

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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**SENATE BILL 1**

Judiciary Committee Substitute Adopted 2/5/97  
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Short Title: Full Disclosure Act of 1997.

(Public)

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Sponsors:

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Referred to:

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February 3, 1997

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO CHANGE THE FILING SCHEDULE OF CAMPAIGN REPORTS; TO  
3 REQUIRE THE LISTING OF A CONTRIBUTOR'S PRINCIPAL OCCUPATION  
4 AND TO PROVIDE FOR A "BEST EFFORTS" RULE; TO REQUIRE THAT  
5 COORDINATED PARTY EXPENDITURES BE REPORTED; TO EXPAND  
6 REPORTING IN LOCAL ELECTIONS AND REFERENDA AND TO SET A  
7 THREE THOUSAND DOLLAR THRESHOLD FOR REPORTING GENERALLY;  
8 TO REQUIRE ELECTRONIC FILING OF CERTAIN CAMPAIGN REPORTS  
9 AND INTERNET ACCESS; TO PROVIDE FOR CIVIL PENALTIES FOR LATE  
10 FILING OF CAMPAIGN REPORTS; TO CLOSE THE SECOND PRIMARY  
11 LOOPHOLE FOR CONTRIBUTION LIMITS; TO REWRITE AND EXPAND THE  
12 LIMITS ON FUND-RAISING DURING LEGISLATIVE SESSIONS; TO PROVIDE  
13 FOR A TWO DOLLAR CHECKOFF FOR THE POLITICAL PARTIES  
14 FINANCING FUND AND TO CHANGE THE METHOD FOR DISTRIBUTING  
15 MONEY FROM THAT FUND; TO REQUIRE THE DISCLOSURE OF SPENDING

1 FOR MATERIAL THAT NAMES CANDIDATES, ELECTIONS, PARTIES, AND  
2 ISSUES; AND TO DISCLOSE THE FLOW OF MONEY THROUGH NORTH  
3 CAROLINA AND NATIONAL POLITICAL ORGANIZATIONS.

4 The General Assembly of North Carolina enacts:

5 – QUARTERLY AND SEMIANNUAL REPORTING.

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

7 "(a) The Except as provided in G.S. 163-278.10A, the treasurer of each candidate  
8 and of each political committee shall file under verification with the Board the following  
9 reports:

10 (1) Organizational Report. – The appointment of the treasurer as required  
11 by G.S. 163-278.7(a), the statement of organization required by G.S.  
12 163-278.7(b), and a report of all contributions and expenditures not  
13 previously reported shall be filed with the Board no later than the tenth  
14 day following the day the candidate files his notice of candidacy or the  
15 tenth day following the organization of the political committee,  
16 whichever occurs first. Any candidate whose campaign is being  
17 conducted by a political committee which is handling all contributions  
18 and expenditures for his campaign shall file a statement with the Board  
19 stating such fact at the time required herein for the organizational report.  
20 Thereafter, the candidate's political committee shall be responsible for  
21 filing all reports required by law.

22 (2) Preprimary Report. – The treasurer shall file a report with the Board no  
23 later than the tenth day preceding the primary election. A candidate who  
24 is not on the ballot in the primary and who has filed a first quarter report  
25 pursuant to subdivision (5a) of this subsection shall not be required to  
26 file a separate preprimary report under this subdivision.

27 (3) ~~Postprimary Report(s). – The treasurer shall file a report with the Board~~  
28 ~~no later than the 30th day after the primary election if the candidate was~~  
29 ~~eliminated in the primary. If there is a second primary, the treasurer~~  
30 ~~shall file a report with the Board no later than the 30th day after the~~  
31 ~~second primary election if the candidate was eliminated in the second~~  
32 ~~primary.~~

33 (4) ~~Preelection Report. – The treasurer shall file a report with the Board not~~  
34 ~~later than the tenth day preceding the general election.~~

35 (5) ~~Repealed by Session Laws 1985, c. 164, s. 1.~~

36 (5a) Quarterly Reports. – During even-numbered years during which there is  
37 an election for that candidate or in which the campaign committee is  
38 supporting a candidate, the treasurer shall file a report by mailing or  
39 otherwise delivering it to the Board no later than seven working days  
40 after the end of each calendar quarter covering the prior calendar  
41 quarter, except that the report for the third quarter shall also cover the  
42 period in October through the seventeenth day before the election, the  
43 third quarter report shall be due seven days after that date, and the

1 fourth quarter report shall not include that period if a third quarter report  
2 was required to be filed.

- 3 (6) ~~Annual—Semiannual Reports.~~ – If contributions are received or  
4 expenditures made ~~during a calendar year,~~ for which no reports are  
5 otherwise required by this Article, any and all such contributions and  
6 expenditures shall be reported by the last Friday in ~~January—July,~~  
7 covering the period through the last day of June, and shall be reported  
8 by the last Friday in January, covering the period through the last day of  
9 December. of the following year."

10 (b) This section becomes effective January 1, 1998.

11 –DONOR'S PRINCIPAL OCCUPATION; BEST EFFORTS RULE.

12 Section 2. (a) G.S. 163-278.11(a)(1) reads as rewritten:

- 13 "(1) Contributions. – A list of all contributions required to be listed under  
14 G.S. 163-278.8 received by or on behalf of a candidate, political  
15 committee, or referendum committee. The statement shall list the name  
16 and complete mailing address of each contributor, the amount  
17 contributed, the principal occupation of the donor, and the date such  
18 contribution was received. The total sum of all contributions to date  
19 shall be plainly exhibited. Forms for required reports shall be prescribed  
20 by the Board. The State Board of Elections shall prepare a schedule of  
21 occupational classifications, adapting as it deems suitable the  
22 occupational classifications of the Internal Revenue Code and  
23 equivalent classifications of the Office of State Personnel. In reporting  
24 the occupation of a contributor, the treasurer shall use the classifications  
25 prepared by the State Board."

26 (b) G.S. 163-278.11 is amended by adding a new subsection to read:

27 "(c) Best Efforts. – When a treasurer shows that best efforts have been used to  
28 obtain, maintain, and submit the information required by this Article for the candidate or  
29 political committee, any report of that candidate or committee shall be considered in  
30 compliance with this Article. The State Board of Elections shall promulgate rules that  
31 specify what are 'best efforts' for purposes of this Article, adapting as it deems suitable  
32 the provisions of 11 C.F.R. § 104.7. The rules shall include the provision that if the  
33 treasurer, after complying with the rules, does not know the occupation of the contributor,  
34 it shall suffice for the treasurer to report 'unable to obtain'."

35 (c) This section becomes effective February 1, 1998, and applies to all reports due  
36 on or after that date.

37 – REPORTING OF COORDINATED EXPENDITURES.

38 Section 3. (a) G.S. 163-278.11(b) reads as rewritten:

39 "(b) Statements shall reflect anything of value paid for or contributed by any person  
40 or individual, both as a contribution and expenditure. If a political party executive  
41 committee makes an expenditure that benefits a candidate or group of candidates, that  
42 political party executive committee shall report that expenditure, together with the date,  
43 amount, and purpose of any such expenditure as well as the name of and office sought by

1 any candidate or candidates on whose behalf the expenditure was made. A candidate who  
2 benefits from that expenditure shall report that expenditure or the proportionate share of  
3 the expenditure that benefitted that candidate as an in-kind contribution if the candidate  
4 or the candidate's committee has coordinated with the political party executive committee  
5 concerning the expenditure."

6 (b) This section becomes effective February 1, 1998, and applies to reports due  
7 on and after that date.

8 – EXPANDED REPORTING IN LOCAL ELECTIONS AND REFERENDA; \$3,000  
9 THRESHOLD FOR ALL REPORTING.

10 Section 4. (a) G.S. 163-278.6(1) reads as rewritten:

11 "(1) The term 'board' means the State Board of Elections with respect to all  
12 candidates for State and multi-county district offices and the county or  
13 municipal board of elections with respect to all candidates for single-  
14 county district, county and municipal offices. The term means the State  
15 Board of Elections with respect to all statewide ~~referenda~~ referenda and  
16 the county or municipal board of elections conducting all local  
17 referenda."

18 (b) G.S. 163-278.6(18) reads as rewritten:

19 "(18) The term 'public office' means any office filled by election by the people  
20 on a statewide, county, municipal or district basis, and this Article shall  
21 be applicable to such elective offices whether the election therefor is  
22 partisan or ~~nonpartisan, provided candidates for municipal and county offices~~  
23 ~~in those municipalities and counties having less than 50,000 population,~~  
24 ~~according to the most recent decennial census figures, shall not be required to~~  
25 ~~file reports required by this Article, but this Article shall otherwise be~~  
26 ~~applicable to such candidates for municipal and county offices.~~ nonpartisan."

27 (c) G.S. 163-278.6(18a) reads as rewritten:

28 "(18a) The term 'referendum' means any question, issue, or act referred to a  
29 vote of the people of the entire State by the General Assembly  
30 Assembly, a unit of local government, or by the people under any  
31 applicable local act and includes constitutional amendments and State  
32 bond issues. The term 'referendum' ~~does not include~~ includes any type of  
33 municipal, county, or special district referendum."

34 (d) G.S. 163-278.40(2) reads as rewritten:

35 "(2) The term 'city' means any incorporated city, town, or ~~village with a~~  
36 ~~population of 50,000 or over, according to the most recent decennial~~  
37 ~~federal census.~~ village."

38 (e) G.S. 163-278.10A reads as rewritten:

39 **"§ 163-278.10A. Threshold of ~~\$1,000.00~~ \$3,000 for Financial Reports.**

40 (a) Notwithstanding any other provision of this Chapter, a candidate shall be  
41 exempted from the reports of contributions, loans, and expenditures required in G.S. 163-  
42 278.9(a), 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E if to further his  
43 campaign that candidate:

- 1 (1) Does not receive more than ~~one~~three thousand dollars (~~\$1,000.00~~)  
2 (\$3,000) in contributions, and  
3 (2) Does not receive more than ~~one~~three thousand dollars (~~\$1,000.00~~)  
4 (\$3,000) in loans, and  
5 (3) Does not spend more than ~~one~~three thousand dollars (~~\$1,000.00~~)  
6 (\$3,000).

7 To qualify for the exemption from those reports, the candidate's treasurer shall file a  
8 certification under oath that he does not intend to receive in contributions or loans or  
9 expend more than ~~one~~three thousand dollars (~~\$1,000.00~~) (\$3,000) to further his campaign.  
10 The certification shall be filed with the Board at the same time the candidate files his  
11 Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-  
12 278.40A. If the candidate's campaign is being conducted by a political committee which  
13 is handling all contributions, loans, and expenditures for his campaign, the treasurer of  
14 the political committee shall file a certification of intent to stay within the threshold  
15 amount. If the intent to stay within the threshold changes, or if the ~~\$1,000~~three thousand  
16 dollars (\$3,000) threshold is exceeded, the treasurer shall immediately notify the Board  
17 and shall be responsible for filing all reports required in G.S. 163-278.9 and 163-  
18 278.40B, 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution,  
19 loan, or expenditure which would have been required to be reported on an earlier report  
20 but for this section shall be included on the next report required after the intent changes  
21 or the threshold is exceeded.

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

27 (f) This section applies to primaries, elections, and referenda beginning in  
28 1998.

29 – ELECTRONIC REPORTING.

30 Section 5. (a) G.S. 163-278.9 is amended by adding a new subsection to read:

31 "(j) Treasurers for the following entities shall file any report required by this  
32 section electronically, according to rules which shall be promulgated by the State Board  
33 of Elections:

- 34 (1) Candidates for statewide office;  
35 (2) The State, district, county, and precinct executive committees of  
36 political parties;  
37 (3) Political committees that make contributions in excess of ten thousand  
38 dollars (\$10,000) to candidates for statewide office or make independent  
39 expenditures in excess of ten thousand dollars (\$10,000) that affect  
40 contests for statewide office,

41 if the report shows in excess of ten thousand dollars (\$10,000) in contributions, in  
42 expenditures, or in loans."

43 (b) This section applies to reports to be filed in 1998.

1 – INTERNET ACCESS.

2 Section 6. The State Board of Elections shall provide full access to the public  
3 of campaign finance reports over the Internet as soon as technically feasible.

4 – CIVIL PENALTIES FOR LATE FILING.

5 Section 7. (a) G.S. 163-278.34 reads as rewritten:

6 **"§ 163-278.34. Filings; penalty for late filings.**

7 (a) ~~All~~ Except as provided in G.S. 163-278.9, all reports, statements or other  
8 documents required by this Article to be filed with the Board shall be filed either by  
9 manual delivery to or by ~~certified or registered~~ mail addressed to the Board. Timely filing  
10 shall be complete if postmarked on the day the reports, statements or other documents are  
11 to be delivered to the Board. If a report, statement or other document is not filed within  
12 the time required by this Article, then the individual, person, media, candidate, political  
13 committee, referendum committee or treasurer responsible for filing shall pay to the State  
14 Board of Elections election enforcement costs and a civil late penalty of twenty dollars  
15 (\$20.00) per day for each day the filing is late not to exceed five days. as follows:

- 16 (1) Two hundred fifty dollars (\$250.00) per day for each day the filing is  
17 late for a report that affects statewide elections, not to exceed a total of  
18 ten thousand dollars (\$10,000); and  
19 (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report  
20 that affects only nonstatewide elections, not to exceed a total of five  
21 hundred dollars (\$500.00).

22 The State Board shall immediately notify, or cause to be notified, late filers, from which  
23 reports are apparently due, by registered or certified mail, return receipt requested, of the  
24 penalties under this section. If the penalty has not been paid to or the report has not been filed  
25 with the Board within five days after receipt of the notification, then the Board shall report the  
26 late filing or failure to file to the appropriate district attorney who shall indict and prosecute the  
27 offender as required in G.S. 163-278.27. No criminal penalty shall be imposed if the penalty  
28 required by this section is paid and the delinquent report is filed within five days after  
29 notification by the Board.

30 (a1) The State Board shall calculate and assess the amount of the civil penalty due  
31 under subsection (a) of this section and shall notify the person who is assessed the civil  
32 penalty of the amount of the penalty. The notice of assessment shall be served by any  
33 means authorized under G.S. 1A-1, Rule 4, and shall direct the violator either to pay the  
34 assessment or to contest the assessment within 30 days by filing a petition for a contested  
35 case under Article 3 of Chapter 150B of the General Statutes. If a violator does not pay a  
36 civil penalty assessed by the Board within 30 days after it is due, the Board shall request  
37 the Attorney General to institute a civil action to recover the amount of the assessment.  
38 The civil action may be brought in the superior court of any county where the report was  
39 due to be filed or any county where the violator resides or maintains an office. A civil  
40 action must be filed within three years of the date the assessment was due. An assessment  
41 that is not contested is due when the violator is served with a notice of assessment. An  
42 assessment that is contested is due at the conclusion of the administrative and judicial  
43 review of the assessment. Consistent with G.S. 115C-437, the State Controller shall pay

1 the clear proceeds of civil penalties collected under this section to the County School  
2 Fund in the county in which the person charged with the violation resides. The State  
3 Controller shall reduce the monies collected by the enforcement costs and the collection  
4 costs to determine the clear proceeds payable to the County School Fund. Monies set  
5 aside for the costs of enforcement and the costs of collection shall be credited to accounts  
6 of the State Board of Elections.

7 (b) ~~When a report, statement or other document, required by this Article is not~~  
8 ~~apparently due (i.e., media, inactive candidate, individual, no organizational report filed,~~  
9 ~~supplementary final report or annual report), the Board shall notify, as set forth above,~~  
10 ~~the person or persons responsible for filing if information is presented indicating that the~~  
11 ~~report, statement, or other document was in fact due. No criminal penalties shall be~~  
12 ~~imposed if the late penalty is paid and the delinquent report is filed within five days after~~  
13 ~~notification. The State Board of Elections may waive a late penalty where it determines~~  
14 ~~there is reasonable cause."~~

15 (b) G.S. 163-278.6 is amended by adding a new subdivision to read:

16 "(7a) The term 'costs of collection' means monies spent by the State Board of  
17 Elections in the collection of the penalties levied pursuant to provisions  
18 in this Article to the extent the costs do not constitute more than fifty  
19 percent (50%) of the civil penalty. The costs shall be presumed to be ten  
20 percent (10%) of the civil penalty unless otherwise determined by the  
21 State Board of Elections based on the records of expenses incurred by  
22 the State Board of Elections for its collection procedures."

23 (c) G.S. 163-278.6 is amended by adding a new subdivision to read:

24 "(7b) The term 'day' means calendar day."

25 (d) G.S. 163-278.6 is amended by adding a new subdivision to read:

26 "(8a) The term 'enforcement costs' means salaries, overhead, and other  
27 monies spent by the State Board of Elections in the enforcement of the  
28 penalties provisions of this Article, including the costs of investigators,  
29 attorneys, travel costs for State Board employees and its attorneys, to  
30 the extent the costs do not constitute more than fifty percent (50%) of  
31 the sum levied for the enforcement costs and civil late penalty."

32 (e) G.S. 163-278.22 is amended by adding a new subdivision to read:

33 "(14) To calculate, assess, and collect civil penalties pursuant to this Article."

34 (f) This section becomes effective January 1, 1998, and applies to all reports  
35 due on or after that date.

36 –CLOSE THE LOOPHOLE FOR SECOND PRIMARIES.

37 Section 8. (a) G.S. 163-278.13(d) reads as rewritten:

38 "(d) For the purposes of this section, the term 'an election' means any  
39 primary, second primary, or general election in which the candidate or political  
40 committee may be involved, without regard to whether the candidate is opposed or  
41 unopposed in the ~~election~~-election, except that where a candidate is not on the ballot in a  
42 second primary, that second primary is not 'an election' with respect to that candidate."

1 (b) This section becomes effective January 1, 1998, and applies to all elections  
2 occurring on or after that date.

3 – FUND-RAISING IN SESSION.

4 Section 9. (a) G.S. 163-278.13A is repealed.

5 (b) Article 22A of the General Statutes is amended by adding a new section to  
6 read:

7 **"§ 163-278.13B. Limitation on fund-raising during legislative session.**

8 (a) Definitions. – For purposes of this section:

9 (1) 'Limited contributor' means a lobbyist registered pursuant to Article 9A  
10 of Chapter 120 of the General Statutes, that lobbyist's agent, or a  
11 political committee that employs or contracts with or whose parent  
12 entity employs or contracts with a lobbyist registered pursuant to Article  
13 9A of Chapter 120 of the General Statutes.

14 (2) 'Limited contributee' means a member of or candidate for the Council of  
15 State, a member of or candidate for the General Assembly, a political  
16 committee the purpose of which is to assist a member or members of or  
17 candidate or candidates for the Council of State or General Assembly.

18 (3) The General Assembly is in 'regular session' from the date set by law or  
19 resolution that the General Assembly convenes until the General  
20 Assembly either adjourns sine die or recesses or adjourns for more than  
21 10 days.

22 (4) A contribution is 'made' during regular session if the check or other  
23 instrument is dated during the session, or if the check or other  
24 instrument is delivered to the limited contributee during session, or if  
25 the limited contributor pledges during the session to deliver the check or  
26 other instrument at a later time.

27 (5) A contribution is 'accepted' during regular session if the check or other  
28 instrument is dated during the session, or if the limited contributee  
29 receives the check or other instrument during session and does not  
30 return it within 10 days, or agrees during session to receive the check or  
31 other instrument at a later time.

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

34 (1) Solicit a contribution from a limited contributor to be made to that  
35 limited contributee or to be made to any other candidate, officeholder,  
36 or political committee; or

37 (2) Solicit a third party, requesting or directing that the third party directly  
38 or indirectly relay to the prohibited contributor the prohibited  
39 contributee's solicitation of a contribution.

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

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



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

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

7           (4) No limited contributee shall accept a contribution from a limited  
8           contributor.

9           (d) Prosecution. – A violation of this section is a Class 2 misdemeanor."

10           (c) This section becomes effective January 1, 1998, and applies to all  
11 contributions solicited, made, or accepted on or after that date.

12 – \$2 CHECKOFF FOR POLITICAL PARTIES FINANCING FUND AND CHANGE  
13 IN THE METHOD OF DISTRIBUTING MONEY FROM THAT FUND.

14           Section 10. (a) G.S. 105-159.1(a) reads as rewritten:

15           "(a) Every individual whose income tax liability for the taxable year is ~~one dollar~~  
16 ~~(\$1.00)~~ two dollars (\$2.00) or more may designate on his or her income tax return that ~~one~~  
17 ~~dollar (\$1.00)~~ two dollars (\$2.00) of the tax shall be credited to the North Carolina  
18 Political Parties Financing ~~Fund.~~ Fund for the use of the political party designated by the  
19 taxpayer. In the case of a married couple filing a joint return whose income tax liability  
20 for the taxable year is ~~two dollars (\$2.00)~~ four dollars (\$4.00) or more, each spouse may  
21 designate on the income tax return that ~~one dollar (\$1.00)~~ two dollars (\$2.00) of the tax  
22 shall be credited to the North Carolina Political Parties Financing ~~Fund.~~ Fund for the use  
23 of the political party designated by the taxpayer. Amounts credited to the Fund shall be  
24 allocated among the political parties according to the designation of the taxpayer. Where  
25 any taxpayer elects to designate but does not specify a particular political party, those  
26 funds shall be distributed among the political parties on a pro rata basis according to their  
27 respective party voter registrations as determined by the most recent certification of the  
28 State Board of Elections. As used in this section, the term 'political party' means one of  
29 the following that has at least one percent (1%) of the total number of registered voters in  
30 the State:

31           (1) A political party that at the last preceding general State election received  
32 at least ten percent (10%) of the entire vote cast in the State for  
33 Governor or for presidential electors.

34           (2) A group of voters who by July 1 of the preceding calendar year, by  
35 virtue of a petition as a new political party, had duly qualified as a new  
36 political party within the meaning of Chapter 163 of the General  
37 Statutes."

38           (b) This section becomes effective with respect to the 1997 taxable year and  
39 subsequent taxable years.

40 –DISCLOSURE OF SPENDING FOR MATERIAL THAT NAMES CANDIDATES,  
41 ELECTIONS, PARTIES, AND ISSUES.

42           Section 11. (a) G.S. 163-278.12 is repealed.

1 (b) Article 22A of Chapter 163 of the General Statutes is amended by adding a  
2 new section to read:

3 "§ 163-278.12A. Disclosure of spending for material that names elections,  
4 candidates, parties, elected officials, and referendum issues.

5 (a) General Duty to Report. – Any individual, person, political committee, or other  
6 entity that makes an expenditure for printed materials or advertisements broadcast or  
7 distributed to anyone other than members of the entity shall report those expenditures in  
8 accordance with subsection (b) of this section if a candidate, elected official, political  
9 party, public office, referendum issue, or election is named in the printed material or  
10 advertisement.

11 (b) Procedures for Reporting; Exceptions. – Any political committee otherwise  
12 required by this Article to file reports with a board of elections shall include any  
13 expenditure described in subsection (a) of this section on those reports. Any entity not  
14 otherwise required by this Article to file reports shall report expenditures described in  
15 subsection (a) of this section to the State Board of Elections within 10 days after the  
16 aggregate expenditure has reached the threshold amount set for candidates and political  
17 party committees in G.S. 163-278.10A. After the initial report, each entity shall report  
18 subsequent expenditure described in subsection (a) of this section according to the  
19 schedule set out in G.S. 163-278.9(a), G.S. 163-278.9A(a), or Part 2 of this Article,  
20 whichever is appropriate. Individuals who incur expenses with respect to referendum  
21 issues are not subject to the disclosure requirements of this section.

22 (c) Applicability of Labeling Requirements. – Persons shall be subject to the  
23 labeling provisions of G.S. 163-278.16(f) for any advertising in the media, as defined by  
24 that subsection, if that advertising is subject to subsection (a) of this section.

25 (d) Definition. – For the purpose of this section, the term 'expenditure' means any  
26 purchase, advance, conveyance, deposit, distribution, transfer of funds, loans, payment,  
27 gift, pledge, or subscription of money or anything of value whatsoever, whether or not  
28 made in an election year, and any contract, agreement, promise, or other obligation,  
29 whether or not legally enforceable. An individual or entity is deemed to have made an  
30 expenditure for printed materials or advertisements if that individual or entity has agreed  
31 to compensate another individual or entity for purchasing such materials or  
32 advertisements."

33 (c) This section becomes effective December 1, 1997.

34 –DISCLOSING THE FLOW OF MONEY THROUGH NORTH CAROLINA AND  
35 NATIONAL POLITICAL ORGANIZATIONS.

36 Section 12. (a) G.S. 163-278.9(a) is amended by adding a new subdivision to read:

37 "(4a) 48-Hour Report. – Any political committee or political party which  
38 receives a contribution or transfer of funds from any political  
39 committee shall make disclosure within 48 hours of receipt of a  
40 contribution or transfer of one thousand dollars (\$1,000) or more  
41 received after the last preelection report but before an election. The  
42 disclosure shall be by report to the State Board of Elections  
43 identifying the source and amount of such funds. The State Board of

1           Elections shall specify the form and manner of making the report.  
2           For purposes of this subdivision, 'political committee' means a  
3           combination of two or more individuals, or any person, committee,  
4           association, or organization, the primary or incidental purpose of  
5           which is to support or oppose any candidate or political party or to  
6           influence or attempt to influence the result of an election or which  
7           accepts contributions or makes expenditures for the purpose of  
8           influencing or attempting to influence the nomination or election of  
9           any candidate at any election, or which receives contributions to  
10           repay loans or cover a deficit. The term includes, without limitation,  
11           any political party's State, county, or district executive committee  
12           and includes out-of-state political committees."

13       (b) G.S. 163-278.9A(a) is amended by adding a new subdivision to read:

14           "(2a) 48-Hour Report. – Any referendum committee which receives a  
15           contribution or transfer of funds from any political committee shall  
16           make disclosure within 48 hours of receipt of a contribution or  
17           transfer of one thousand dollars (\$1,000) or more received after the  
18           last preelection report but before an election. The disclosure shall be  
19           by report to the State Board of Elections identifying the source and  
20           amount of such funds. The State Board of Elections shall specify the  
21           form and manner of making the report. For purposes of this  
22           subdivision, 'political committee' means a combination of two or  
23           more individuals, or any person, committee, association, or  
24           organization, the primary or incidental purpose of which is to  
25           support or oppose any candidate or political party or to influence or  
26           attempt to influence the result of an election or which accepts  
27           contributions or makes expenditures for the purpose of influencing  
28           or attempting to influence the nomination or election of any  
29           candidate at any election, or which receives contributions to repay  
30           loans or cover a deficit. The term includes, without limitation, any  
31           political party's State, county, or district executive committee and  
32           includes out-of-state political committees."

33       (c) This section becomes effective December 1, 1997.

34           Section 13. The provisions of this act are severable. If any provision is held  
35           invalid by a court of competent jurisdiction, the invalidity does not affect other provisions  
36           of the act that can be given effect without the invalid provision.

37           Section 14. This act is effective when it becomes law. Prosecutions for, or  
38           sentences based on, offenses occurring before the relevant effective date in this act are  
39           not abated or affected by this act, and the statutes that would be applicable to those  
40           prosecutions or sentences but for the provisions of this act remain applicable to those  
41           prosecutions or sentences.