

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 8  
Judiciary I Committee Substitute Adopted 4/24/01

Short Title: Restrict National Soft Money.

(Public)

Sponsors:

Referred to:

January 25, 2001

A BILL TO BE ENTITLED

AN ACT TO RESTRICT THE FLOW OF NATIONAL PARTY POLITICAL CONTRIBUTIONS INTO NORTH CAROLINA CAMPAIGNS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 163-278.7A reads as rewritten:

"§ 163-278.7A. **Gifts from federal political committees.**

(a) Purpose. – The purpose of this section is to protect the integrity of North Carolina's election process and to mitigate against the appearance or reality of corruption by regulating contributions to North Carolina candidates, political committees, and parties from non-North Carolina political parties and committees. The public has grown increasingly concerned about the influence on North Carolina elections of national 'soft money' - contributions given in unlimited amounts from almost any source, including sources barred from giving in North Carolina. Such funds pose a multiple threat in that they allow the circumvention of North Carolina contribution limits, the infusion of money made possible by contributions from banned sources, the encouragement of money swapping between candidates, parties or other entities, the blurring of accountability between original contributor and ultimate recipient, and the use of money meant for generic party-building activities to promote instead the success of specific candidates. While preserving a way for the national parties to contribute to North Carolina affiliates through their federal or 'hard money' accounts, the General Assembly finds it necessary to provide for strict and rigorous regulation of the flow and use of nonfederal or 'soft' money.

(b) Federal Committee Contributions Permitted. – It shall be permissible for a federal political committee, as defined by organized and subject to contribution limitations provided under the Federal Election Campaign Act and regulations adopted pursuant thereto, to make contributions to a North Carolina candidate or political committee registered under this Article with the State Board of Elections or a county board of elections, provided that the contributing committee: committee complies with all of the following provisions:

- 1 (1) Is registered with the State Board of Elections consistent with the  
2 provisions of this ~~Article~~; Article.
- 3 (2) Complies with reporting requirements specified by the State Board of  
4 ~~Elections~~; Elections.
- 5 (3) Makes its contributions within the limits specified in this ~~Article~~;  
6 Article.
- 7 (4) Appoints an assistant or deputy treasurer who is a resident of North  
8 Carolina and stipulates to the State Board of Elections that the  
9 designated in-State resident assistant or deputy treasurer shall be  
10 authorized to produce whatever records reflecting political activity in  
11 North Carolina the State Board of Elections deems ~~necessary~~-  
12 necessary.
- 13 (5) Is permitted to make direct contributions to candidates for federal  
14 elective office.

15 (c) Contributions From National Political Parties Restricted. – Except as  
16 provided in subsection (b) or (d) of this section, no contribution shall be made to any  
17 candidate, political committee, or political party by any unit of a national political party,  
18 nor shall any candidate, political committee, or political party accept any contribution  
19 from any unit of a national political party, except as permitted in subsection (b) or (d) of  
20 this section.

21 (d) Non-Federal Committee Contributions Permitted to State Parties Only for  
22 Non-Candidate Activities. – A national political party may contribute to the State  
23 executive committee of a political party, and that committee may accept the  
24 contribution from a non federal committee, account, or unit not permitted to make direct  
25 contributions to a candidate for federal elective office, but only according to the  
26 provisions of this subsection. That contribution is permitted only if it meets all the  
27 following conditions:

- 28 (1) The contribution of the national party shall be drawn from a separate  
29 segregated account into which no contributions are commingled which  
30 would violate the requirements of G.S. 163-278.19 if solicited,  
31 accepted, or contributed under North Carolina law.
- 32 (2) The State party executive committee receiving the national party's  
33 contribution places it in a separate segregated account and does not  
34 transfer, deposit, or commingle the contribution with other funds of the  
35 State party executive committee, except that those funds may be  
36 transferred and used for rent or mortgage payments, salaries, employee  
37 benefits, utilities, telephones, office equipment, and similar direct  
38 administrative expenses of a State political party only, provided that no  
39 such administrative expense can be directly attributable to any one  
40 candidate. The State party executive committee shall not transfer any  
41 of those funds to a party committee in another State or to a national  
42 party committee, except to refund all or a portion of the money  
43 received from any donor to that donor.

1           (3) The State party executive committee receiving the contribution shall  
2 expend from that separate segregated fund only for noncandidate party  
3 activities. As used in this section, the term noncandidate party  
4 activities' means activities that support the general operations of the  
5 party or promote the interests of the party, but do not include any of  
6 the following:

7           a. Contributions to candidates or political committees.

8           b. Expenditures to support or oppose the nomination or election of  
9 a clearly identified candidate or candidates.

10          c. Communications to any entity other than individuals affiliated  
11 by voter registration with the party, provided that the term  
12 'noncandidate party activities' does include communications  
13 exhorting individuals to register to vote as long as the  
14 communication does not clearly refer to a candidate or  
15 candidates.

16          (e) Rules by State Board of Elections. – The State Board of Elections shall adopt  
17 rules or issue opinions for transfers and expenditures pursuant to this section. Every  
18 entity making or receiving transfers or expenditures covered by this section shall abide  
19 by those rules. The State Board shall include in those rules all of the following:

20           (1) Accounting and record-keeping procedures to ensure that North  
21 Carolina law is not violated.

22           (2) A detailed definition of non candidate party activities' consistent with  
23 subdivision (d)(3) of this section. In writing that definition, the State  
24 Board may be guided by the corresponding regulations adopted  
25 pursuant to the Federal Election Campaign Act, but the State Board  
26 may promulgate rules more restrictive than those federal regulations.

27           (3) Registration and reporting requirements.

28          (f) No Independent Expenditure From Non-Federal Committee. – No  
29 independent expenditure shall be made from a nonfederal committee, account, or unit of  
30 a national political party."

31          **SECTION 2.** G.S. 163-278.13(e) reads as rewritten:

32          "(e) This section shall not apply to any ~~national~~, State, district or county executive  
33 committee of any political ~~party~~. party in North Carolina. For the purposes of this  
34 section only, the term 'political party' means only those political parties officially  
35 recognized under G.S. ~~163-96~~. 163-96 and organized in North Carolina. Except for a  
36 national political party entity subject to G.S. 163-278.7A, no political party entity that is  
37 not organized in North Carolina under G.S. 163-96 shall make any contribution to any  
38 candidate, political committee, referendum committee, or political party entity, nor shall  
39 any candidate, political committee, referendum committee, or political party entity  
40 solicit or accept any contribution from a political party entity not organized in North  
41 Carolina under G.S. 163-96."

42          **SECTION 3.** This act is effective when it becomes law.