

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH80489-RR-61 (02/22)

Short Title: Contribution Changes. (Public)

Sponsors: Representatives Hackney, Howard, Eddins, Ross (Primary Sponsors); Barnhart, Bell, Brubaker, Coates, Earle, Fisher, Gibson, Harrison, Justice, Lucas, Luebke, McLawhorn, Martin, Nye, Sauls, Setzer, Sherrill, Steen, and West.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO LOWER THE THRESHOLD FROM ONE HUNDRED DOLLARS TO FIFTY DOLLARS FOR ACCEPTING A POLITICAL CONTRIBUTION IN CASH; TO REQUIRE THE REPORTING OF THE IDENTITY OF A CONTRIBUTOR WHO MAKES A CONTRIBUTION OF MORE THAN FIFTY DOLLARS BY MONEY ORDER; TO SPECIFY THE TIME PERIOD BY WHICH THE THRESHOLD FOR IDENTIFYING AN INDIVIDUAL CONTRIBUTOR'S IDENTITY IS MEASURED; TO ADD A PENALTY FOR ACCEPTING CONTRIBUTIONS FROM CERTAIN NONLEGAL SOURCES; AND TO BAR PROSECUTION IF BEST EFFORTS ARE MADE TO ENSURE THAT A CONTRIBUTION IS FROM A LEGAL SOURCE, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON ETHICS AND GOVERNMENTAL REFORM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 163-278.14(b) reads as rewritten:

"(b) No entity shall give, and no candidate, committee or treasurer shall accept, any monetary contribution in excess of ~~one hundred fifty~~ fifty dollars (~~\$100.00~~) (\$50.00) unless such contribution be in the form of a check, draft, money order, credit card charge, debit, or other noncash method that can be subject to written verification. The State Board of Elections may prescribe guidelines as to the reporting and verification of any method of contribution payment allowed under this Article. For contributions by money order, the State Board shall prescribe methods to ensure an audit trail for every contribution so that the identity of the contributor can be determined. For a contribution

1 made by credit card, the credit card account number of a contributor is not a public
2 record."

3 **SECTION 2.** G.S. 163-278.8(d) reads as rewritten:

4 "(d) A treasurer shall not be required to report the name of any individual who is a
5 resident of this State who makes a total contribution of one hundred dollars (\$100.00) or
6 less but he shall instead report the fact that he has received a total contribution of one
7 hundred dollars (\$100.00) or less, the amount of the contribution, and the date of
8 receipt. However, if a contribution is made by money order, the treasurer shall report
9 the name of the contributor if the amount is more than fifty dollars (\$50.00). If a
10 treasurer receives contributions of one hundred dollars (\$100.00) or less, each at a
11 single event, he may account for and report the total amount received at that event, the
12 date and place of the event, the nature of the event, and the approximate number of
13 people at the event. With respect to the proceeds of sale of services, campaign literature
14 and materials, wearing apparel, tickets or admission prices to campaign events such as
15 rallies or dinners, and the proceeds of sale of any campaign-related services or goods, if
16 the price or value received for any single service or goods exceeds one hundred dollars
17 (\$100.00), the treasurer shall account for and report the name of the individual paying
18 for such services or goods, the amount received, and the date of receipt, but if the price
19 or value received for any single service or item of goods does not exceed one hundred
20 dollars (\$100.00), the treasurer may report only those services or goods rendered or sold
21 at a value that does not exceed one hundred dollars (\$100.00), the nature of the services
22 or goods, the amount received in the aggregate for the services or goods, and the date of
23 the receipt. For purposes of the reporting threshold of this subsection, the one hundred
24 dollars (\$100.00) shall be an amount contributed during any election cycle."

25 **SECTION 3.** G.S. 163-278.15 reads as rewritten:

26 "**§ 163-278.15. No acceptance of contributions made by corporations, foreign and**
27 **~~domestic, domestic, or other prohibited sources; best efforts.~~**

28 (a) No Acceptance. – No candidate, political committee, political party, or
29 treasurer shall accept any contribution made by any corporation, foreign or domestic,
30 regardless of whether such corporation does business in the State of North Carolina
31 Carolina, or made by any labor union, professional association, insurance company, or
32 business entity. This section does not apply with regard to entities permitted to make
33 contributions by G.S. 163-278.19(f).

34 (b) Best Efforts. – When a treasurer shows that best efforts have been made to
35 ensure that contributions are from legal contributors and not from a prohibited source,
36 acceptance of the contribution shall not be the basis for imposition of civil penalties,
37 other than forfeiture of the contribution itself, or for criminal prosecution. The State
38 Board of Elections shall adopt rules that specify what are "best efforts" for purposes of
39 this section. Those rules shall recognize that in some instances contribution checks and
40 other instruments clearly disclose to the contributee that the contribution comes from a
41 prohibited source and must not be accepted, but that in other instances a contribution
42 from a prohibited source is not clearly disclosed on the instrument and the contributee
43 may reasonably believe the contribution is from an individual's personal funds. The
44 State Board shall coordinate the rules with rules required by G.S. 163-278.11(b) for best

1 efforts to obtain, maintain, and submit information on reports required by this Article,
2 so that the contributee can comply with the rules by using one form or a minimal
3 number of forms to try to obtain needed statements from the contributor. If, despite the
4 use of best efforts, the State Board of Elections determines that a contribution was made
5 from the account of a prohibited contributor, the State Board may order that the amount
6 unlawfully received be paid to the State Board by check, and any money so received by
7 the State Board shall be deposited in the Civil Penalty and Forfeiture Fund of North
8 Carolina."

9 **SECTION 4.** This act becomes effective January 1, 2007, and applies to all
10 contributions made and accepted on and after that date.