and expenditures with
20 respect to participating and certified candidates:

- 21 (1) Beginning August 1 of the year before the election and before filing a
22 declaration of intent, a candidate shall limit campaign-related expenditures
23 to twenty thousand dollars (\$20,000) and shall not accept more than twenty
24 thousand dollars (\$20,000) from sources and in amounts permitted by
25 Article 45 of this Chapter. A candidate who exceeds either of these limits
26 shall be ineligible to file a declaration of intent or receive funds from the
27 Fund. However, the acceptance of contributions in excess of that twenty
28 thousand dollar (\$20,000) limit does not render the candidate ineligible if the
29 candidate pays to the State Board an amount equal to the contributions
30 accepted by the candidate in excess of that limit. The State Board shall
31 deposit all such payments into the Fund.
- 32 (2) From the filing of a declaration of intent through the end of the qualifying
33 period, a candidate may accept only qualifying contributions, contributions
34 under ten dollars (\$10.00) from North Carolina voters, in-kind party
35 contributions as permitted in subdivision (4) of this subsection, and personal
36 and family contributions permitted under subdivision (5) of this subsection.
37 The total contributions the candidate may accept during this period shall not
38 exceed the maximum qualifying contributions for that candidate. In addition
39 to these contributions, the candidate may only expend during this period the
40 remaining money raised pursuant to subdivision (1) of this subsection and
41 possible matching funds received pursuant to G.S. 163A-4810. If the
42 candidate has any remaining money that was raised as contributions before
43 August 1 of the year before the election, the candidate may not expend that
44 money after filing the declaration of intent, except for purposes permitted
45 under subdivision (2), (3), (6), (7), or (8) of G.S. 163A-4560(a).
- 46 (3) After the qualifying period and through the date of the general election, the
47 candidate shall cease campaign-related fund-raising activities and shall
48 expend only the funds the candidate receives from the Fund pursuant to
49 G.S. 163A-4808(b) plus any funds remaining from the qualifying period and
50 possible matching funds.

- 1 (4) In addition to the amounts above, a candidate may accept in-kind
2 contributions from political party executive committees, up to an aggregate
3 value of thirty thousand dollars (\$30,000) for the election cycle.
- 4 (5) During the qualifying period, the candidate may contribute up to one
5 thousand dollars (\$1,000) of that candidate's own money to the campaign.
6 Debt incurred by the candidate for a campaign expenditure shall count
7 toward that limit. The candidate may accept in contributions one thousand
8 dollars (\$1,000) from each member of that candidate's family consisting of
9 spouse, parent, child, brother, and sister.
- 10 (6) A candidate and the candidate's committee shall limit the use of all revenues
11 permitted by this subsection to expenditures for campaign-related purposes
12 only. The State Board shall publish guidelines outlining permissible
13 campaign-related expenditures.
- 14 (7) Except as provided in subdivision (1) of this subsection, any contribution
15 received by a participating or certified candidate that falls outside that
16 permitted by this subsection shall be returned to the donor as soon as
17 practicable. Contributions intentionally made, solicited, or accepted in
18 violation of this Article are subject to civil penalties as specified in
19 G.S. 163A-4815. The funds involved shall be forfeited to the Civil Penalty
20 and Forfeiture Fund.
- 21 (8) A candidate shall return to the Fund any amount distributed for an election
22 that is unspent and uncommitted at the date of the election or at the time the
23 individual ceases to be a certified candidate, whichever occurs first. For
24 accounting purposes, all qualifying, personal, and family contributions shall
25 be considered spent before revenue from the Fund is spent or committed.
- 26 (f) Revocation. – A candidate may revoke, in writing to the State Board, a decision to
27 participate in the Fund at any time. After a revocation, that candidate may accept and expend
28 outside the limits of this Article without violating this Article. Within 10 days after revocation,
29 a candidate shall return to the State Board all money received from the Fund.
- 30 "§ 163A-4806: Reserved for future codification purposes.
31 "§ 163A-4807: Reserved for future codification purposes.
32 "§ 163A-4808. Distribution from the Fund.
- 33 (a) Timing of Fund Distribution. – The State Board shall distribute to a certified
34 candidate revenue from the Fund in an amount determined under subdivision (b)(4) of this
35 section as follows:
- 36 (1) One-third of the amount within five business days after the certified
37 candidate's name is approved to appear on the ballot in a contested general
38 election, but no earlier than five business days after the primary.
- 39 (2) The remainder of the amount on August 1 before the general election.
- 40 (b) Amount of Fund Distribution. – By August 1, 2013, and no less frequently than
41 every four years thereafter, the State Board shall determine the amount of funds, rounded to the
42 nearest one hundred dollars (\$100.00), to be distributed to certified candidates as follows:
- 43 (1) Uncontested primaries. – No funds shall be distributed.
44 (2) Contested primaries. – No funds shall be distributed except as provided in
45 G.S. 163A-4810.
- 46 (3) Uncontested general elections. – No funds shall be distributed.
47 (4) Contested general elections. – The amount of funds to be distributed to a
48 candidate is the average amount of campaign-related expenditures made by
49 all candidates who won the immediately preceding three general elections
50 for that office, but not less than three hundred thousand dollars (\$300,000).
51 For purposes of this subsection, "campaign-related expenditures" does not

1 include loan repayments and contributions to a candidate, political
2 committee, or political party.

3 (c) Method of Fund Distribution. – The State Board, in consultation with the State
4 Treasurer and the State Controller, shall develop a rapid, reliable method of conveying funds to
5 certified candidates. In all cases, the State Board shall distribute funds to certified candidates in
6 a manner that is expeditious, ensures accountability, and safeguards the integrity of the Fund. If
7 the money in the Fund is insufficient to fully fund all certified candidates, then the available
8 money shall be distributed proportionally, according to each candidate's eligible funding, and
9 the candidate may raise additional money in the same manner as a nonparticipating candidate
10 for the same office up to the unfunded amount of the candidate's eligible funding.

11 **§ 163A-4809. Reporting requirements.**

12 (a) Reporting by Noncertified Candidates and Other Entities. – Any nonparticipating
13 candidate with a certified opponent shall report total contributions received to the State Board
14 by facsimile machine or electronically within 24 hours after the total amount of contributions
15 received exceeds eighty percent (80%) of the trigger for matching funds as defined in
16 G.S. 163A-4802(14). Any entity making independent expenditures in support of or in
17 opposition to a certified candidate, or in support of a candidate opposing a certified candidate,
18 or paying for electioneering communications referring to one of those candidates, shall report
19 the total funds received, spent, or obligated for those expenditures or payments to the State
20 Board by facsimile machine or electronically within 24 hours after the total amount of
21 expenditures or obligations made, or funds raised or borrowed, for the purpose of making the
22 independent expenditures or electioneering communications exceeds five thousand dollars
23 (\$5,000). After the initial 24-hour filing, the nonparticipating candidate or other reporting entity
24 shall comply with an expedited reporting schedule. The schedule and forms for reports required
25 by this subsection shall be supplied by the State Board.

26 (b) Reporting by Participating and Certified Candidates. – Notwithstanding other
27 provisions of law, participating and certified candidates shall report any money received and all
28 campaign expenditures, obligations, and related activities to the State Board according to
29 procedures developed by the State Board. Upon the filing of a final report for any losing
30 primary election, special election, or general election, each candidate who has revenues from
31 the Fund remaining unspent shall return those revenues to the State Board. In developing these
32 procedures, the State Board shall utilize existing campaign reporting procedures wherever
33 practicable.

34 (c) Timely Access to Reports. – The State Board shall ensure prompt public access to
35 the reports received in accordance with this Article. The State Board may utilize electronic
36 means of reporting and storing information.

37 **§ 163A-4810. Matching funds.**

38 (a) When Matching Funds Become Available. – When any report or group of reports
39 shows that "funds in opposition to a certified candidate or in support of an opponent to that
40 candidate" as described in this section exceed the trigger for matching funds as defined in
41 G.S. 163A-4802(14), the State Board shall issue immediately to that certified candidate an
42 additional amount equal to the reported excess within the limits set forth in this section. "Funds
43 in opposition to a certified candidate or in support of an opponent to that candidate" shall be
44 equal to the sum of subdivisions (1) and (2) of this subsection as follows:

45 (1) The greater of the following:

46 a. Campaign expenditures or obligations made, or funds raised or
47 borrowed, whichever is greater, reported by any one nonparticipating
48 opponent of a certified candidate. Where a certified candidate has
49 more than one nonparticipating opponent, the measure shall be taken
50 from the nonparticipating candidate showing the highest relevant
51 dollar amount.

1 b. The funds distributed in accordance with G.S. 163A-4808(b) to a
2 certified opponent of the certified candidate.

3 (2) The aggregate total of all expenditures and payments reported in accordance
4 with G.S. 163A-4809(a) of entities making independent expenditures or
5 electioneering communications in opposition to the certified candidate or in
6 support of any opponent of that certified candidate.

7 (b) Limit on Matching Funds in Contested Primary. – Total matching funds to a
8 certified candidate in a contested primary shall be limited to an amount equal to the maximum
9 qualifying contributions for a candidate with a contested primary.

10 (c) Limit on Matching Funds in Contested General Election. – Total matching funds to
11 a certified candidate in a contested general election shall be limited to an amount equal to two
12 times the amount described in G.S. 163A-4808(b)(4).

13 (d) Determinations by State Board. – In the case of electioneering communications, the
14 State Board shall determine which candidate, if any, is entitled to receive matching funds as a
15 result of the communication. The State Board shall issue matching funds based on the
16 communication only if it ascertains that the communication is susceptible of no reasonable
17 interpretation other than as an appeal to vote for or against a specific candidate. In making its
18 determination, the State Board shall not consider evidence external to the communication itself
19 of the intent of the sponsor or the effect of the communication. The State Board shall notify
20 each candidate it determines is entitled to receive matching funds based on those
21 communications, the sponsor of those communications, and any candidate who is an opponent
22 of the candidate it determines is entitled to the matching funds. The State Board shall give the
23 sponsor of the communication and any opposing candidate an adequate opportunity to rebut the
24 determination of the State Board. In considering the rebuttal, all candidates in the race and the
25 sponsor shall be given adequate and equal opportunity to be heard. The State Board shall adopt
26 procedures for implementing this subsection, balancing in those procedures adequacy of
27 opportunity to rebut and adequacy and equality of opportunity to be heard on the rebuttal with
28 the need to expedite the decision on awarding matching funds. The State Board shall distribute
29 the matching funds, if any, at the conclusion of its process.

30 (e) Proportional Measuring of Multicandidate Communications. – In calculating the
31 amount of matching funds a certified candidate is eligible to receive under this section, the
32 State Board shall include the proportion of expenditures, obligations, or payments for
33 multicandidate communications that pertains to the candidate.

34 **"§ 163A-4811. Unaffiliated and new-party candidates.**

35 Unaffiliated candidates certified pursuant to G.S. 163-122 and new-party candidates
36 certified pursuant to G.S. 163-98 shall be eligible for revenues from the Fund in the same
37 amounts and at the same time as specified in G.S. 163A-4808. For unaffiliated candidates and
38 new-party candidates not certified to appear on the ballot by noon on the deadline set in
39 G.S. 163-106(c) for candidate filing in the election year, the deadline for seeking certification
40 to receive revenue from the Fund is noon on the first business day of July of the election year.

41 **"§ 163A-4812 through 163A-4814: Reserved for future codification purposes.**

42 **"§ 163A-4815. Enforcement by the State Board; civil penalty.**

43 In addition to any other penalties that may be applicable, any individual, political
44 committee, or other entity that violates any provision of this Article is subject to a civil penalty
45 of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial
46 transactions involved in the violation, whichever is greater. In addition to any fine, for good
47 cause shown, a candidate found in violation of this Article may be required to return to the
48 Fund all amounts distributed to the candidate from the Fund. If the State Board makes a
49 determination that a violation of this Article has occurred, the State Board shall calculate and
50 assess the amount of the civil penalty and shall notify the entity that is assessed the civil
51 penalty of the amount that has been assessed. The State Board shall then proceed in the manner

1 prescribed in G.S. 163A-4518. In determining whether or not a candidate is in violation of this
2 Article, the State Board may consider as a mitigating factor any circumstances out of the
3 candidate's control.

4 **"§§ 163A-4816 through 163A-4819: Reserved for future codification purposes.**

5 **"§ 163A-4820. Voter education.**

6 (a) Voter Guide. – The State Board shall publish a Voter Guide that explains the
7 functions of office as defined in G.S. 163A-4802(10) and the laws concerning the election of
8 the Council of State, the purpose and function of the Fund, and the laws concerning voter
9 registration. The State Board shall distribute the Guide to as many voting-age individuals in the
10 State as practical, through a mailing to all residences or other means it deems effective. The
11 State Board shall maintain a list of the addresses from which mailed Voter Guides are returned
12 as undeliverable. That list shall be available for public inspection. The distribution shall occur
13 no more than 28 days nor fewer than seven days before the one-stop voting period provided in
14 G.S. 163-227.2 for the primary and no more than 28 days nor fewer than seven days before the
15 one-stop voting period provided in G.S. 163-227.2 for the general election.

16 (b) Candidate Information. – The Voter Guide shall include information concerning all
17 candidates for office as defined in G.S. 163A-4802(10), as provided by those candidates
18 according to a format provided to the candidates by the State Board. The State Board shall
19 request information for the Guide from each candidate according to the following format:

20 (1) Place of residence.

21 (2) Education.

22 (3) Occupation.

23 (4) Employer.

24 (5) Previous elective offices held.

25 (6) Endorsements, limited to 50 words. Concerning endorsements, the State
26 Board shall send to the candidates instructions as follows: "In order to have
27 an endorsement published, you must provide written confirmation to the
28 State Board from the endorsing individual, business entity, or organization
29 that you received that individual's, business entity's, or organization's
30 endorsement."

31 (7) Candidate statement, limited to 150 words. Concerning that statement, the
32 State Board shall send to the candidates instructions as follows: "Your
33 statement may include information such as your qualifications, your
34 endorsements, why you would make a good elected official, what
35 distinguishes you from your opponent(s), and any other information relevant
36 to your candidacy. The State Board will reject any portion of any statement
37 which it determines contains obscene, profane, or defamatory language. The
38 candidate shall have three days to resubmit the candidate statement if the
39 State Board rejects a portion of the statement."

40 (c) Disclaimer. – The Voter Guide shall contain the following statement: "Statements
41 by candidates do not express or reflect the opinions of the State Board."

42 (d) Relationship to the Judicial Voter Guide. – The State Board may publish the Voter
43 Guide in conjunction with the Judicial Voter Guide described in G.S. 163A-4720.

44 **"Articles 49 through 54: Reserved for future codification purposes.**

45 "Article 55.

46 "Candidate-Specific Communications.

47 **"§ 163A-5501. Definitions.**

48 The following definitions apply in this Article:

49 (1) Candidate-specific communication. – Any broadcast, cable, or satellite
50 communication that has all the following characteristics:

- 1 a. Refers to a clearly identified candidate for a statewide office or the
2 General Assembly.
- 3 b. Is aired in an even-numbered year after the final date on which a
4 Notice of Candidacy can be filed for the office, pursuant to
5 G.S. 163-106(c) or G.S. 163-323, and through the day on which the
6 general election is conducted, excluding the time period set in the
7 definition for "electioneering communication" in
8 G.S. 163A-4502(14)b.
- 9 c. Is targeted to the relevant electorate.
- 10 (2) Candidate-specific communication does not include any of the following:
- 11 a. A communication appearing in a news story, commentary, or
12 editorial distributed through the facilities of any broadcasting station,
13 unless those facilities are owned or controlled by any political party,
14 political committee, or candidate.
- 15 b. A communication that constitutes an expenditure or independent
16 expenditure.
- 17 c. A communication that constitutes a candidate debate or forum
18 conducted pursuant to rules adopted by the State Board or that solely
19 promotes that debate or forum and is made by or on behalf of the
20 person sponsoring the debate or forum.
- 21 d. A communication made while the General Assembly is in session
22 which, incidental to advocacy for or against a specific piece of
23 legislation pending before the General Assembly, urges the audience
24 to communicate with a member or members of the General Assembly
25 concerning that piece of legislation.
- 26 e. An electioneering communication.
- 27 f. A communication that meets all of the following criteria:
- 28 1. Does not mention any election, candidacy, political party,
29 opposing candidate, or voting by the general public.
- 30 2. Does not take a position on the candidate's character or
31 qualifications and fitness for office.
- 32 3. Proposes a commercial transaction.
- 33 (3) Disclosure date. – Either of the following:
- 34 a. The first date during any calendar year when a candidate-specific
35 communication is aired after an entity has incurred expenses for the
36 direct costs of producing or airing candidate-specific
37 communications aggregating in excess of ten thousand dollars
38 (\$10,000).
- 39 b. Any other date during that calendar year by which an entity has
40 incurred expenses for the direct costs of producing or airing
41 candidate-specific communications aggregating in excess of ten
42 thousand dollars (\$10,000) since the most recent disclosure date for
43 that calendar year.
- 44 (4) Targeted to the relevant electorate. – A communication which refers to a
45 clearly identified candidate for statewide office or the General Assembly and
46 which can be received by 50,000 or more individuals in the State in the case
47 of a candidacy for statewide office and 7,500 or more individuals in the
48 district in the case of a candidacy for General Assembly.

49 **"§ 163A-5502. Disclosure of candidate-specific communications.**

- 50 (a) Statement Required. – Every individual, committee, association, or any other
51 organization or group of individuals that incurs an expense for the direct costs of producing or

1 airing candidate-specific communications in an aggregate amount in excess of ten thousand
2 dollars (\$10,000) during any calendar year shall, within 24 hours of each disclosure date, file
3 with the State Board a statement containing the information described in subsection (b) of this
4 section.

5 (b) Contents of Statement. – Each statement required to be filed by this section shall be
6 made under the penalty of perjury in G.S. 14-209 and shall contain the following information:

7 (1) The identification of the entity incurring the expense, of any entity sharing
8 or exercising direction or control over the activities of that entity, and of the
9 custodian of the books and accounts of the entity incurring the expense.

10 (2) The principal place of business of the entity incurring the expense if the
11 entity is not an individual.

12 (3) The amount of each expense incurred of more than one thousand dollars
13 (\$1,000) during the period covered by the statement and the identification of
14 the entity to whom the expense was incurred.

15 (4) The candidates in the candidate-specific communications that are identified
16 or are to be identified.

17 (5) The identity of every provider of funds or anything of value whatsoever to
18 the entity, providing an amount in excess of one thousand dollars (\$1,000).
19 If the provider is an individual, the statement shall also contain the principal
20 occupation of the provider. The "principal occupation of the provider" shall
21 mean the same as the "principal occupation of the contributor" as defined in
22 G.S. 163A-4540.

23 (c) Creating Multiple Organizations. – It shall be unlawful for any individual, business
24 entity, or entity to create, establish, or organize more than one political organization, as defined
25 in section 527(c)(1) of the Internal Revenue Code, with the intent to avoid or evade the
26 reporting requirements contained in this Article.

27 **"§ 163A-5503: Reserved for future codification purposes.**

28 **"§ 163A-5504: Reserved for future codification purposes.**

29 **"§ 163A-5505. Penalties.**

30 The State Board has the same authority to compel from any individual, committee,
31 association, or any other organization or group of individuals covered by this Article the
32 disclosures required by this Article that the State Board has to compel the disclosures required
33 by Article 45 of this Chapter. The civil penalties and remedies in G.S. 163A-4518 shall apply
34 to violations of this Article.

35 **"§ 163A-5506. Determination of candidate-specific communication.**

36 (a) Any individual, committee, association, or any other organization or group of
37 individuals that produces a communication to be aired to the relevant electorate in the time
38 periods under G.S. 163A-5501(1)b. may, but is not required to, ask the State Board for a
39 determination as to whether or not that communication is a candidate-specific communication
40 prior to the airing of that communication.

41 (b) The State Board shall establish a process for determination as to whether a
42 communication is a candidate-specific communication prior to the airing of that
43 communication when it is requested under subsection (a) of this section. The responsibility for
44 the determination may be delegated to the Executive Director. If the responsibility is delegated
45 to the Executive Director, the process established by the State Board shall include an
46 opportunity for immediate appeal to the State Board of the determination by the Executive
47 Director.

48 "Article 56.

49 "Mailings and Telephone Banks: Candidate-Specific Communications.

50 **"§ 163A-5601. Definitions.**

51 The following definitions apply in this Article:

- 1 (1) Candidate-specific communication. – Any postal mailing or telephone bank
2 that has all the following characteristics:
3 a. Refers to a clearly identified candidate for a statewide office or the
4 General Assembly.
5 b. Is transmitted in an even-numbered year after the final date on which
6 a Notice of Candidacy can be filed for the office, pursuant to
7 G.S. 163-106(c) or G.S. 163-323, and through the day on which the
8 general election is conducted, excluding the time period set in the
9 definition for "electioneering communication" in
10 G.S. 163A-4502(14)b.
11 c. Is targeted to the relevant electorate.
12 (2) Candidate-specific communication does not include any of the following:
13 a. A communication appearing in a news story, commentary, or
14 editorial distributed through any newspaper or periodical, unless that
15 publication is owned or controlled by any political party, political
16 committee, or candidate.
17 b. A communication that constitutes an expenditure or independent
18 expenditure.
19 c. A communication that constitutes a candidate debate or forum
20 conducted pursuant to rules adopted by the State Board or that solely
21 promotes that debate or forum and is made by or on behalf of the
22 person sponsoring the debate or forum.
23 d. A communication that is distributed by a corporation solely to its
24 shareholders or employees or by a labor union or professional
25 association solely to its members.
26 e. A communication made while the General Assembly is in session
27 which, incidental to advocacy for or against a specific piece of
28 legislation pending before the General Assembly, urges the audience
29 to communicate with a member or members of the General Assembly
30 concerning that piece of legislation.
31 f. An electioneering communication.
32 g. A public opinion poll conducted by a newspaper, periodical, or other
33 news gathering organization.
34 h. A communication that meets all of the following criteria:
35 1. Does not mention any election, candidacy, political party,
36 opposing candidate, or voting by the general public.
37 2. Does not take a position on the candidate's character or
38 qualifications and fitness for office.
39 3. Proposes a commercial transaction.
40 (3) Disclosure date. – Either of the following:
41 a. The first date during any calendar year when a candidate-specific
42 communication is transmitted after an entity has incurred expenses
43 for the direct costs of producing or transmitting candidate-specific
44 communications aggregating in excess of ten thousand dollars
45 (\$10,000).
46 b. Any other date during that calendar year by which an entity has
47 incurred expenses for the direct costs of producing or transmitting
48 candidate-specific communications aggregating in excess of ten
49 thousand dollars (\$10,000) since the most recent disclosure date for
50 that calendar year.
51 (4) Postal mailing. – Any mailing by United States mail or facsimile.

- 1 (5) Race. – A ballot item, as defined in G.S. 163-165(2), in which the voters are
2 to choose between or among candidates.
- 3 (6) Targeted to the relevant electorate. Either of the following:
4 a. With respect to a statewide race, either of the following:
5 1. Transmitting, by mail or facsimile, to a cumulative total of
6 50,000 or more addresses in the State, items identifying one
7 or more candidates in the same race within any 30-day
8 period.
9 2. Making a cumulative total of 50,000 or more telephone calls
10 in the State identifying one or more candidates in the same
11 race within any 30-day period.
12 b. With respect to a race for the General Assembly, either of the
13 following:
14 1. Transmitting, by mail or facsimile, to a cumulative total of
15 2,500 or more addresses in the district, items identifying one
16 or more candidates in the same race within any 30-day
17 period.
18 2. Making a cumulative total of 2,500 or more telephone calls in
19 the district identifying one or more candidates in the same
20 race within any 30-day period.

21 **"§ 163A-5602. Disclosure of candidate-specific communications.**

22 (a) Statement Required. – Every individual, committee, association, or any other
23 organization or group of individuals that incurs an expense for the direct costs of producing or
24 transmitting candidate-specific communications in an aggregate amount in excess of ten
25 thousand dollars (\$10,000) during any calendar year shall, within 24 hours of each disclosure
26 date, file with the State Board a statement containing the information described in subsection
27 (b) of this section.

28 (b) Contents of Statement. – Each statement required to be filed by this section shall be
29 made under the penalty of perjury in G.S. 14-209 and shall contain the following information:

- 30 (1) The identification of the entity incurring the expense, of any entity sharing
31 or exercising direction or control over the activities of that entity, and of the
32 custodian of the books and accounts of the entity incurring the expense.
33 (2) The principal place of business of the entity incurring the expense if the
34 entity is not an individual.
35 (3) The amount of each expense incurred of more than one thousand dollars
36 (\$1,000) during the period covered by the statement and the identification of
37 the entity to whom the expense was incurred.
38 (4) The candidates in the candidate-specific communications that are identified
39 or are to be identified.
40 (5) The identity of every provider of funds or anything of value whatsoever to
41 the entity, providing an amount in excess of one thousand dollars (\$1,000).
42 If the provider is an individual, the statement shall also contain the principal
43 occupation of the provider. The "principal occupation of the provider" shall
44 mean the same as the "principal occupation of the contributor" in
45 G.S. 163A-4540.

46 (c) Creating Multiple Organizations. – It shall be unlawful for any individual, business
47 entity, or entity to create, establish, or organize more than one political organization, as defined
48 in section 527(c)(1) of the Internal Revenue Code, with the intent to avoid or evade the
49 reporting requirements contained in this Article.

50 **"§ 163A-5603: Reserved for future codification purposes.**

51 **"§ 163A-5604: Reserved for future codification purposes.**

1 **"§ 163A-5605. Penalties.**

2 The State Board has the same authority to compel from any individual, committee,
3 association, or any other organization or group of individuals covered by this Article the
4 disclosures required by this Article that the State Board has to compel the disclosures required
5 by Article 45 of this Chapter. The civil penalties and remedies in G.S. 163A-4518 shall apply
6 to violations of this Article.

7 **"§ 163A-5606. Determination of candidate-specific communication.**

8 (a) Any individual, committee, association, or any other organization or group of
9 individuals that produces a communication to be distributed to the relevant electorate in the
10 time periods under G.S. 163A-5601(1)b. may, but is not required to, ask the State Board for a
11 determination as to whether or not that communication is a candidate-specific communication
12 prior to the airing of that communication.

13 (b) The State Board shall establish a process for determination as to whether a
14 communication is a candidate-specific communication prior to the airing of that
15 communication when it is requested under subsection (a) of this section. The responsibility for
16 the determination may be delegated to the Executive Director. If the responsibility is delegated
17 to the Executive Director, the process established by the State Board shall include an
18 opportunity for immediate appeal to the State Board of the determination by the Executive
19 Director.

20 "Article 60.

21 "Legal Expense Funds.

22 **"§ 163A-6001. Definitions.**

23 The following definitions apply in this Article:

- 24 (1) Business. – Any partnership, joint venture, joint-stock company, company,
25 firm, or any commercial or industrial establishment or enterprise.
- 26 (2) Elected officer. – Any individual serving in or seeking a public office. An
27 individual is seeking a public office when that individual has filed any
28 notice, petition, or other document required by law or local act as a condition
29 of election to public office. An individual continues to be an elected officer
30 for purposes of this Article as long as a legal action commenced while the
31 individual was an elected officer continues. If a legal action is commenced
32 after an individual ceases to serve in or seek public office but the legal action
33 concerns subject matter in the individual's official capacity as an elected
34 officer, for purposes of this Article, that individual is an elected officer as
35 long as that legal action continues.
- 36 (3) Expenditure. – An expenditure means any purchase, advance, conveyance,
37 deposit, distribution, transfer of funds, loan, payment, gift, pledge,
38 subscription of money, anything of value whatsoever, and any contract,
39 agreement, promise, or other obligation to make an expenditure, by a legal
40 defense fund for a permitted use as provided in G.S. 163A-6020. An
41 expenditure forgiven by an individual, business entity, or entity to whom it is
42 owed shall be reported as a legal expense donation.
- 43 (4) Legal action. – A formal dispute in a judicial, legislative, or administrative
44 forum, including, but not limited to, a civil or criminal action filed in a court,
45 a complaint or protest filed with a board of elections, an election contest
46 filed under Article 3 of Chapter 120 of the General Statutes or
47 G.S. 163-182.13A, or a complaint filed under Subchapter II of this Chapter
48 or with the Legislative Ethics Committee. The term "legal action" also
49 includes investigations made or conducted before the commencement of any
50 formal proceedings. The term "legal action" does not include the election
51 itself or the campaign for election.

- 1 (5) Legal expense donation. – A legal expense donation means any advance,
2 conveyance, deposit, distribution, transfer of funds, loan, payment, gift,
3 subscription of money, or anything of value whatsoever, and any contract,
4 agreement, or other obligation to make a contribution to a legal expense fund
5 for a permitted use as provided in G.S. 163A-6020. The term "legal expense
6 donation" does not include either of the following:
- 7 a. The provision of legal services to an elected officer by the State or
8 any of its political subdivisions when those services are authorized or
9 required by law.
- 10 b. The provision of free or pro bono legal advice or legal services,
11 provided that any costs incurred or expenses advanced for which
12 clients are liable under other provisions of law shall be deemed legal
13 expense donations.
- 14 (6) Legal expense fund. – Any collection of money for the purpose of funding a
15 legal action, or a potential legal action, taken by or against an elected officer
16 in that elected officer's official capacity.
- 17 (7) Legal expense fund treasurer. – An individual appointed by an elected
18 officer or other individual or group of individuals collecting money for a
19 legal expense fund.
- 20 (8) Official capacity. – Related to or resulting from the campaign for public
21 office or related to or resulting from holding public office. "Official
22 capacity" is not limited to "scope and course of employment" as used in
23 G.S. 143-300.3.

24 **§ 163A-6002. Creation of legal expense funds.**

25 (a) An elected officer, or another individual or group of individuals on the elected
26 officer's behalf, shall create a legal expense fund if given a legal expense donation, other than
27 from that elected officer's self, spouse, parents, brothers, or sisters, for any of the following
28 purposes:

- 29 (1) To fund an existing legal action taken by or against the elected officer in that
30 elected officer's official capacity.
- 31 (2) To fund a potential legal action taken by or against an elected officer in that
32 elected officer's official capacity.

33 (b) This section shall not apply to any payment to the State or any of its political
34 subdivisions.

35 (c) The legal expense fund shall comply with all provisions of this Article.

36 (d) If an elected officer funds legal actions entirely from that elected officer's own legal
37 expense donations or those of the elected officer's spouse, parents, brothers, or sisters, that
38 elected officer is not required to create a legal expense fund. If a legal expense fund accepts
39 legal expense donations as described in subsection (a) of this section, that legal expense fund
40 shall report the elected officer's own legal expense donations and those of those family
41 members along with the other legal expense donations in accordance with G.S. 163A-6010.

42 (e) No more than one legal expense fund shall be created by or for an elected officer for
43 the same legal action. Legal actions arising out of the same set of transactions and occurrences
44 are deemed the same legal action for purposes of this subsection. A legal expense fund created
45 for one legal action or potential legal action may be kept open by or on behalf of the elected
46 officer for subsequent legal actions or potential legal actions.

47 (f) Contractual arrangements, including liability insurance, or commercial relationships
48 or arrangements made in the normal course of business if not made for the purpose of lobbying,
49 are not "legal expense donations" for purposes of this Article. Use of such contractual
50 arrangements to fund legal actions does not by itself require the elected officer to create a legal

1 expense fund. If a legal expense fund has been created pursuant to subsection (a) of this
2 section, such contractual arrangements shall be reported as expenditures.

3 (g) A violation of this Article shall be punishable as a Class 1 misdemeanor.

4 **"§§ 163A-6003 through 163A-6005: Reserved for future codification purposes.**

5 **"§ 163A-6006. Legal expense fund treasurer.**

6 (a) Each legal expense fund shall appoint a legal expense fund treasurer and, under
7 verification, report the name and address of the legal expense fund treasurer to the State Board.

8 (b) A legal expense fund may remove its legal expense fund treasurer. In case of the
9 death, resignation, or removal of its legal expense fund treasurer, the legal expense fund shall
10 appoint a successor within 10 calendar days of the vacancy and certify the name and address of
11 the successor in the same manner provided in the case of an original appointment.

12 (c) Every legal expense fund treasurer of a legal expense fund shall receive training
13 from the State Board as to the duties of the office within three months of appointment and at
14 least once every four years thereafter.

15 **"§ 163A-6007. Detailed accounts to be kept by legal expense fund treasurer.**

16 (a) The legal expense fund treasurer of each legal expense fund shall keep detailed
17 accounts, current within seven calendar days after the date of receiving a legal expense
18 donation or making an expenditure, of all legal expense donations received and all expenditures
19 made by or on behalf of the legal expense fund.

20 (b) Accounts kept by the legal expense fund treasurer of a legal expense fund or the
21 accounts of a legal expense fund treasurer or legal expense fund at any bank or other depository
22 may be inspected by a member, designee, agent, attorney, or employee of the State Board who
23 is making an investigation pursuant to G.S. 163A-4506.

24 (c) For purposes of this section, "detailed accounts" shall mean at least all information
25 required to be included in the quarterly report required under this Article.

26 (d) When a legal expense fund treasurer shows that best efforts have been used to
27 obtain, maintain, and submit the information required by this Article, any report of the legal
28 expense shall be considered in compliance with this Article and shall not be the basis for
29 criminal prosecution or the imposition of civil penalties. The State Board shall adopt rules to
30 implement this subsection.

31 **"§ 163A-6008. Reports filed with State Board.**

32 (a) The legal expense fund treasurer of each legal expense fund shall file with the State
33 Board the following reports:

34 (1) Organizational report. – The report required under G.S. 163A-6009.

35 (2) Quarterly report. – The report required under G.S. 163A-6010.

36 (b) Any report or attachment required by this Article shall be filed under certification of
37 the legal expense fund treasurer as true and correct to the best of the knowledge of that officer.

38 (c) The organizational report shall be filed within 10 calendar days of the creation of
39 the legal expense fund. All quarterly reports shall be filed with the State Board no later than 10
40 business days after the end of each calendar quarter.

41 (d) Legal expense fund treasurers shall electronically file each report required by this
42 section that shows a cumulative total for the quarter in excess of five thousand dollars (\$5,000)
43 in legal expense donations or expenditures, according to rules adopted by the State Board. The
44 State Board shall provide the software necessary to the legal expense fund treasurer to file the
45 required electronic report at no cost to the legal expense fund.

46 (e) Any statement required to be filed under this Article shall be signed and certified as
47 true and correct by the legal expense fund treasurer and shall be certified as true and correct to
48 the best of the legal expense fund treasurer's knowledge. The elected officer creating the legal
49 expense fund, or the other individual or group of individuals creating the legal expense fund on
50 the elected officer's behalf, shall certify as true and correct to the best of their knowledge the
51 organizational report and appointment of the legal expense fund treasurer. A certification under

1 this Article shall be treated as under oath, and any individual making a certification under this
2 Article knowing the information to be untrue is guilty of a Class I felony.

3 **"§ 163A-6009. Organizational report.**

4 (a) Each appointed legal expense fund treasurer shall file with the State Board a
5 statement of organization that includes all of the following:

6 (1) The name, address, and purpose of the legal expense fund.

7 (2) The names, addresses, and relationships of affiliated or connected elected
8 officers, candidates, political committees, referendum committees, political
9 parties, or similar organizations.

10 (3) The name, address, and position with the legal expense fund of the custodian
11 of books and accounts.

12 (4) A listing of all banks, safety deposit boxes, or other depositories used,
13 including the names and numbers of all accounts maintained and the
14 numbers of all such safety deposit boxes used. The State Board shall keep
15 any account number required by this Article confidential except as necessary
16 to conduct an audit or investigation, except as required by a court of
17 competent jurisdiction, or except as confidentiality is waived by the legal
18 expense fund treasurer. Disclosure of an account number in violation of this
19 subdivision shall not give rise to a civil cause of action. This limitation of
20 liability does not apply to the disclosure of account numbers in violation of
21 this subdivision as a result of gross negligence, wanton conduct, or
22 intentional wrongdoing that would otherwise be actionable.

23 (5) The name or names and address or addresses of any assistant legal expense
24 fund treasurers appointed by the legal expense fund treasurer. Such assistant
25 legal expense fund treasurers shall be authorized to act in the name of the
26 legal expense fund treasurer, who shall be fully responsible for any act or
27 acts committed by an assistant legal expense fund treasurer, and the legal
28 expense fund treasurer shall be fully liable for any violation of this Article
29 committed by any assistant legal expense fund treasurer.

30 (6) Any other information which might be requested by the State Board that
31 deals with the legal expense fund organization.

32 (b) Any change in information previously submitted in a statement of organization shall
33 be reported to the State Board within 10 calendar days following the change.

34 **"§ 163A-6010. Quarterly report.**

35 The legal expense fund treasurer of each legal expense fund shall be required to file a
36 quarterly report with the State Board containing all of the following:

37 (1) Legal expense donations. – The name and complete mailing address of each
38 donor, the amount of the legal expense donation, the principal occupation of
39 the donor, and the date the legal expense donation was received. The total
40 sum of all legal expense donations to date shall also be plainly exhibited.
41 The legal expense fund treasurer is not required to report the name of any
42 donor making a total legal expense donation of fifty dollars (\$50.00) or less
43 in a calendar quarter, but shall instead report the fact that the legal expense
44 fund treasurer has received a total legal expense donation of fifty dollars
45 (\$50.00) or less, the amount of the legal expense donation, and the date of
46 receipt.

47 (2) Expenditures. – A list of all expenditures made by or on behalf of the legal
48 expense fund. The report shall list the name and complete mailing address of
49 each payee, the amount paid, the purpose, and the date such payment was
50 made. The total sum of all expenditures to date shall also be plainly
51 exhibited. The payee shall be the entity to whom the legal expense fund is

1 obligated to make the expenditure. If the expenditure is to a financial
2 institution for revolving credit or a reimbursement for a payment to a
3 financial institution for revolving credit, the statement shall also include a
4 specific itemization of the goods and services purchased with the revolving
5 credit. If the obligation is for more than one good or service, the statement
6 shall include a specific itemization of the obligation so as to provide a
7 reasonable understanding of the obligation.

8 (3) Loans. – All proceeds from loans shall be recorded separately with a detailed
9 analysis reflecting the amount of the loan, the source, the period, the rate of
10 interest, and the security pledged, if any, and all makers and endorsers.

11 **"§§ 163A-6011 through 163A- 6015: Reserved for future codification purposes.**

12 **"§ 163A-6016. Limitations on legal expense donations.**

13 (a) No entity shall make, and no legal expense fund treasurer shall accept, any
14 monetary legal expense donation in excess of fifty dollars (\$50.00) unless such legal expense
15 donation is in the form of a check, draft, money order, credit card charge, debit, or other
16 noncash method that can be subject to written verification. No legal expense donation in the
17 form of check, draft, money order, credit card charge, debit, or other noncash method may be
18 made or accepted unless it contains a specific designation of the intended donee chosen by the
19 donor.

20 (b) The State Board may adopt rules as to the reporting and verification of any method
21 of legal expense donation payment allowed under this Article. For legal expense donations by
22 money order, the State Board shall adopt rules to ensure an audit trail for every legal expense
23 donation so that the identity of the donor can be determined.

24 (c) For any legal expense donation made by credit card, the credit card account number
25 of a donor is not a public record.

26 (d) No legal expense fund shall accept legal expense donations from a corporation,
27 labor union, insurance company, professional association, or business in excess of four
28 thousand dollars (\$4,000) per calendar year. No legal expense fund shall accept legal expense
29 donations from a corporation which when totaled with legal expense donations to the same
30 legal expense fund for the same calendar year from any affiliated corporation exceed the per
31 calendar year legal expense donation limits for that legal expense fund. No legal expense fund
32 shall accept legal expense donations from a labor union which when totaled with legal expense
33 donations to the same legal expense fund for the same calendar year from any affiliated labor
34 union exceed the per calendar year legal expense donation limits for that legal expense fund.
35 No legal expense fund shall accept legal expense donations from an insurance company which
36 when totaled with legal expense donations to the same legal expense fund for the same calendar
37 year from any affiliated insurance company exceed the per calendar year legal expense
38 donation limits for that legal expense fund. No legal expense fund shall accept legal expense
39 donations from a professional association which when totaled with legal expense donations to
40 the same legal expense fund for the same calendar year from any affiliated professional
41 association exceed the per calendar year legal expense donation limits for that legal expense
42 fund. No legal expense fund shall accept legal expense donations from a business which when
43 totalled with legal expense donations to the same legal expense fund for the same calendar year
44 from any affiliated business exceed the per calendar year legal expense donation limits for that
45 legal expense fund. This subsection does not apply to political committees created pursuant to
46 G.S. 163A-4557(d), except that no legal expense fund shall accept a legal expense donation
47 which would be a violation of G.S. 163A-4542 if accepted by a candidate or political
48 committee. This subsection does not apply to corporations permitted to make contributions in
49 G.S. 163A-4557(h).

50 (e) No entity shall make a legal expense donation to a legal expense fund that the legal
51 expense fund could not accept under subsection (d) of this section.

1 "§§ 163A-6017 through 163A-6019: Reserved for future codification purposes.

2 "§ 163A-6020. Permitted uses of legal expense funds.

3 (a) A legal expense fund may be used for reasonable expenses actually incurred by the
4 elected officer in relation to a legal action or potential legal action brought by or against the
5 elected officer in that elected officer's official capacity. The elected officer's campaign itself
6 shall not be funded from a legal expense fund.

7 (b) Upon closing a legal expense account, the legal expense fund treasurer shall
8 distribute the remaining monies in the legal expense fund to any of the following:

9 (1) The Indigent Persons' Attorney Fee Fund under Article 36 of Chapter 7A of
10 the General Statutes.

11 (2) The North Carolina State Bar for the provision of civil legal services for
12 indigents.

13 (3) Payments to an organization described in section 170(c) of the Internal
14 Revenue Code of 1986 (26 U.S.C. § 170(c)), provided that the candidate or
15 the candidate's spouse, children, parents, brothers, or sisters are not
16 employed by the organization.

17 (4) To return all or a portion of a legal expense donation to the donor.

18 (5) Payment to the Escheat Fund established by Chapter 116B of the General
19 Statutes."

20 **SECTION 2.** The following statutes are repealed:

21 (1) Chapter 138A of the General Statutes.

22 (2) Chapter 120C of the General Statutes.

23 (3) Article 22A of Chapter 163 of the General Statutes.

24 (4) Article 22B of Chapter 163 of the General Statutes.

25 (5) Article 22D of Chapter 163 of the General Statutes.

26 (6) Article 22G of Chapter 163 of the General Statutes.

27 (7) Article 22H of Chapter 163 of the General Statutes.

28 (8) Article 22J of Chapter 163 of the General Statutes.

29 (9) Article 22M of Chapter 163 of the General Statutes.

30 **SECTION 3.** G.S. 14-217(d) reads as rewritten:

31 "(d) For purposes of this section, a thing of value or personal advantage shall include a
32 campaign contribution made or received under ~~Article 22A of Chapter 163~~ Article 45 of
33 Chapter 163A of the General Statutes."

34 **SECTION 4.** G.S. 18B-201 reads as rewritten:

35 **"§ 18B-201. Conflict of interest; gifts.**

36 ...

37 (e) Conflicts of Interest for the Commission. – The provisions of Article 4 of ~~Chapter~~
38 ~~138A~~ Chapter 163A of the General Statutes shall apply to the Commission.

39 (f) Conflicts of Interest for Local Boards. – Except as permitted under subsection (h) of
40 this section, a local ABC board member shall not knowingly use the local ABC board member's
41 position on the board in any way that will result in financial benefit to the local ABC board
42 member, the local ABC board member's spouse, any person related to the local ABC board
43 member by blood to a degree of first cousin or closer, or any business with which the local
44 ABC board member is associated.

45 (g) For purposes of subsection (f) of this section, "business with which associated" shall
46 have the same meaning as in ~~G.S. 138A-3(3)~~ G.S. 163A-200(4). For purposes of this section,
47 "financial benefit" shall mean a direct pecuniary gain or loss, or a direct pecuniary loss to a
48 business competitor.

49"

50 **SECTION 5.** G.S. 58-50-180(i) reads as rewritten:

1 "(i) The members of the Board are public servants under
2 ~~G.S. 138A-3(30)~~G.S. 163A-200(40) and are subject to the provisions of ~~Chapter 138A~~Chapter
3 163A of the General Statutes."

4 **SECTION 6.** G.S. 62A-41(d) reads as rewritten:

5 "(d) Public Servants. – The members of the 911 Board are public servants under
6 ~~G.S. 138A-3~~G.S. 163A-200(40) and are subject to the provisions of ~~Chapter 138A~~Chapter
7 163A of the General Statutes."

8 **SECTION 7.** G.S. 66-58(c)(17) reads as rewritten:

9 "(17) The sale by the ~~State Board of Elections~~State Board of Elections and Ethics
10 Enforcement to political committees and candidate committees of computer
11 software designed by or for the ~~State Board of Elections~~State Board of
12 Elections and Ethics Enforcement to provide a uniform system of electronic
13 filing of the campaign finance reports required by ~~Article 22A of Chapter~~
14 ~~163~~Article 45 of Chapter 163A of the General Statutes and to facilitate the
15 State Board's monitoring of compliance with that Article. This computer
16 software for electronic filing of campaign finance reports shall not exceed a
17 cost of one hundred dollars (\$100.00) to any political committee or
18 candidate committee without the ~~State Board of Elections~~State Board of
19 Elections and Ethics Enforcement first notifying in writing the Joint
20 Legislative Commission on Governmental Operations."

21 **SECTION 8.** G.S. 66-260(11)v. reads as rewritten:

22 "v. A person soliciting political contributions in accordance with ~~Article~~
23 ~~22A of Chapter 163~~Article 45 of Chapter 163A of the General
24 Statutes."

25 **SECTION 9.** G.S. 84-34 reads as rewritten:

26 **"§ 84-34. Membership fees and list of members.**

27 Every active member of the North Carolina State Bar shall, prior to the first day of July of
28 each year, pay to the secretary-treasurer an annual membership fee in an amount determined by
29 the Council but not to exceed three hundred dollars (\$300.00), plus a surcharge of fifty dollars
30 (\$50.00) for the implementation of ~~Article 22D of Chapter 163~~Article 47 of Chapter 163A of
31 the General Statutes, and every member shall notify the secretary-treasurer of the member's
32 correct mailing address. Any member who fails to pay the required dues by the last day of June
33 of each year shall be subject to a late fee in an amount determined by the Council but not to
34 exceed thirty dollars (\$30.00). All dues for prior years shall be as were set forth in the General
35 Statutes then in effect. The membership fee shall be regarded as a service charge for the
36 maintenance of the several services authorized by this Article, and shall be in addition to all
37 fees required in connection with admissions to practice, and in addition to all license taxes
38 required by law. The fee shall not be prorated: Provided, that no fee shall be required of an
39 attorney licensed after this Article shall have gone into effect until the first day of January of
40 the calendar year following that in which the attorney was licensed; but this proviso shall not
41 apply to attorneys from other states admitted on certificate. The fees shall be disbursed by the
42 secretary-treasurer on the order of the Council. The fifty-dollar (\$50.00) surcharge shall be sent
43 on a monthly schedule to the ~~State Board of Elections~~State Board of Elections and Ethics
44 Enforcement. The secretary-treasurer shall annually, at a time and in a law magazine or daily
45 newspaper to be prescribed by the Council, publish an account of the financial transactions of
46 the Council in a form to be prescribed by it. The secretary-treasurer shall compile and keep
47 currently correct from the names and mailing addresses forwarded to the secretary-treasurer
48 and from any other available sources of information a list of members of the North Carolina
49 State Bar and furnish to the clerk of the superior court in each county, not later than the first
50 day of October in each year, a list showing the name and address of each attorney for that
51 county who has not complied with the provisions of this Article. The name of each of the active

1 members who are in arrears in the payment of membership fees shall be furnished to the
2 presiding judge at the next term of the superior court after the first day of October of each year,
3 by the clerk of the superior court of each county wherein the member or members reside, and
4 the court shall thereupon take action that is necessary and proper. The names and addresses of
5 attorneys so certified shall be kept available to the public. The Secretary of Revenue is hereby
6 directed to supply the secretary-treasurer, from records of license tax payments, with any
7 information for which the secretary-treasurer may call in order to enable the secretary-treasurer
8 to comply with this requirement.

9 The list submitted to several clerks of the superior court shall also be submitted to the
10 Council at its October meeting of each year and it shall take the action thereon that is necessary
11 and proper."

12 **SECTION 10.** G.S. 93B-5(g) reads as rewritten:

13 "(g) Within six months of a board member's initial appointment to the board, and at least
14 once within every two calendar years thereafter, a board member shall receive training, either
15 from the board's staff, including its legal advisor, or from an outside educational institution
16 such as the School of Government of the University of North Carolina, on the statutes
17 governing the board and rules adopted by the board, as well as the following State laws, in
18 order to better understand the obligations and limitations of a State agency:

- 19 (1) Chapter 150B, The Administrative Procedure Act.
- 20 (2) Chapter 132, The Public Records Law.
- 21 (3) Article 33C of Chapter 143, The Open Meetings Act.
- 22 (4) Articles 31 and 31A of Chapter 143, The State Tort Claims Act and The
23 Defense of State Employees Law.
- 24 ~~(5) Chapter 138A, The State Government Ethics Act.~~
- 25 ~~(6) Chapter 120C, Lobbying.~~
- 26 (7) Chapter 163A, State Board of Elections and Ethics Enforcement.

27 Completion of the training requirements contained in ~~Chapter 138A and Chapter~~
28 Chapter 163A of the General Statutes satisfies the requirements of ~~subdivisions (5) and~~
29 ~~(6)~~subdivision (7) of this subsection."

30 **SECTION 11.** G.S. 105-159.1(b) reads as rewritten:

31 "(b) Amounts designated under subsection (a) shall be credited to the North Carolina
32 Political Parties Financing Fund on a quarterly basis. Interest earned by the Fund shall be
33 credited to the Fund and shall be allocated among the political parties on the same basis as the
34 principal of the Fund. The State Board of ~~Elections~~Elections and Ethics Enforcement which
35 administers the Fund, shall make a quarterly report to each State party chairman stating the
36 amount of funds allocated to each party for that quarter, the cumulative total of funds allocated
37 to each party to date for the year, and an estimate of the probable total amount to be collected
38 and allocated to each party for that calendar year."

39 **SECTION 12.** G.S. 105-159.2 reads as rewritten:

40 "**§ 105-159.2. Designation of tax to North Carolina Public Campaign Fund.**

41 (a) Allocation to the North Carolina Public Campaign Fund. – To ensure the financial
42 viability of the North Carolina Public Campaign Fund established in ~~Article 22D of Chapter~~
43 ~~163~~Article 47 of Chapter 163A of the General Statutes, the Department must allocate to that
44 Fund three dollars (\$3.00) from the income taxes paid each year by each individual with an
45 income tax liability of at least that amount, if the individual agrees. A taxpayer must be given
46 the opportunity to indicate an agreement or objection to that allocation in the manner described
47 in subsection (b) of this section. In the case of a married couple filing a joint return, each
48 individual must have the option of agreeing or objecting to the allocation. The amounts
49 allocated under this subsection to the Fund must be credited to it on a monthly basis.

50 (b) Returns. – Individual income tax returns must give an individual an opportunity to
51 agree to the allocation of three dollars (\$3.00) of the individual's tax liability to the North

1 Carolina Public Campaign Fund. The Department must make it clear to the taxpayer that the
2 dollars will support a nonpartisan court system, that the dollars will go to the Fund if the
3 taxpayer marks an agreement, and that allocation of the dollars neither increases nor decreases
4 the individual's tax liability. The following statement must be used to meet this requirement:
5 "Mark 'Yes' if you want to designate \$3 of taxes to this special Fund for voter education
6 materials and for candidates who accept spending limits. Marking 'Yes' does not change your
7 tax or refund." The Department must consult with the ~~State Board of Elections~~ State Board of
8 Elections and Ethics Enforcement to ensure that the information given to taxpayers complies
9 with the intent of this section.

10 The Department must inform the entities it approves to reproduce the return that they must
11 comply with the requirements of this section and that a return may not reflect an agreement or
12 objection unless the individual completing the return decided to agree or object after being
13 presented with the statement required by subsection (b) of this section and, as available
14 background information or instructions, the information required by subsection (c) of this
15 section. No software package used in preparing North Carolina income tax returns may default
16 to an agreement or objection. A paid preparer of tax returns may not mark an agreement or
17 objection for a taxpayer without the taxpayer's consent.

18 (c) Instructions. – The instruction for individual income tax returns must include the
19 following explanatory statement: "The N.C. Public Campaign Fund provides an alternative
20 source of campaign money to qualified candidates who accept strict campaign spending and
21 fund-raising limits. The Fund also helps finance a Voter Guide with educational materials about
22 voter registration, the role of the appellate courts, and the candidates seeking election as
23 appellate judges in North Carolina. Three dollars from the taxes you pay will go to the Fund if
24 you mark an agreement. Regardless of what choice you make, your tax will not increase, nor
25 will any refund be reduced."

26 **SECTION 13.** G.S. 114-15(a) reads as rewritten:

27 **"§ 114-15. Investigations of lynchings, election frauds, etc.; services subject to call of**
28 **Governor; witness fees and mileage for Director and assistants.**

29 (a) The Bureau shall, through its Director and upon request of the Governor, investigate
30 and prepare evidence in the event of any lynching or mob violence in the State; shall
31 investigate all cases arising from frauds in connection with elections when requested to do so
32 by the Board of Elections, and when so directed by the Governor. Such investigation, however,
33 shall in nowise interfere with the power of the Attorney General to make such investigation as
34 the Attorney General is authorized to make under the laws of the State. The Bureau is
35 authorized further, at the request of the Governor, to investigate cases of frauds arising under
36 the Social Security Laws of the State, of violations of the gaming laws, and lottery laws, and
37 matters of similar kind when called upon by the Governor so to do. In all such cases it shall be
38 the duty of the Department to keep such records as may be necessary and to prepare evidence
39 in the cases investigated, for the use of enforcement officers and for the trial of causes. The
40 services of the Director of the Bureau, and of the Director's assistants, may be required by the
41 Governor in connection with the investigation of any crime committed anywhere in the State
42 when called upon by the enforcement officers of the State, and when, in the judgment of the
43 Governor, such services may be rendered with advantage to the enforcement of the criminal
44 law. The State Bureau of Investigation is hereby authorized to investigate without request the
45 attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any
46 State-owned personal property, buildings, or other real property or any assault upon or threats
47 against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named
48 in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1). The Bureau also is
49 authorized at the request of the Governor to conduct a background investigation on a person
50 that the Governor plans to nominate for a position that must be confirmed by the General
51 Assembly, the Senate, or the House of Representatives. The background investigation of the

1 proposed nominee shall be limited to an investigation of the person's criminal record,
2 educational background, employment record, records concerning the listing and payment of
3 taxes, and credit record, and to a requirement that the person provide the information contained
4 in the statements of economic interest required to be filed by persons subject to ~~Chapter~~
5 ~~138A~~Chapter 163A of the General Statutes. The Governor must give the person being
6 investigated written notice that the Governor intends to request a background investigation at
7 least 10 days prior to the date that the Governor requests the State Bureau of Investigation to
8 conduct the background investigation. The written notice shall be sent by regular mail, and
9 there is created a rebuttable presumption that the person received the notice if the Governor has
10 a copy of the notice."

11 **SECTION 14.** G.S. 115D-2.1(b1) reads as rewritten:

12 "(b1) Upon receipt of a referral from the ~~State Ethics Commission~~State Board of Elections
13 and Ethics Enforcement in accordance with ~~G.S. 138A-12(k)~~G.S. 163A-206(m) concerning a
14 member of the State Board of Community Colleges, the principal clerk of the house of the
15 General Assembly receiving the referral shall immediately refer the matter to the appropriate
16 education committee of that house. That committee may recommend to that house a resolution
17 providing for the removal of the Board member. If the committee's proposed resolution is
18 adopted by a majority of the members present and voting of that house, the public servant shall
19 be removed and the seat previously held by that Board member becomes vacant."

20 **SECTION 15.** G.S. 116-7(b1) reads as rewritten:

21 "(b1) Upon receipt of a referral from the ~~State Ethics Commission~~State Board of Elections
22 and Ethics Enforcement in accordance with ~~G.S. 138A-12(k)~~G.S. 163A-206(m) concerning a
23 member of the Board of Governors, the principal clerk of the house of the General Assembly
24 receiving the referral shall immediately refer the matter to the appropriate education committee
25 of that house. That committee may recommend to that house a resolution providing for the
26 removal of the Board member. If the committee's proposed resolution is adopted by a majority
27 of the members present and voting of that house, the public servant shall be removed and the
28 seat previously held by that Board member becomes vacant."

29 **SECTION 16.** G.S. 120-4.33(c)(2) reads as rewritten:

30 "(2) Perjury or false information as follows:

- 31 a. Perjury committed under G.S. 14-209 in falsely denying the
32 commission of an act that constitutes an offense within the purview
33 of an offense listed in subdivision (1) of subsection (c) of this
34 section.
- 35 b. Subornation of perjury committed under G.S. 14-210 in connection
36 with the false denial of another as specified by subdivision (2) of this
37 subsection.
- 38 c. Perjury under ~~Article 22A of Chapter 163~~Article 45 of Chapter 163A
39 of the General Statutes."

40 **SECTION 17.** G.S. 120-19.4A reads as rewritten:

41 "**§ 120-19.4A. Requests to State Bureau of Investigation for background investigation of a**
42 **person who must be confirmed by legislative action.**

43 The President of the Senate or the Speaker of the House may request that the State Bureau
44 of Investigation perform a background investigation on a person who must be appointed or
45 confirmed by the General Assembly, the Senate, or the House of Representatives. The person
46 being investigated shall be given written notice by regular mail at least 10 days prior to the date
47 that the State Bureau of Investigation is requested to perform the background investigation by
48 the presiding officer of the body from which the request originated. There is a rebuttable
49 presumption that the person being investigated received the notice if the presiding officer has a
50 copy of the notice. The State Bureau of Investigation shall perform the requested background
51 investigation and shall provide the information, including criminal records, to the presiding

1 officer of the body from which the request originated. A copy of the information also shall be
 2 provided to the person being investigated. The term "background investigation" shall be limited
 3 to an investigation of a person's criminal record, educational background, employment record,
 4 records concerning the listing and payment of taxes, and credit record, and to a requirement
 5 that the person provide the information contained in the statements of economic interest
 6 required to be filed by persons subject to ~~Chapter 138A~~ Chapter 163A of the General Statutes."

7 **SECTION 18.** G.S. 120-30.9B, as amended by S.L. 2011-145, Sec. 22.3, is
 8 amended by adding a new subsection to read:

9 "(c) The Executive Director of the State Board of Elections and Ethics Enforcement or,
 10 in the discretion of the Legislative Services Commission, a person designated by the
 11 Legislative Services Commission shall seek approval, as required by 42 U.S.C. § 1973c, within
 12 30 days of the time they become laws of all acts of the General Assembly that amend, delete,
 13 add to, modify, or repeal any provision of Chapter 163A of the General Statutes which
 14 constitute a "change affecting voting" under Section 5 of the Voting Rights Act of 1965."

15 **SECTION 19.** G.S. 120-70.141 reads as rewritten:

16 "**§ 120-70.141. Purpose and powers of Committee.**

17 (a) The Joint Legislative Elections Oversight Committee shall examine, on a continuing
 18 basis, election administration and campaign finance regulation in North Carolina, in order to
 19 make ongoing recommendations to the General Assembly on ways to improve elections
 20 administration and campaign finance regulation. In this examination, the Committee shall do
 21 the following:

22 (1) Study the budgets, programs, and policies of the State Board of Elections
 23 and Ethics Enforcement and the county boards of elections to determine
 24 ways in which the General Assembly may improve election ~~administration~~
 25 ~~and campaign finance regulation~~ administration.

26 (1a) Study the budgets, programs, and policies of the State Board of Elections
 27 and Ethics Enforcement and the county boards of elections to determine
 28 ways in which the General Assembly may improve campaign finance
 29 regulation.

30 (2) Examine election statutes and court decisions to determine any legislative
 31 changes that are needed to improve election administration and campaign
 32 finance regulation.

33 (3) Study other states' initiatives in election administration and campaign
 34 finance regulation to provide an ongoing commentary to the General
 35 Assembly on these initiatives and to make recommendations for
 36 implementing similar initiatives in North Carolina; and

37 (4) Study any other election matters that the Committee considers necessary to
 38 fulfill its mandate.

39 (b) The Committee may make interim reports to the General Assembly on matters for
 40 which it may report to a regular session of the General Assembly. A report to the General
 41 Assembly may contain any legislation needed to implement a recommendation of the
 42 Committee."

43 **SECTION 20.** G.S. 120-85.1 reads as rewritten:

44 "**§ 120-85.1. Definitions.**

45 As used in this Article, the following terms mean:

46 (1) Business with which associated. – As defined in
 47 ~~G.S. 138A-3~~ G.S. 163A-200(4).

48 (2) Confidential information. – As defined in ~~G.S. 138A-3~~ G.S. 163A-200(7).

49 (3) Economic interest. – As defined in ~~G.S. 138A-3~~.

50 (4) Immediate family. – As defined in ~~G.S. 138A-3~~ G.S. 163A-200(20).

51 (5) Legislator. – As defined in ~~G.S. 138A-3~~ G.S. 163A-200(36).

1 (6) Nonprofit corporation or organization with which associated. – As defined in
2 ~~G.S. 138A-3~~; G.S. 163A-200(31).

3 (7) Vested trust. – As defined in ~~G.S. 138A-3~~; G.S. 163A-200(31)."

4 **SECTION 21.** G.S. 120-86.1 reads as rewritten:

5 **"§ 120-86.1. Personnel-related action unethical.**

6 It shall be unethical for a legislator to take, promise, or threaten any legislative action, as
7 defined in ~~G.S. 120C-100(5)~~; G.S. 163A-200(24) for the purpose of influencing or in retaliation
8 for any action regarding State employee hirings, promotions, grievances, or disciplinary actions
9 subject to Chapter 126 of the General Statutes."

10 **SECTION 22.** G.S. 120-102(a)(6a) reads as rewritten:

11 "(6a) Review, modify, or overrule advisory opinions issued to legislators by the
12 ~~State Ethics Commission under G.S. 138A-13~~; State Board of Elections and
13 Ethics Enforcement under G.S. 163A-204."

14 **SECTION 23.** G.S. 120-103.1 reads as rewritten:

15 **"§ 120-103.1. Investigations by the Committee.**

16 (a) Institution of Proceedings. – On its own motion, or upon receipt of a referral of a
17 complaint from the ~~State Ethics Commission under Chapter 138A~~ State Board of Elections and
18 Ethics Enforcement under Chapter 163A of the General Statutes, the Committee shall conduct
19 an investigation into any of the following:

20 (1) The application or alleged violation of ~~Chapter 138A~~ Chapter 163A of the
21 General Statutes and of this Article.

22 (2) Repealed by Session Laws 2007-348, s. 2, effective August 9, 2007.

23 (3) The alleged violation of the criminal law by a legislator while acting in the
24 legislator's official capacity as a participant in the lawmaking process.

25 (a1) Complaints on Its Own Motion. – An investigation initiated by the Committee on its
26 own motion instituted under subsection (a) of this section shall be treated as a complaint for
27 purposes of this section and need not be sworn or verified. Any requirements under this section
28 that require the Committee to notify the complainant shall not apply to complaints taken up by
29 the Committee on its own motion. If the Committee is acting on a complaint referred to the
30 Committee by the ~~Commission~~ State Board where the ~~Commission~~ State Board was acting on
31 its own motion, the Committee shall be deemed to have satisfied the notice requirements by
32 providing notice to the ~~Commission~~ State Board. Any notice provided to the ~~Commission~~ State
33 Board under this section is confidential and shall not be disclosed by the ~~Commission~~ State
34 Board.

35 (b) Initial Consideration of a Complaint. – All of the following shall apply to the
36 Committee's initial consideration of a complaint:

37 (1) The Committee may, in its sole discretion, request additional information to
38 be provided by the complainant within a specified period of time of no less
39 than seven business days.

40 (2) The Committee may decline to accept or further investigate a complaint if it
41 determines that any of the following apply:

42 a. The complaint is frivolous or brought in bad faith.

43 b. The individuals and conduct complained of have already been the
44 subject of a prior complaint.

45 c. The conduct complained of is primarily a matter more appropriately
46 and adequately addressed and handled by other federal, State, or
47 local agencies or authorities, including law enforcement authorities.
48 If other agencies or authorities are conducting an investigation of the
49 same actions or conduct involved in a complaint filed under this
50 section, the Committee may stay its complaint investigation pending
51 final resolution of the other investigation.

(3) Repealed by Session Laws 2009-549, s. 1, effective August 28, 2009.

(4) Notwithstanding any other provisions of this section, complaints filed with the Committee concerning the conduct of the Lieutenant Governor shall be referred to the ~~State Ethics Commission under Chapter 138A~~ State Board of Elections and Ethics Enforcement under Chapter 163A of the General Statutes without investigation by the Committee.

(c) Investigation of Complaints. – The Committee shall investigate all complaints properly before the Committee in a timely manner. Within 10 business days of receiving a complaint or a referral of a complaint to the Committee, the Committee shall do at least one of the following:

(1) Dismiss the complaint.

(2) Initiate a preliminary investigation of the complaint.

(3) Refer the complaint for further investigation and a hearing in accordance with subsection (i) of this section.

(4) Make recommendations to the house in which the legislator who is the subject of the complaint is a member without further investigation, if the referral is from the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement.

...."

SECTION 24. G.S. 120-104 reads as rewritten:

"§ 120-104. Advisory opinions.

(a) At the request of any member of the General Assembly, the Committee shall render formal advisory opinions on specific questions involving legislative ethics.

(b) The Committee shall receive and review recommended advisory opinions issued to legislators, except the Lieutenant Governor, by the ~~State Ethics Commission under G.S. 138A-13~~ State Board of Elections and Ethics Enforcement under G.S. 163A-204. The opinion shall not be considered a formal advisory opinion until the advisory opinion is adopted by the Committee. The Committee may modify or overrule the recommended advisory opinions issued to legislators by the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement, and the final action on the opinion by the Committee shall control.

(c) A legislator who acts in reliance on a formal advisory opinion issued by the Committee under this section shall be entitled to the immunity granted under ~~G.S. 138A-13(b1)~~ G.S. 163A-204(b).

(d) Staff to the Committee may issue informal, nonbinding advisory opinions under procedures adopted by the Committee.

(e) The Committee may interpret ~~Chapter 138A~~ Chapter 163A of the General Statutes as it applies to legislators, except the Lieutenant Governor, and these interpretations are binding on all legislators upon publication.

(f) The Committee shall submit its formal advisory opinions to the ~~State Ethics Commission, and the State Ethics Commission~~ State Board of Elections and Ethics Enforcement, and the Board shall publish the Committee's opinions under ~~G.S. 138A-13(d)~~ G.S. 163A-204(i). The Committee shall edit for publication purposes as necessary to protect the identities of the individuals requesting opinions prior to submission to the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement. The Committee may distribute the edited formal advisory opinion to members of the General Assembly prior to publication by the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement.

(g) Except as provided under subsection (f) of this section, a request made by a legislator to the Committee for an advisory opinion, advisory opinions issued under this section, recommended advisory opinions received from the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement, and any supporting documents submitted or caused to be submitted to the Committee in connection with requests for advisory opinions or

1 recommended advisory opinions are confidential. Neither the identity of the legislator making
2 the request nor the existence of the request may be revealed to any person without the consent
3 of the legislator. A legislator requesting or receiving an advisory opinion may authorize the
4 release to any other person, the State, or any governmental unit of the request, the
5 recommended advisory opinion, the advisory opinion, or any supporting documents.

6 For purposes of this section, "document" is as defined in G.S. 120-129. Requests for
7 advisory opinions, recommended advisory opinions, advisory opinions issued by the
8 Committee, and any supporting documents are not "public records" as defined in G.S. 132-1.

9 (h) Requests for advisory opinions may be withdrawn by the requestor at any time prior
10 to the issuance of an advisory opinion."

11 **SECTION 25.** G.S. 120-105 reads as rewritten:

12 **"§ 120-105. Continuing study of ethical questions.**

13 The Committee shall conduct continuing studies of questions of legislative ethics including
14 revisions and improvements of this Article and ~~Chapter 138A and Chapter 120C~~ Chapter 163A
15 of the General Statutes. The Committee shall report to the General Assembly from time to time
16 recommendations for amendments to the statutes and legislative rules which the Committee
17 deems desirable in promoting, maintaining and effectuating high standards of ethics in the
18 legislative branch of State government."

19 **SECTION 26.** G.S. 126-14 reads as rewritten:

20 **"§ 126-14. Promise or threat to obtain political contribution or support.**

21 (a) It is unlawful for a State employee or a person appointed to State office, other than
22 elective office or office on a board, commission, committee, or council whose function is
23 advisory only, whether or not subject to the Personnel Act, to coerce:

- 24 (1) a State employee subject to the Personnel Act,
25 (2) a probationary State employee,
26 (3) a temporary State employee, or
27 (4) an applicant for a position subject to the Personnel Act

28 to support or contribute to a political candidate, political committee as defined in
29 ~~G.S. 163-278.6, G.S. 163A-4502~~, or political party or to change the party designation of the
30 individual's voter registration by threatening that change in employment status or discipline or
31 preferential personnel treatment will occur with regard to an individual listed in subdivisions
32 (1) through (4) of this subsection.

33 (a1) It is unlawful for an individual as defined in ~~G.S. 138A-3(30)~~ G.S. 163A-200(8) to
34 coerce a person as described in ~~G.S. 138A-32(d)(1), (2), or (3)~~ G.S. 163A-402(d)(1), (2), or (3)
35 to support or contribute to a political candidate, a political committee as defined in
36 ~~G.S. 163-278.6, G.S. 163A-4502~~, or a political party by threatening discipline or promising
37 preferential treatment with regard to that person's business with the individual's State office or
38 that person's activities regulated by the individual's State office.

39"

40 **SECTION 27.** G.S. 126-14.1(a) reads as rewritten:

41 **"§ 126-14.1. Threat to obtain political contribution or support.**

- 42 (a) It is unlawful for any person to coerce:
43 (1) a State employee subject to the Personnel Act,
44 (2) a probationary State employee,
45 (3) a temporary State employee, or
46 (4) an applicant for a position subject to the Personnel Act

47 to support or contribute to a political candidate, political committee as defined in
48 ~~G.S. 163-278.6, G.S. 163A-4502~~ or political party or to change the party designation of his
49 voter registration by explicitly threatening that change in employment status or discipline or
50 preferential personnel treatment will occur with regard to any person listed in subdivisions (1)
51 through (3) of this subsection."

1 **SECTION 28.** G.S. 128-38.4(c) reads as rewritten:

2 "(c) The offenses under the laws of this State covered by this section are as follows:

- 3 (1) A felony violation of Article 29, 30, or 30A of Chapter 14 of the General
4 Statutes (Relating to bribery, obstructing justice, and secret listening) or
5 G.S. 14-228 (Buying and selling offices), or Part 1 of Article 14 of Chapter
6 120 of the General Statutes (Code of Legislative Ethics), Article 20 or 22 of
7 Chapter 163 of the General Statutes (Relating to absentee ballots, corrupt
8 practices and other offenses against the elective franchise, and regulating of
9 contributions and expenditures in political campaigns).
- 10 (2) Perjury or false information as follows:
- 11 a. Perjury committed under G.S. 14-209 in falsely denying the
12 commission of an act that constitutes an offense within the purview
13 of an offense listed in subdivision (1) of subsection (c) of this
14 section.
- 15 b. Subornation of perjury committed under G.S. 14-210 in connection
16 with the false denial of another as specified by subdivision (2) of this
17 subsection.
- 18 c. Perjury under ~~Article 22A of Chapter 163~~ Article 45 of Chapter 163A
19 of the General Statutes."

20 **SECTION 29.** G.S. 130A-250(7) reads as rewritten:

21 "(7) Establishments (i) that are incorporated as nonprofit corporations in
22 accordance with Chapter 55A of the General Statutes or (ii) that are exempt
23 from federal income tax under the Internal Revenue Code, as defined in
24 G.S. 105-228.90, or (iii) that are political committees as defined in
25 ~~G.S. 163-278.6(14)~~ G.S. 163A-4502(21) and that prepare or serve food or
26 drink for pay no more frequently than once a month for a period not to
27 exceed two consecutive days, including establishments permitted pursuant to
28 this Part when preparing or serving food or drink at a location other than the
29 permitted locations. A nutrition program for the elderly that is administered
30 by the Division of Aging of the Department of Health and Human Services
31 and that prepares and serves food or drink on the premises where the
32 program is located in connection with a fundraising event is exempt from
33 this Part if food and drink are prepared and served no more frequently than
34 one day each month."

35 **SECTION 30.** G.S. 131E-191.1 reads as rewritten:

36 "**§ 131E-191.1. Lobbyists prohibited from serving on the North Carolina State Health**
37 **Coordinating Council.**

38 No person registered as a lobbyist under ~~Chapter 120C~~ Chapter 163A of the General
39 Statutes shall be appointed to or serve on the North Carolina State Health Coordinating
40 Council. No person previously registered as a lobbyist under ~~Chapter 120C~~ Chapter 163A of the
41 General Statutes shall be appointed to or serve on the North Carolina State Health Coordinating
42 Council within 120 days after the expiration of the lobbyist's registration."

43 **SECTION 31.** G.S. 133-32(d) reads as rewritten:

44 "(d) This section is not intended to prevent a gift a public servant would be permitted to
45 accept under ~~G.S. 138A-32~~ G.S. 163A-402 or the gift and receipt of honorariums for
46 participating in meetings, advertising items or souvenirs of nominal value, or meals furnished
47 at banquets. This section is not intended to prevent any contractor, subcontractor, or supplier
48 from making donations to professional organizations to defray meeting expenses where
49 governmental employees are members of such professional organizations, nor is it intended to
50 prevent governmental employees who are members of professional organizations from
51 participation in all scheduled meeting functions available to all members of the professional

1 organization attending the meeting. This section is also not intended to prohibit customary gifts
2 or favors between employees or officers and their friends and relatives or the friends and
3 relatives of their spouses, minor children, or members of their household where it is clear that it
4 is that relationship rather than the business of the individual concerned which is the motivating
5 factor for the gift or favor. However, all such gifts knowingly made or received are required to
6 be reported by the donee to the agency head if the gifts are made by a contractor, subcontractor,
7 or supplier doing business directly or indirectly with the governmental agency employing the
8 recipient of such a gift."

9 **SECTION 32.** G.S. 133-32(d) reads as rewritten:

10 "(d) This section is not intended to prevent a gift a public servant would be permitted to
11 accept under ~~G.S. 138A-32~~, G.S. 163A-402 or the gift and receipt of honorariums for
12 participating in meetings, advertising items or souvenirs of nominal value, or meals furnished
13 at banquets. This section is not intended to prevent any contractor, subcontractor, or supplier
14 from making donations to professional organizations to defray meeting expenses where
15 governmental employees are members of such professional organizations, nor is it intended to
16 prevent governmental employees who are members of professional organizations from
17 participation in all scheduled meeting functions available to all members of the professional
18 organization attending the meeting. This section is also not intended to prohibit customary gifts
19 or favors between employees or officers and their friends and relatives or the friends and
20 relatives of their spouses, minor children, or members of their household where it is clear that it
21 is that relationship rather than the business of the individual concerned which is the motivating
22 factor for the gift or favor. However, all such gifts knowingly made or received are required to
23 be reported by the donee to the agency head if the gifts are made by a contractor, subcontractor,
24 or supplier doing business directly or indirectly with the governmental agency employing the
25 recipient of such a gift."

26 **SECTION 33.** G.S. 135-18.10(c) reads as rewritten:

27 "(c) The offenses under the laws of this State covered by this section are as follows:

- 28 (1) A felony violation of Article 29, 30, or 30A of Chapter 14 of the General
29 Statutes (Relating to bribery, obstructing justice, and secret listening) or
30 G.S. 14-228 (Buying and selling offices), or Part 1 of Article 14 of Chapter
31 120 of the General Statutes (Code of Legislative Ethics), Article 20 or 22 of
32 Chapter 163 of the General Statutes (Relating to absentee ballots, corrupt
33 practices and other offenses against the elective franchise, and regulating of
34 contributions and expenditures in political campaigns).
- 35 (2) Perjury or false information as follows:
- 36 a. Perjury committed under G.S. 14-209 in falsely denying the
37 commission of an act that constitutes an offense within the purview
38 of an offense listed in subdivision (1) of subsection (c) of this
39 section.
- 40 b. Subornation of perjury committed under G.S. 14-210 in connection
41 with the false denial of another as specified by subdivision (2) of this
42 subsection.
- 43 c. Perjury under ~~Article 22A of Chapter 163~~ Article 45 of Chapter 163A
44 of the General Statutes."

45 **SECTION 34.** G.S. 135-75.1(c) reads as rewritten:

46 "(c) The offenses under the laws of this State covered by this section are as follows:

- 47 (1) A felony violation of Article 29, 30, or 30A of Chapter 14 of the General
48 Statutes (Relating to bribery, obstructing justice, and secret listening) or
49 G.S. 14-228 (Buying and selling offices), or Part 1 of Article 14 of Chapter
50 120 of the General Statutes (Code of Legislative Ethics), Article 20 or 22 of
51 Chapter 163 of the General Statutes (Relating to absentee ballots, corrupt

practices and other offenses against the elective franchise, and regulating of contributions and expenditures in political campaigns).

(2) Perjury or false information as follows:

a. Perjury committed under G.S. 14-209 in falsely denying the commission of an act that constitutes an offense within the purview of an offense listed in subdivision (1) of subsection (c) of this section.

b. Subornation of perjury committed under G.S. 14-210 in connection with the false denial of another as specified by subdivision (2) of this subsection.

c. Perjury under ~~Article 22A of Chapter 163~~ Article 45 of Chapter 163A of the General Statutes."

SECTION 35. G.S. 143-47.7 reads as rewritten:

"§ 143-47.7. Notice and record of appointment required.

(a) Within 30 days after acceptance of appointment by a person appointed to public office, the appointing authority shall file written notice of the appointment with the Governor, the Secretary of State, the Legislative Library, the State Library, the ~~State Ethics Commission~~, State Board of Elections and Ethics Enforcement, and the State Controller. For the purposes of this section, a copy of the letter from the appointing authority, a copy of the properly executed notice of appointment as set forth in subsection (c) of this section, or a copy of the properly executed Commission of Appointment shall be sufficient to be filed if the copy contains the information required in subsection (b) of this section.

(b) The notice required by this Article shall contain the following information:

- (1) The name and office of the appointing authority;
(2) The public office to which the appointment is made;
(3) The name and address of the appointee;
(4) The county of residence of the appointee;
(5) The citation to the law or other authority authorizing the appointment;
(6) The specific statutory qualification for the public office to which the appointment is made, if applicable;
(7) The name of the person the appointee replaces, if applicable;
(8) The date the term of the appointment begins; and
(9) The date the term of the appointment ends.

(c) The following form may be used to comply with the requirements of this section:

"NOTICE OF APPOINTMENT

Notice is given that _____ is hereby appointed to the following

Name

public office:

Public Office: _____

Citation to Law or Other Authority Authorizing the Appointment:

Specific Statutory Qualification for the Public Office, if Applicable:

Address of the Appointee: _____

County of Residence of the Appointee: _____

Date Term of Appointment Begins: _____

Date Term of Appointment Ends: _____

Name of Person the Appointee Replaces, if applicable: _____

Date of Appointment

Signature

Office of Appointing Authority

Distribution:

Governor

Secretary of State

Legislative Library

State Library

~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement

State Controller".

SECTION 36. G.S. 143B-350 reads as rewritten:

"§ 143B-350. Board of Transportation – organization; powers and duties, etc.

...

(i) Disclosure of Contributions. – Any person serving on the Board of Transportation or as Secretary of Transportation on December 1, 1998, shall disclose on that date any contributions the person or the person's immediate family made to the political campaign of the appointing Governor in the two years preceding December 1, 1998. A person appointed to the Board of Transportation and a person appointed as Secretary of Transportation after December 1, 1998, shall disclose at the time the appointment of the person is officially made public any contributions the person or the person's immediate family made to the political campaign of the appointing Governor in the two years preceding the date of appointment. The term "immediate family", as used in this subsection, means a person's spouse, children, parents, brothers, and sisters. Disclosure forms shall be filed with the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement as a supplemental filing to the Statement of Economic Interest filed under Article 3 of ~~Chapter 138A~~ Chapter 163A of the General Statutes. Disclosure forms shall not be a public record under the provisions of Chapter 132 of the General Statutes until such time as the appointment of the person filing the statement is officially made public.

(j) Disclosure of Campaign Fund-Raising. – A person appointed to the Board of Transportation on or after January 1, 2001, and a person appointed as Secretary of Transportation on or after January 1, 2001, shall disclose at the time the appointment of the person is officially made public any contributions the person personally acquired in the two years prior to appointment for: any political campaign for a statewide or legislative elected office in North Carolina; any political party executive committee or political committee acting on behalf of a candidate for statewide or legislative office. Disclosure forms shall be filed with the ~~State Ethics Commission~~ State Board of Elections and Ethics Enforcement as a supplemental filing to the Statement of Economic Interest filed under Article 3 of ~~Chapter 138A~~ Chapter 163A of the General Statutes. Disclosure forms shall not be a public record under the provisions of Chapter 132 of the General Statutes until such time as the appointment of the person filing the statement is officially made public.

(k) Ethics Policy. – The Board shall adopt by December 1, 1998, a code of ethics applicable to members of the Board, including the Secretary. Any code of ethics adopted by the Board shall be supplemental to the provisions of ~~Chapter 138A~~ Chapter 163A of the General Statutes. A code of ethics adopted pursuant to this subsection shall include a prohibition against a member taking action as a Board member when a conflict of interest, or the appearance of a conflict of interest, exists. The ethics policy adopted pursuant to this subsection shall specify that a conflict of interest exists when the use of the Board member's position, or any official action taken by the Board member, would result in financial benefit, direct or indirect, to the Board member, a member of the Board member's immediate family, or an individual with whom, or business with which, the Board member is associated. The ethics policy adopted pursuant to this subsection shall specify that an appearance of a conflict of interest exists when

1 a reasonable person would conclude from the circumstances that the Board member's ability to
2 protect the public interest, or perform public duties, would be compromised by personal
3 interest, even in the absence of an actual conflict of interest. The performance of usual and
4 customary duties associated with the public position or the advancement of public policy goals
5 or constituent services, without compensation, shall not constitute the use of the Board
6 member's position for financial benefit. The conflict of interest provision of the ethics policy
7 adopted pursuant to this subsection shall not apply to financial or other benefits derived by a
8 Board member that the Board member would enjoy to an extent no greater than that which
9 other citizens of the State would or could enjoy.

10 (l) Additional Requirements for Disclosure Statements. – All disclosure statements
11 required under subsections (i), (j), and (k) of this section must be sworn written statements.

12 (m) Ethics and Board Duties Education. – The Board shall institute by January 1, 1999,
13 and conduct annually an education program on ethics and on the duties and responsibilities of
14 Board members. The training session shall be comprehensive in nature, conducted in
15 conjunction with the ~~State Ethics Commission~~, State Board of Elections and Ethics
16 Enforcement, and shall include input from the School of Government at the University of North
17 Carolina at Chapel Hill, the Attorney General's Office, the University of North Carolina
18 Highway Safety Research Center, and senior career employees of the various divisions of the
19 Department. This program shall include an initial orientation for new members of the Board
20 and continuing education programs for Board members at least once each year.

21 (n) Review of Appointments by the Joint Legislative Transportation Oversight
22 Committee. – The Governor shall submit the names of all proposed Board of Transportation
23 appointees, along with the disclosure statements required under subsections (i), (j), and (k)
24 of this section, to the Joint Legislative Transportation Oversight Committee prior to Board
25 members' taking office. The Committee shall have 30 days to review and submit comments to
26 the Governor on the proposed appointees before they take office. The Governor shall consider
27 the views expressed by the Committee concerning the appointees to the Board. If the
28 Committee does not review or submit comments to the Governor on the proposed Board
29 appointees within the 30 days, the Governor may proceed to appoint the proposed members to
30 the Board."

31 **SECTION 37.** G.S. 143B-417(1)aa. reads as rewritten:

32 "aa. ~~State Ethics Commission~~ State Board of Elections and Ethics
33 Enforcement".

34 **SECTION 38.** G.S. 143B-478(f) reads as rewritten:

35 "(f) The Commission shall be treated as a board for purposes of ~~Chapter 138A~~ Chapter
36 163A of the General Statutes."

37 **SECTION 39.** G.S. 147-64.6(c)(19) reads as rewritten:

38 "(19) Whenever the Auditor believes that information received or collected by the
39 Auditor may be evidence of a violation of any of the provisions of ~~Chapter~~
40 ~~138A of the General Statutes, Chapter 120C~~ Chapter 163A of the General
41 Statutes, or Article 14 of Chapter 120 of the General Statutes, the Auditor
42 shall report that information to the ~~State Ethics Commission~~ State Board of
43 Elections and Ethics Enforcement and the Secretary of State as appropriate.
44 The Auditor shall be bound by interpretations issued by the ~~State Ethics~~
45 ~~Commission~~ State Board of Elections and Ethics Enforcement as to whether
46 or not any information reported by the Auditor under this subdivision
47 involves or may involve a violation of ~~Chapter 138A of the General Statutes,~~
48 ~~Chapter 120C~~ Chapter 163A of the General Statutes, or Article 14 of Chapter
49 120 of the General Statutes. Nothing in this subdivision shall be construed to
50 limit the Auditor's authority under subdivision (1) of this subsection."

51 **SECTION 40.** G.S. 147-64.6(d) reads as rewritten:

1 "(d) Reports and Work Papers. – The Auditor shall maintain for 10 years a complete file
2 of all audit reports and reports of other examinations, investigations, surveys, and reviews
3 issued under the Auditor's authority. Audit work papers and other evidence and related
4 supportive material directly pertaining to the work of the Auditor's office shall be retained
5 according to an agreement between the Auditor and State Archives. To promote
6 intergovernmental cooperation and avoid unnecessary duplication of audit effort, and
7 notwithstanding the provisions of G.S. 126-24, pertinent work papers and other supportive
8 material related to issued audit reports may be, at the discretion of the Auditor and unless
9 otherwise prohibited by law, made available for inspection by duly authorized representatives
10 of the State and federal government who desire access to and inspection of such records in
11 connection with some matter officially before them, including criminal investigations.

12 Except as provided in this section, or upon an order issued in Wake County Superior Court
13 upon 10 days' notice and hearing finding that access is necessary to a proper administration of
14 justice, audit work papers and related supportive material shall be kept confidential, including
15 any interpretations, advisory opinions, or other information or materials furnished to or by the
16 ~~the State Ethics Commission~~State Board of Elections and Ethics Enforcement under this
17 section."

18 **SECTION 41.** G.S. 147-64.6B(b) reads as rewritten:

19 "(b) The Auditor shall investigate reports of allegations of improper governmental
20 activities of State agencies and State employees within the scope of authority set forth in
21 G.S. 147-64.6, including misappropriation, mismanagement, or waste of State resources, fraud,
22 violations of State or federal law, rule or regulation by State agencies or State employees
23 administering State or federal programs, and substantial and specific danger to the public health
24 and safety. When the allegation involves issues of substantial and specific danger to the public
25 health and safety, the Auditor shall notify the appropriate State agency immediately. When the
26 Auditor believes that an allegation of improper governmental activity is outside the authority
27 set forth in G.S. 147-64.6, the Auditor shall refer the allegation to the appropriate State agency
28 responsible for the enforcement or administration of the matter for investigation. When the
29 Auditor believes that an allegation of improper governmental activity involves matters set forth
30 in subdivisions (1), (2), or (3) of this subsection, those matters shall be referred as follows:

- 31 (1) Allegations of criminal misconduct to either the State Bureau of
32 Investigation or the District Attorney for the county where the alleged
33 misconduct occurred.
- 34 (2) Allegations of violations of ~~Chapter 138A, Chapter 120C, Chapter 163A~~ and
35 Article 14 of Chapter 120 of the General Statutes to the State ~~Ethics~~
36 ~~Commission~~Board of Elections and Ethics Enforcement.
- 37 (3) ~~Allegations of violations of Chapter 163 of the General Statutes to the State~~
38 ~~Board of Elections."~~

39 **SECTION 42.** G.S. 150B-1(c)(6) is repealed.

40 **SECTION 43.** G.S. 150B-1(d)(16) is repealed.

41 **SECTION 44.** G.S. 150B-38(a)(6) reads as rewritten:

42 "(6) The State Board of ~~Elections~~Elections and Ethics Enforcement~~in the~~
43 ~~administration of any investigation or audit under the provisions of Article~~
44 ~~22A of Chapter 163 of the General Statutes."~~

45 **SECTION 45.** G.S. 160A-480.3(h) reads as rewritten:

46 "(h) Any authority created under this Part shall be treated as a board for purposes of
47 ~~Chapter 138A~~Chapter 163A of the General Statutes."

48 **SECTION 46.** G.S. 163-108(a) reads as rewritten:

49 "(a) Within three days after the time for filing notices of candidacy with the State Board
50 of Elections and Ethics Enforcement under the provisions of G.S. 163-106(c) has expired, the
51 chairman or secretary of that Board shall certify to the Secretary of State and to the State Board

1 of Elections and Ethics Enforcement the name, address, and party affiliation of each person
2 who has filed with the State ~~Board of Elections, Board,~~ indicating in each instance the office
3 sought."

4 **SECTION 47.** G.S. 163-160(a1) reads as rewritten:

5 "(a1) Disclosure of Felony Conviction. – At the same time the candidate files notice of
6 candidacy under this section, the candidate shall file with the same office a statement
7 answering the following question: "Have you ever been convicted of a felony?" The State
8 Board of Elections and Ethics Enforcement shall adapt the notice of candidacy form to include
9 the statement required by this subsection. The form shall make clear that a felony conviction
10 need not be disclosed if the conviction was dismissed as a result of reversal on appeal or
11 resulted in a pardon of innocence or expungement. The form shall require a candidate who
12 answers "yes" to the question to provide the name of the offense, the date of conviction, the
13 date of the restoration of citizenship rights, and the county and state of conviction. The form
14 shall require the candidate to swear or affirm that the statements on the form are true, correct,
15 and complete to the best of the candidate's knowledge or belief. The form shall be available as a
16 public record in the office of the board of elections where the candidate files notice of
17 candidacy and shall contain an explanation that a prior felony conviction does not preclude
18 holding elective office if the candidate's rights of citizenship have been restored. This
19 subsection shall also apply to individuals who become candidates for election by the people
20 under G.S. 163-114, 163-122, 163-123, 163-98, 115C-37, 130A-50, Article 24 of Chapter 163
21 of the General Statutes, or any other statute or local act. Those individuals shall complete the
22 question at the time the documents are filed initiating their candidacy. The State Board of
23 Elections and Ethics Enforcement shall adapt those documents to include the statement
24 required by this subsection. If an individual does not complete the statement required by this
25 subsection, the board of elections accepting the filing shall notify the individual of the
26 omission, and the individual shall have 48 hours after notice to complete the statement. If the
27 individual does not complete the statement at the time of filing or within 48 hours after the
28 notice, the individual's filing is not complete, the individual's name shall not appear on the
29 ballot as a candidate, and votes for the individual shall not be counted. It is a Class I felony to
30 complete the form knowing that information as to felony conviction or restoration of
31 citizenship is untrue. This subsection shall not apply to candidates required by
32 ~~G.S. 138A-22(d)~~G.S. 163A-302(f) to file Statements of Economic Interest."

33 **SECTION 48.** G.S. 163-165.9A(b) reads as rewritten:

34 "(b) Penalties. – Willful violation of any of the duties in subsection (a) of this section is a
35 Class G felony. Substitution of source code into an operating voting system without notification
36 as provided by subdivision (a)(2) of this section is a Class I felony. In addition to any other
37 applicable penalties, violations of this section are subject to a civil penalty to be assessed by the
38 State Board of Elections and Ethics Enforcement in its discretion in an amount of up to one
39 hundred thousand dollars (\$100,000) per violation. A civil penalty assessed under this section
40 shall be subject to the provisions of ~~G.S. 163-278.34(e)~~G.S. 163A-4518(e)."

41 **SECTION 49.** G.S. 163-278 reads as rewritten:

42 **"§ 163-278. Duty of investigating and prosecuting violations of this Article.**

43 It shall be the duty of the State Board of Elections and Ethics Enforcement and the district
44 attorneys to investigate any violations of this Article, and the Board and district attorneys are
45 authorized and empowered to subpoena and compel the attendance of any person before them
46 for the purpose of making such investigation. The State Board of Elections and Ethics
47 Enforcement and the district attorneys are authorized to call upon the Attorney General to
48 furnish assistance by the State Bureau of Investigation in making the investigations of such
49 violations. The State Board of Elections and Ethics Enforcement shall furnish the district
50 attorney a copy of its investigation. The district attorney shall initiate prosecution and prosecute

1 any violations of this Article. The provisions of ~~G.S. 163-278.28~~G.S. 163A-4520 shall be
2 applicable to violations of this Article."

3 **SECTION 50.** G.S. 163-326 reads as rewritten:

4 "(a) Names of Candidates Sent to Secretary of ~~State~~State and State Board of Elections
5 and Ethics Enforcement.— Within three days after the time for filing notices of candidacy with
6 the State Board under the provisions of G.S. 163-323(b) has expired, the chairman or secretary
7 of that Board shall certify to the Secretary of State and the State Board of Elections and Ethics
8 Enforcement the name and address of each person who has filed with the State Board,
9 indicating in each instance the office sought."

10 **SECTION 51.** G.S. 163-19 is repealed.

11 **SECTION 52.** G.S. 163-20 is repealed.

12 **SECTION 53.** G.S. 163-21 is repealed.

13 **SECTION 54.(a)** G.S. 163-22 is recodified as G.S. 163A-1200, part of Article 12
14 of Chapter 163A of the General Statutes.

15 **SECTION 54.(b)** The Revisor of Statutes shall change the term "this Chapter" to
16 "this Subchapter" wherever it appears in G.S. 163-22.

17 **SECTION 54.(c)** The Revisor of Statutes shall change the term "Chapter 163" to
18 "this Subchapter" wherever it appears in G.S. 163-22.

19 **SECTION 55.(a)** G.S. 163-22.2 is recodified as G.S. 163A-1201, part of Article 12
20 of Chapter 163A of the General Statutes.

21 **SECTION 55.(b)** The Revisor of Statutes shall change the term "Chapter 163 of
22 the General Statutes" to "this Subchapter" wherever it appears in G.S. 163-22.2.

23 **SECTION 56.(a)** G.S. 163-22.3 is recodified as G.S. 163A-1202, part of Article 12
24 of Chapter 163A of the General Statutes.

25 **SECTION 56.(b)** The Revisor of Statutes shall change the term "Article 11 of this
26 Chapter" to "this Subchapter" wherever it appears in G.S. 163-22.3.

27 **SECTION 57.** G.S. 163-23 is repealed.

28 **SECTION 58.** G.S. 163-24 is recodified as G.S. 163A-1203, part of Article 12 of
29 Chapter 163A of the General Statutes.

30 **SECTION 59.(a)** G.S. 163-25, as amended by S.L. 2011-31, is recodified as
31 G.S. 163-1204, part of Article 12 of Chapter 163A of the General Statutes.

32 **SECTION 59.(b)** The Revisor of Statutes shall change the term "Chapter 163 of
33 the General Statutes" to "this Subchapter" wherever it appears in G.S. 163-25, as amended by
34 S.L. 2011-31.

35 **SECTION 60.** G.S. 163-26 is repealed.

36 **SECTION 61.** G.S. 163-27 is repealed.

37 **SECTION 62.(a)** G.S. 163-27.1 is recodified as G.S. 163A-1205, part of Article 12
38 of Chapter 163A of the General Statutes.

39 **SECTION 62.(b)** The Revisor of Statutes shall change the term "this Chapter" to
40 "this Subchapter" wherever it appears in G.S. 163-27.1.

41 **SECTION 63.** G.S. 163-28 is repealed.

42 **SECTION 64.(a)** Article 4 of Chapter 163 of the General Statutes is recodified as
43 Article 13 of Chapter 163A of the General Statutes.

44 **SECTION 64.(b)** The Revisor of Statutes shall change the term "this Chapter" to
45 "this Subchapter" wherever it appears in Article 4 of Chapter 163 of the General Statutes.

46 **SECTION 64.(c)** The Revisor of Statutes shall change the term "Articles 4, 5, and
47 20 of this Chapter" to "this Subchapter" wherever it appears in G.S. 163-33.1.

48 **SECTION 64.(d)** The Revisor of Statutes shall change the term "Article 11 of this
49 Chapter" to "this Subchapter" wherever it appears in G.S. 163-33.3.

50 **SECTION 65.(a)** Article 4A of Chapter 163 of the General Statutes is recodified as
51 Article 14 of Chapter 163A of the General Statutes.

1 **SECTION 65.(b)** The Revisor of Statutes shall change the term "Article 22A of
2 this Chapter" to "Subchapter IV of this Chapter" wherever it appears in G.S. 163-40.1.

3 **SECTION 66.(a)** Article 5 of Chapter 163 of the General Statutes is recodified as
4 Article 15 of Chapter 163A of the General Statutes.

5 **SECTION 66.(b)** The Revisor of Statutes shall change the term "this Chapter" to
6 "this Subchapter" wherever it appears in Article 5 of Chapter 163 of the General Statutes.

7 **SECTION 67.(a)** Article 6 of Chapter 163 of the General Statutes is recodified as
8 Article 16 of Chapter 163A of the General Statutes.

9 **SECTION 67.(b)** The Revisor of Statutes shall change the term "this Chapter" to
10 "this Subchapter" wherever it appears in Article 6 of Chapter 163 of the General Statutes.

11 **SECTION 68.(a)** Article 7A of Chapter 163 of the General Statutes is recodified as
12 Article 17 of Chapter 163A of the General Statutes.

13 **SECTION 68.(b)** The Revisor of Statutes shall change the term "this Chapter" to
14 "this Subchapter" wherever it appears in Article 7A of Chapter 163 of the General Statutes.

15 **SECTION 68.(c)** The Revisor of Statutes shall change the term "Article 8 of this
16 Chapter" to "this Subchapter" wherever it appears in G.S. 163-82.7 and G.S. 163-82.10B.

17 **SECTION 69.** Article 8 of Chapter 163 of the General Statutes is recodified as
18 Article 18 of Chapter 163A of the General Statutes.

19 **SECTION 70.** Article 8A of Chapter 163 of the General Statutes is recodified as
20 Article 19 of Chapter 163A of the General Statutes.

21 **SECTION 71.(a)** Article 9 of Chapter 163 of the General Statutes is recodified as
22 Article 20 of Chapter 163A of the General Statutes.

23 **SECTION 71.(b)** The Revisor of Statutes shall change the term "this Chapter" to
24 "this Subchapter" wherever it appears in G.S. 163-97.

25 **SECTION 72.(a)** Article 10 of Chapter 163 of the General Statutes is recodified as
26 Article 21 of Chapter 163A of the General Statutes.

27 **SECTION 72.(b)** The Revisor of Statutes shall change the term "this Chapter" to
28 "this Subchapter" wherever it appears in Article 10 of Chapter 163 of the General Statutes.

29 **SECTION 72.(c)** The Revisor of Statutes shall change the term "Article 11B of
30 this Chapter" to "Article 23 of this Chapter" wherever it appears in G.S. 163-106.

31 **SECTION 73.(a)** Article 11 of Chapter 163 of the General Statutes is recodified as
32 Article 22 of Chapter 163A of the General Statutes.

33 **SECTION 73.(b)** The Revisor of Statutes shall change the term "Article 14A of
34 this Chapter" to "this Subchapter" wherever it appears in G.S. 163-122.

35 **SECTION 73.(c)** The Revisor of Statutes shall change the term "Article 25 of this
36 Chapter" to "Article 37 of this Chapter" wherever it appears in G.S. 163-122.

37 **SECTION 73.(d)** The Revisor of Statutes shall change the term "Article 11B of
38 this Chapter" to "this Subchapter" wherever it appears in G.S. 163-122.

39 **SECTION 73.(e)** The Revisor of Statutes shall change the term "Subchapter IX of
40 Chapter 163 of the General Statutes" to "this Subchapter" wherever it appears in G.S. 163-122.

41 **SECTION 74.** Article 11B of Chapter 163 of the General Statutes is recodified as
42 Article 23 of Chapter 163A of the General Statutes.

43 **SECTION 75.(a)** Article 12 of Chapter 163 of the General Statutes is recodified as
44 Article 24 of Chapter 163A of the General Statutes.

45 **SECTION 75.(b)** The Revisor of Statutes shall change the term "Article 12A of
46 this Chapter" to "Article 25 of this Chapter" wherever it appears in Article 12 of Chapter 163 of
47 the General Statutes.

48 **SECTION 75.(c)** The Revisor of Statutes shall change the term "Article 5 of this
49 Chapter" to "Article 15 of this Chapter" wherever it appears in G.S. 163-130.2.

50 **SECTION 76.** Article 12A of Chapter 163 of the General Statutes is recodified as
51 Article 25 of Chapter 163A of the General Statutes.

1 **SECTION 77.(a)** Article 14A of Chapter 163 of the General Statutes is recodified
2 as Article 26 of Chapter 163A of the General Statutes.

3 **SECTION 77.(b)** The Revisor of Statutes shall change the term "this Chapter" to
4 "this Subchapter" wherever it appears in Article 14A of Chapter 163 of the General Statutes.

5 **SECTION 77.(c)** The Revisor of Statutes shall change the term "Article 15A of
6 this Chapter" to "Article 27 of this Chapter" wherever it appears in Article 14A of Chapter 163
7 of the General Statutes.

8 **SECTION 78.(a)** Article 15A of Chapter 163 of the General Statutes is recodified
9 as Article 27 of Chapter 163A of the General Statutes.

10 **SECTION 78.(b)** The Revisor of Statutes shall change the term "Article 14A of
11 this Chapter" to "Article 26 of this Chapter" wherever it appears in Article 15A of Chapter 163
12 of the General Statutes.

13 **SECTION 79.** Article 17 of Chapter 163 of the General Statutes is recodified as
14 Article 28 of Chapter 163A of the General Statutes.

15 **SECTION 80.(a)** Article 18 of Chapter 163 of the General Statutes is recodified as
16 Article 29 of Chapter 163A of the General Statutes.

17 **SECTION 80.(b)** The Revisor of Statutes shall change the term "this Chapter" to
18 "this Subchapter" wherever it appears in Article 18 of Chapter 163 of the General Statutes.

19 **SECTION 81.(a)** Article 18A of Chapter 163 of the General Statutes is recodified
20 as Article 30 of Chapter 163A of the General Statutes.

21 **SECTION 81.(b)** The Revisor of Statutes shall change the term "Article 9 of
22 Chapter 163 of the General Statutes" to "Article 20 of this Chapter" wherever it appears in
23 Article 14A of Chapter 163 of the General Statutes.

24 **SECTION 82.** Article 19 of Chapter 163 of the General Statutes is recodified as
25 Article 31 of Chapter 163A of the General Statutes.

26 **SECTION 83.(a)** Article 20 of Chapter 163 of the General Statutes is recodified as
27 Article 32 of Chapter 163A of the General Statutes.

28 **SECTION 83.(b)** The Revisor of Statutes shall change the term "Articles 20 and
29 21 of this" to "this Article and Article 33 of this Chapter" wherever it appears in Article 20 of
30 Chapter 163 of the General Statutes.

31 **SECTION 83.(c)** The Revisor of Statutes shall change the term "Article 20 of this
32 Chapter" to "this Article" wherever it appears in Article 20 of Chapter 163 of the General
33 Statutes.

34 **SECTION 83.(d)** The Revisor of Statutes shall change the term "Article 21 of this
35 Chapter" to "Article 33 of this Chapter" wherever it appears in Article 20 of Chapter 163 of the
36 General Statutes.

37 **SECTION 84.(a)** Article 21 of Chapter 163 of the General Statutes is recodified as
38 Article 33 of Chapter 163A of the General Statutes.

39 **SECTION 84.(b)** The Revisor of Statutes shall change the term "Article 20 of this
40 Chapter" to "Article 32 of this Chapter" wherever it appears in G.S. 163-246.

41 **SECTION 84.(c)** The Revisor of Statutes shall change the term "this Chapter" to
42 "this Subchapter" wherever it appears in Article 21 of Chapter 163 of the General Statutes.

43 **SECTION 84.(d)** The Revisor of Statutes shall change the term "Chapter 163 of
44 the General Statutes" to "this Subchapter" wherever it appears in Article 21 of Chapter 163 of
45 the General Statutes.

46 **SECTION 85.** G.S. 150B-1(c)(16) is repealed.

47 **SECTION 86.** The Revisor of Statutes shall change the terms "Commission,"
48 "Secretary of State," and "Secretary" to "State Board" wherever it appears in Chapter 163A of
49 the General Statutes, as enacted by this act.

1 **SECTION 87.** The Revisor of Statutes shall change the term "State Board of
2 Elections" to "State Board" wherever it appears in Chapter 163A of the General Statutes, as
3 enacted by this act.

4 **SECTION 88.** The Revisor of Statutes, in recodifying any statute or Article as
5 instructed in this act, shall also renumber and change internal cross-references in those statutes
6 and Articles accordingly.

7 **SECTION 89.** Any previous assignment of duties of a quasi-legislative or
8 quasi-judicial nature by the Governor or General Assembly to the agencies or functions
9 transferred by this act shall have continued validity with the transfer under this act. Except as
10 otherwise specifically provided in this act, each enumerated commission, board, or other
11 function of State government transferred to the State Board of Elections and Ethics
12 Enforcement, as created in this act, is a continuation of the former entity for purposes of
13 succession to all the rights, powers, duties, and obligations of the former. Where the former
14 entities are referred to by law, contract, or other document in their former name, the State
15 Board of Elections and Ethics Enforcement, as created in this act, is charged with exercising
16 the functions of the former named entity.

17 **SECTION 90.** No action or proceeding pending on January 1, 2014, brought by or
18 against the State Board of Elections regarding campaign finance, the State Ethics Commission,
19 or the Secretary of State regarding the lobbyist registration and lobbying enforcement of the
20 Secretary of State shall be affected by any provision of this act, but the same may be prosecuted
21 or defended in the name of the State Board of Elections and Ethics Enforcement, as created in
22 this act. In these actions and proceedings, the State Board of Elections and Ethics Enforcement
23 or its Executive Director, as appropriate, shall be substituted as a party upon proper application
24 to the courts or other administrative or quasi-judicial bodies.

25 Any business or other matter undertaken or commanded by any State program or
26 office or contract transferred by this act to the State Board of Elections and Ethics Enforcement
27 pertaining to or connected with the functions, powers, obligations, and duties set forth herein,
28 which is pending on January 1, 2014, may be conducted and completed by the State Board of
29 Elections and Ethics Enforcement in the same manner and under the same terms and conditions
30 and with the same effect as if conducted and completed by the original program, office, or
31 commissioners or directors thereof.

32 **SECTION 91.** Any previous assignment of duties of a quasi-legislative and
33 quasi-judicial nature by the Governor or General Assembly shall have continued validity with
34 the transfer under this act. Except as otherwise specifically provided in this act, each
35 enumerated commission, board, office, bureau, or other subunit of State government transferred
36 to the Secretary of Commerce and the Department of Commerce, Division of Employment
37 Security, is a continuation of the former entity for purposes of succession to all the rights,
38 powers, duties, and obligations of the former. Where the former entities are referred to by law,
39 contract, or other document in their former name, the Secretary of Commerce and the
40 Department of Commerce, Division of Employment Security, are charged with exercising the
41 functions of the former named entity.

42 **SECTION 92.** No action or proceeding pending on January 1, 2014, brought by or
43 against the Employment Security Commission shall be affected by any provision of this act, but
44 the same may be prosecuted or defended in the name of the Department of Commerce, Division
45 of Employment Security. In these actions and proceedings, the Secretary of Commerce or the
46 Department of Commerce shall be substituted as a party upon proper application to the courts
47 or other administrative or quasi-judicial bodies.

48 Any business or other matter undertaken or commanded by any State program or
49 office or contract transferred by this act to the Employment Safety and Security Commission,
50 or by the commissioners or directors thereof, pertaining to or connected with the functions,
51 powers, obligations, and duties set forth herein, which is pending on the date this act becomes

1 effective, may be conducted and completed by the Employment Safety and Security
2 Commission in the same manner and under the same terms and conditions and with the same
3 effect as if conducted and completed by the original program, office, or commissioners, or
4 directors thereof.

5 **SECTION 93.** The consolidation provided for under this act shall not affect any
6 ongoing investigation or audit. Any ongoing hearing or other proceeding before the State
7 Ethics Commission or State Board of Elections related to campaign finance on December 31,
8 2013, shall be transferred to the State Board of Elections and Ethics Enforcement, as created by
9 this act, on January 1, 2014. Prosecutions for offenses or violations committed before January
10 1, 2014, are not abated or affected by this act, and the statutes that would be applicable but for
11 this act remain applicable to those prosecutions.

12 **SECTION 94.** The State Board of Elections and Ethics Enforcement shall adopt all
13 existing rules, policies, procedures, or other guidance documents in accordance with Article 2A
14 of Chapter 150B of the General Statutes. Any existing rule, policy, procedure, or guidance
15 document that has not been readopted by December 31, 2014, shall expire. The list of covered
16 boards adopted by the State Ethics Commission under G.S. 163A-208 shall continue in effect
17 until amended or repealed by the State Board of Elections and Ethics Enforcement.

18 **SECTION 95.** Within six months of its initial appointment, the State Board of
19 Elections and Ethics Enforcement shall adopt rules consistent with this act regarding its
20 investigations and hearings. In the absence of such rules, the State Board of Elections and
21 Ethics Enforcement shall conduct its investigations and hearings to ensure fairness to the
22 parties and enforcement of the law consistent with this act.

23 **SECTION 96.** Any evaluation of a statement of economic interest issued by the
24 State Ethics Commission pursuant to Article 3 of Chapter 138A of the General Statutes in 2013
25 shall remain in effect until amended or repealed by the State Board of Elections and Ethics
26 Enforcement.

27 **SECTION 97.** The authority, powers, duties and functions, records, personnel,
28 property, and unexpended balances of appropriations, allocations, or other funds, including the
29 functions of budgeting and purchasing, of the State Ethics Commission are transferred to the
30 State Board of Elections and Ethics Enforcement, as created in Section 1 of this act. The
31 authority, powers, duties and functions, records, personnel, property, and unexpended balances
32 of appropriations, allocations, or other funds, including the functions of budgeting and
33 purchasing, of the State Board of Elections related to campaign finance are transferred to the
34 State Board of Elections and Ethics Enforcement, as created in Section 1 of this act. The
35 authority, powers, duties and functions, records, personnel, property, and unexpended balances
36 of appropriations, allocations, or other funds, including the functions of budgeting and
37 purchasing, of the lobbying registration and lobbying enforcement functions of the Secretary of
38 State are transferred to the State Board of Elections and Ethics Enforcement, as created in
39 Section 1 of this act. The Director of the Budget shall resolve any disputes arising out of this
40 transfer.

41 **SECTION 98.** Until such time as the State Board of Elections and Ethics
42 Enforcement appoints an Executive Director, the director under G.S. 163A-9 with the most
43 State service shall be acting Executive Director. The State Board of Elections and Ethics
44 Enforcement shall appoint an Executive Director on or before December 31, 2014.

45 **SECTION 99.** The State Ethics Commission is transferred to the State Board of
46 Elections and Ethics Enforcement, and the transfer shall have all the elements of a Type I
47 transfer under G.S. 143A-6.

48 **SECTION 100.** The functions of the State Board of Elections, including the staff
49 assigned to those functions on June 1, 2013, are transferred to the State Board of Elections and
50 Ethics Enforcement, and the transfers shall have all the elements of a Type I transfer under
51 G.S. 143A-6.

1 **SECTION 101.** The lobbying registration and lobbying enforcement functions of
2 the Secretary of State are transferred to the State Board of Elections and Ethics Enforcement,
3 and the transfers shall have all the elements of a Type I transfer under G.S. 143A-46.
4 Specifically, the following positions shall be transferred: Lobbying Compliance Director
5 (Position 60008800), Law Enforcement Agent (Position 60008806), Administrative Assistant II
6 (Position 60008801), Administrative Assistant II (Position 60008802), and Administrative
7 Assistant II (Position 60008803).

8 **SECTION 102.** The State Board of Elections and Ethics Enforcement shall report
9 to the Joint Legislative Elections Oversight Committee and the Legislative Ethics Committee
10 on or before April 1, 2014, and again on or before March 1, 2015, as to recommendations for
11 statutory changes necessary to further implement this consolidation.

12 **SECTION 103.** If any provision of this act or its application is held invalid, the
13 invalidity does not affect other provisions or applications of this act that can be given effect
14 without the invalid provisions or application, and to this end the provisions of this act are
15 severable.

16 **SECTION 104.** The act becomes effective January 1, 2014.