

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

**SENATE BILL 1263
RATIFIED BILL**

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE ELECTIONS OVERSIGHT COMMITTEE; TO CLARIFY THE NEW ELECTION STATUTE AS IT APPLIES TO MULTISEAT RACES; TO REAUTHORIZE THE PILOT PROGRAM FOR INSTANT RUNOFF VOTING; TO AMEND THE STATUTE CONCERNING NOTICE OF AN ELECTION-PROTEST ORDER AND THE TIMING OF APPEAL; TO CLARIFY THE MEANING OF THE TERM "ELECTION" FOR PURPOSES OF THE THIRTY-DAY RESIDENCE REQUIREMENT FOR VOTING; TO RESPOND TO THE DECISION OF THE 4TH CIRCUIT U.S. COURT OF APPEALS IN NORTH CAROLINA RIGHT TO LIFE V. LEAKE; TO REPLACE THE TWENTY-ONE-DAY CONTRIBUTION EMBARGO IN THE JUDICIAL PUBLIC CAMPAIGN PROGRAM WITH AN EXPEDITED RELEASE OF MATCHING FUNDS; TO EXEMPT CERTAIN SALES OF GOODS OR SERVICES BY POLITICAL PARTY EXECUTIVE COMMITTEES FROM CERTAIN CONTRIBUTION REQUIREMENTS; TO REQUIRE ALL TREASURERS TO REPORT ACCORDING TO THE MUNICIPAL CAMPAIGN REPORTING SCHEDULE IF THEIR CANDIDATES OR COMMITTEES PARTICIPATE IN MUNICIPAL ELECTIONS; TO PROHIBIT COMMINGLING OF CAMPAIGN FUNDS; TO REQUIRE THAT NEW-PARTY CANDIDATES BE REGISTERED WITH THE PARTY; TO AMEND THE REPORTING REQUIREMENT FOR MATCHING FUNDS IN PUBLIC FINANCING PROGRAMS; TO LIMIT THE PROHIBITION IN THE ELECTIONEERING COMMUNICATIONS STATUTES; AND TO REQUIRE FORTY-EIGHT-HOUR REPORTS FOR ANY CONTRIBUTION OF LATE CONTRIBUTIONS OF MORE THAN ONE THOUSAND DOLLARS, REGARDLESS OF THE SOURCE; AND TO MAKE RELATED CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 12P.

"Joint Legislative Elections Oversight Committee.

"§ 120-70.140. Creation and membership of Joint Legislative Elections Oversight Committee.

The Joint Legislative Elections Oversight Committee is established. The Committee consists of 18 members as follows:

- (1) Nine members of the Senate appointed by the President Pro Tempore of the Senate. The President Pro Tempore shall appoint members proportionally according to the partisan composition of the Senate.
- (2) Nine members of the House of Representatives appointed by the Speaker of the House of Representatives. The Speaker shall appoint members proportionally according to the partisan composition of the House.

Terms on the Committee are for two years and begin on January 15 of each odd-numbered year, except the terms of the initial members, which begin on appointment and end on January 15 of the next odd-numbered year. Members may

complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his or her successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"§ 120-70.141. Purpose and powers of Committee.

(a) The Joint Legislative Elections Oversight Committee shall examine, on a continuing basis, election administration and campaign finance regulation in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve elections administration and campaign finance regulation. In this examination, the Committee shall do the following:

- (1) Study the budgets, programs, and policies of the State Board of Elections and the county boards of elections to determine ways in which the General Assembly may improve election administration and campaign finance regulation.
- (2) Examine election statutes and court decisions to determine any legislative changes that are needed to improve election administration and campaign finance regulation.
- (3) Study other states' initiatives in election administration and campaign finance regulation to provide an ongoing commentary to the General Assembly on these initiatives and to make recommendations for implementing similar initiatives in North Carolina; and
- (4) Study any other election matters that the Committee considers necessary to fulfill its mandate.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"§ 120-70.142. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Elections Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is 10 members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

"§ 120-70.143. Additional powers.

The Joint Legislative Elections Oversight Committee, while in discharge of official duties, shall have access to any paper or document and may compel the attendance of any State official or employee before the Committee or secure any evidence under G.S. 120-19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a joint committee of the General Assembly."

SECTION 1.(b) Expenses of the Joint Legislative Elections Oversight Committee shall be paid out of funds appropriated to the General Assembly, with the approval of the Legislative Services Officer.

SECTION 1.(c) This section is effective when it becomes law.

SECTION 2.(a) G.S. 163-182.13(e) reads as rewritten:

"(e) Which Candidates to Be on Official Ballot. – All the candidates who were listed on the official ballot in the original election shall be listed in the same order on the official ballot for the new election, except in either of the following:

- (1) If a candidate dies or otherwise becomes ineligible between the time of the original election and the new election, that candidate may be replaced in the same manner as if the vacancy occurred before the original election.
- (2) If the election is for a multiseat office, and the irregularities could not have affected the election of one or more of the ~~leading vote getters, candidates,~~ the new election, upon agreement of at least four members of the State Board, may be held among only those ~~remaining~~ candidates whose election could have been affected by the irregularities."

SECTION 2.(b) This section is effective when it becomes law.

SECTION 3.(a) The State Board of Elections is authorized to select elections for offices of local government in which to use instant runoff voting in up to 10 local jurisdictions in each of the following years: 2009, 2010, and 2011. The selection of jurisdictions and administration of instant runoff voting shall follow the provisions of Section 1(a) of Session Law 2006-192, except that the local governing board that is the subject of the election must approve participation in the pilot and also must agree to cooperate with the county board of elections and the Board in the development and implementation of a plan to educate candidates and voters about how to use the runoff voting method. In a multiseat contest, the Board shall modify the method used for instant runoff voting in single-seat contests to apply its essential principles suitably to that election. In the case of a board of education election where the "local governing board" must be asked to authorize instant runoff voting because nonpartisan plurality elections are normally used, the "local governing board" is the board of education itself. If instant runoff voting is used in place of the nonpartisan election and runoff method as described in G.S. 163-293, the county board of elections, with the approval of the local governing board, may hold the election on the first Tuesday after the first Monday in November. The State Board of Elections, in consultation with the School of Government at the University of North Carolina, shall by January 1, 2009, develop for the pilot program authorized in this section goals, standards consistent with general election law, and criteria for implementation and evaluation. The pilot program shall be conducted according to those goals, standards, and criteria.

SECTION 3.(b) This section is effective when it becomes law.

SECTION 4.(a) G.S. 163-182.14 reads as rewritten:

"§ 163-182.14. Appeal of a final decision to superior court; appeal to the General Assembly or a house thereof.

(a) Final Decision. – A copy of the final decision of the State Board of Elections on an election protest shall be served on the parties personally or through delivery by certified mail-U.S. mail or a designated delivery service authorized under 26 U.S.C. § 7502(f)(2) if that delivery provides a record of the date and time of delivery to the address provided by the party. A decision to order a new election is considered a final decision for purposes of seeking review of the decision.

(b) Timing of Right of Appeal. – Except in the case of a general or special election to either house of the General Assembly or to an office established by Article III of the Constitution, an aggrieved party has the right to appeal the final decision to the Superior Court of Wake County within 10 days of the date of service.

After the decision by the State Board of Elections has been served on the parties, the certification of nomination or election or the results of the referendum shall issue pursuant to G.S. 163-182.15 unless an appealing party obtains a stay of the certification from the Superior Court of Wake County within 10 days after the date of service. The

court shall not issue a stay of certification unless the petitioner shows the court that the petitioner has appealed the decision of the State Board of Elections, that the petitioner is an aggrieved party, and that the petitioner is likely to prevail in the appeal.

If service is by mail or a designated delivery service, the additional time after service provided in Rule 6(e) of the North Carolina Rules of Civil Procedure shall apply to both the time for appeal and the time to obtain a stay under this subsection.

(c) Contests for General Assembly and Executive Branch Offices. – In the case of a general or special election to either house of the General Assembly or to an office established by Article III of the Constitution, an unsuccessful candidate has the right to appeal the final decision to the General Assembly in accordance with Article 3 of Chapter 120 and G.S. 163-182.13A, as appropriate.

After the decision by the State Board of Elections has been served on the parties, the certification of nomination or election shall issue pursuant to G.S. 163-182.15 unless a contest of the election is initiated pursuant to Article 3 of Chapter 120 or G.S. 163-182.13A, as appropriate."

SECTION 4.(b) This section becomes effective October 1, 2008.

SECTION 5.(a) G.S. 163-55 is amended by adding a new subsection to read:

"(c) Elections. – For purposes of the 30-day residence requirement to vote in an election in subsection (a) of this section, the term "election" means the day of the primary, second primary, general election, special election, or referendum."

SECTION 5.(b) G.S. 163-86 reads as rewritten:

"§ 163-86. Hearing on challenge.

(a) A challenge made under G.S. 163-85 shall be heard and decided before the date of the next primary or election, except that if the board finds that because of the number of challenges, it cannot hold all hearings before the date of the election, it may order the challenges to be heard and decided at the next time the challenged person appears and seeks to vote, as if the challenge had been filed under G.S. 163-87. Unless the hearing is ordered held under G.S. 163-87, it shall be heard and decided by the board of elections.

(b) At least 10 days prior to the hearing scheduled under G.S. 163-86(c), the board of elections shall mail by first-class mail, a written notice of the challenge to the challenged voter, to the address of the voter listed in the registration records of the county. The notice shall state succinctly the grounds asserted, and shall state the time and place of the hearing. If the hearing is to be held at the polls, the notice shall state that fact and shall list the date of the next scheduled election, the location of the voter's polling place, and the time the polls will be open. A copy of the notice shall be sent to the person making the challenge and to the chairman of each political party in the county.

(c) At the time and place set for the hearing on a challenge entered prior to the date of a primary or election, the county board of elections shall explain to the challenged registrant the qualifications for registration and voting in this State. The board chairman, or in his absence the board secretary, shall then administer the following oath to the challenged registrant:

"You swear (or affirm) that the statements and information you shall give in this hearing with respect to your identity and qualifications to be registered and to vote shall be the truth, the whole truth, and nothing but the truth, so help you, God."

After swearing the challenged registrant, the board shall examine him as to his qualifications to be registered and to vote. If the challenged registrant insists that he is qualified, the board shall tender to him the following oath or affirmation:

"You do solemnly swear (or affirm) that you are a citizen of the United States; that you are at least 18 years of age or will become 18 by the date of the next general election; that you have or will have resided in this State and in the precinct for which registered for 30 days by the date of the next ~~general~~ primary or election; that you are not disqualified from voting by the Constitution or the laws of this State; that your name

is _____, and that in such name you were duly registered as a voter of _____ precinct; and that you are the person you represent yourself to be, so help you, God."

If the challenged registrant refuses to take the tendered oath, or submit to the board the affidavit required by subsection (d), below, the challenge shall be sustained. If the challenged registrant takes the tendered oath, the board may, nevertheless, sustain the challenge if it finds the challenged registrant is not a legal voter.

The board, in conducting hearings on challenges, shall have authority to subpoena any witnesses it may deem appropriate, and administer the necessary oaths or affirmations to all witnesses brought before it to testify to the qualifications of the persons challenged.

(d) Appearance by Challenged Registrant. – The challenged registrant shall appear in person at the challenge hearing. If he is unable to appear in person, he may be represented by another person and must tender to the county board of elections an affidavit that he is a citizen of the United States, is at least 18 years of age or will become 18 by the date of the next general election, has or will have resided in this State and in the precinct for which registered for 30 days by the date of the next ~~general~~ primary or election, is not disqualified from voting by the Constitution or laws of this State, is named _____ and was duly registered as a voter of _____ precinct in such name, and is the person represented to be by the affidavit."

SECTION 5.(c) G.S. 163-283 reads as rewritten:

"§ 163-283. Right to participate or vote in party primary.

No person shall be entitled to vote or otherwise participate in the primary election of any political party unless he

- (1) Is a registered voter, and
- (2) Has declared and has had recorded on the registration book or record the fact that he affiliates with the political party in whose primary he proposes to vote or participate, and
- (3) Is in good faith a member of that party.

Notwithstanding the previous paragraph, any unaffiliated voter who is authorized under G.S. ~~163-116-163-119~~ may also vote in the primary if the voter is otherwise eligible to vote in that primary except for subdivisions (2) and (3) of the previous paragraph.

Any person who will become qualified by age ~~or residence~~ to register and vote in the general election for which the primary is held, even though not so qualified by the date of the primary election, shall be entitled to register while the registration books are open during the regular registration period prior to the primary and then to vote in the primary after being registered, provided however, under full-time and permanent registration, such an individual may register not earlier than 60 days nor later than the last day for making application to register under G.S. 163-82.6(c) prior to the primary. In addition, persons who will become qualified by age to register and vote in the general election for which the primary is held, who do not register during the special period may register to vote after such period as if they were qualified on the basis of age, but until they are qualified by age to vote, they may vote only in primary elections."

SECTION 5.(d) G.S. 163-82.6(c) reads as rewritten:

"(c) Registration Deadlines for ~~an~~ a Primary or Election. – In order to be valid for ~~an~~ a primary or election, except as provided in G.S. 163-82.6A, the form:

- (1) If submitted by mail, must be postmarked at least 25 days before the primary or election, except that any mailed application on which the postmark is missing or unclear is validly submitted if received in the mail not later than 20 days before the primary or election,
- (2) If submitted in person, by facsimile transmission, or by transmission of a scanned document, must be received by the county board of elections by a time established by that board, but no earlier than 5:00 P.M., on the twenty-fifth day before the primary or election,

- (3) If submitted through a delegatee who violates the duty set forth in subsection (a) of this section, must be signed by the applicant and given to the delegatee not later than 25 days before the primary or election, except as provided in subsection (d) of this section."

SECTION 5.(e) G.S. 163-82.6(d) reads as rewritten:

"(d) Instances When Person May Register and Vote on Primary or Election Day. – If a person has become qualified to register and vote between the twenty-fifth day before ~~an~~ a primary or election and primary or election day, then that person may apply to register on primary or election day by submitting an application form described in G.S. 163-82.3(a) or (b) to:

- (1) A member of the county board of elections;
- (2) The county director of elections; or
- (3) The chief judge or a judge of the precinct in which the person is eligible to vote,

and, if the application is approved, that person may vote the same day. The official in subdivisions (1) through (3) of this subsection to whom the application is submitted shall decide whether the applicant is eligible to vote. The applicant shall present to the official written or documentary evidence that the applicant is the person he represents himself to be. The official, if in doubt as to the right of the applicant to register, may require other evidence satisfactory to that official as to the applicant's qualifications. If the official determines that the person is eligible, the person shall be permitted to vote in the primary or election and the county board shall add the person's name to the list of registered voters. If the official denies the application, the person shall be permitted to vote a challenged ballot under the provisions of G.S. 163-88.1, and may appeal the denial to the full county board of elections. The State Board of Elections shall promulgate rules for the county boards of elections to follow in hearing appeals for denial of primary or election day applications to register. No person shall be permitted to register on the day of a second primary unless he shall have become qualified to register and vote between the date of the first primary and the date of the succeeding second primary."

SECTION 6.(a) G.S. 163-278.6(14) reads as rewritten:

"(14) The term "political committee" means a combination of two or more individuals, such as any person, committee, association, organization, or other entity that makes, or accepts anything of value to make, contributions or expenditures and has one or more of the following characteristics:

- a. Is controlled by a candidate;
- b. Is a political party or executive committee of a political party or is controlled by a political party or executive committee of a political party;
- c. Is created by a corporation, business entity, insurance company, labor union, or professional association pursuant to G.S. 163-278.19(b); or
- d. Has ~~as a~~ the major purpose to support or oppose the nomination or election of one or more clearly identified candidates.

Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party.

If the entity qualifies as a "political committee" under sub-subdivision a., b., c., or d. of this subdivision, it continues to be a political committee if it receives contributions or makes expenditures or maintains assets or liabilities. A political committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

The term "political committee" includes the campaign of a candidate who serves as his or her own treasurer.

Special definitions of "political action committee" and "candidate campaign committee" that apply only in Part 1A of this Article are set forth in G.S. 163-278.38Z."

SECTION 6.(b) G.S. 163-278.14A(a) reads as rewritten:

"(a) ~~Either of the~~ The following shall be means, but not necessarily the exclusive or conclusive means, means of proving that an individual or other entity acted "to support or oppose the nomination or election of one or more clearly identified candidates":

- (1) ~~Evidence candidates": presenting evidence of financial sponsorship of"; and communications to the general public that use phrases such as "vote for", "reelect", "support", "cast your ballot for", "(name of candidate) for (name of office)", "(name of candidate) in (year)", "vote against", "defeat", "reject", "vote pro-(policy position)" or "vote anti-(policy position)" accompanied by a list of candidates clearly labeled "pro-(policy position)" or "anti-(policy position)", or communications of campaign words or slogans, such as posters, bumper stickers, advertisements, etc., which say "(name of candidate)'s the One", "(name of candidate) '98", "(name of candidate)!", or the names of two candidates joined by a hyphen or slash.~~
- (2) ~~Evidence of financial sponsorship of communications whose essential nature expresses electoral advocacy to the general public and goes beyond a mere discussion of public issues in that they direct voters to take some action to nominate, elect, or defeat a candidate in an election. If the course of action is unclear, contextual factors such as the language of the communication as a whole, the timing of the communication in relation to events of the day, the distribution of the communication to a significant number of registered voters for that candidate's election, and the cost of the communication may be considered in determining whether the action urged could only be interpreted by a reasonable person as advocating the nomination, election, or defeat of that candidate in that election."~~

SECTION 6.(c) G.S. 163-278.13 is amended by adding a new subsection to

read:

"(e5) The contribution limits of subsections (a) and (b) of this section do not apply to contributions made to an independent expenditure political committee. For purposes of this section, an "independent expenditure political committee" is a political committee whose treasurer makes and abides by a certification to the State Board of Elections that the political committee does not and will not make contributions, directly or indirectly, to candidates or to political committees that make contributions to candidates. The State Board of Elections shall provide forms for implementation of this subsection. This subsection shall not apply to a candidate or a political committee controlled by a candidate. The exception of this subsection is in addition to any other exception provided by law."

SECTION 6.(d) This section is effective when it becomes law.

SECTION 7.(a) G.S. 163-278.13(e2)(3) is repealed.

SECTION 7.(b) G.S. 163-278.67 is amended by adding a new subsection to

read:

"(c1) Expedited Distribution of Matching Funds. – When a candidate becomes entitled to any amount of matching funds under subsection (a) of this section, the Board shall authorize the issuance of that amount to the candidate as soon as practicable. The Department of Administration shall transfer that amount to the candidate as soon as practicable and in no event later than 12 hours after receiving notice from the Board that the candidate has become entitled to it. The Department of Administration shall develop

a method of rapidly transferring funds to a candidate or otherwise fulfilling the requirements of this subsection in conjunction with the Board. The candidate shall return to the Board as soon as practicable any amount of the matching funds that the candidate has not spent at the date of the election or at the time the individual ceases to be a certified candidate, whichever occurs first."

SECTION 7.(c) This section is effective when it becomes law.

SECTION 8.(a) Article 22A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-278.8A. Campaign sales by political party executive committees.

(a) Exempt Purchase Price Not Treated as "Contribution." – Notwithstanding the provisions of G.S. 163-278.6(6), the purchase price of goods or services sold by a political party executive committee as provided in subsection (b) of this section shall not be treated as a "contribution" for purposes of account-keeping under G.S. 163-278.8, for purposes of the reporting of contributions under G.S. 163-278.11, or for the purpose of the limit on contributions under G.S. 163-278.13. The treasurer is not required to obtain, maintain, or report the name or other identifying information of the purchaser of the goods or services, as long as the requirements of subsection (b) of this section are satisfied. However, the proceeds from the sales of those goods and services shall be treated as contributions for other purposes, and expenditures of those proceeds shall be reported as expenditures under this Article.

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

- (1) That the price to be charged for the goods or services is reasonably close to the market price for the goods or services.
- (2) That the total amount to be raised from sales under all plans by the committee does not exceed ten thousand dollars (\$10,000) per election cycle.
- (3) That no purchaser makes total purchases under the plan that exceed fifty dollars (\$50.00).
- (4) That the treasurer include in the report under G.S. 163-278.11, covering the relevant time period, all of the following:
 - a. A description of the plan.
 - b. The amount raised from sales under the plan.
 - c. The number of purchases made.
- (5) That the treasurer shall include in the appropriate report under G.S. 163-278.11 any in-kind contribution made to the political party executive committee in providing the goods or services sold under the plan and that no in-kind contribution accepted as part of the plan violates any provision of this Article.

The Executive Director may require a format for submission of a plan, but that format shall not place undue paperwork burdens upon the treasurer. As used in this subdivision, the term "election cycle" has the same meaning as in G.S. 163-278.6(7c)."

SECTION 8.(b) This section becomes effective August 15, 2008, or on the date of preclearance under Section 5 of the Voting Rights Act of 1965, whichever occurs later, except that with respect to county political party executive committees in counties not subject to Section 5 of the Voting Rights Act it is effective when it becomes law. This section applies to contributions made or accepted on or after the effective date. If preclearance is denied to this section, this section is repealed on the date of denial.

SECTION 9.(a) Part 2 of Article 22A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-278.40J. Other committees report by municipal schedule.

A candidate or political committee that appoints a treasurer under G.S. 163-278.7 shall make reports according to the schedule under this Part if it makes contributions or expenditures concerning municipal elections."

SECTION 9.(b) G.S. 163-278.27(a) reads as rewritten:

"(a) Any individual, candidate, political committee, referendum committee, treasurer, person or media who intentionally violates the applicable provisions of G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12, 163-278.13, 163-278.13B, 163-278.14, 163-278.16, 163-278.16B, 163-278.17, 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B, 163-278.40C, ~~163-278.40D~~ or ~~163-278.40E~~ 163-278.40D, 163-278.40E, or 163-278.40J is guilty of a Class 2 misdemeanor. The statute of limitations shall run from the day the last report is due to be filed with the appropriate board of elections for the election cycle for which the violation occurred."

SECTION 9.(c) G.S. 163-278.9(a)(5a) reads as rewritten:

"(5a) Quarterly Reports. – During even-numbered years during which there is an election for that candidate or in which the campaign committee is supporting or opposing a candidate, the treasurer shall file a report by mailing or otherwise delivering it to the Board no later than seven working days after the end of each calendar quarter covering the prior calendar quarter, except that:

- a. The report for the first quarter shall also cover the period in April through the seventeenth day before the primary, the first quarter report shall be due seven days after that date, and the second quarter report shall not include that period if a first quarter report was required to be filed; and
- b. The report for the third quarter shall also cover the period in October through the seventeenth day before the election, the third quarter report shall be due seven days after that date, and the fourth quarter report shall not include that period if a third quarter report was required to be filed."

SECTION 9.(d) G.S. 163-278.9(d) reads as rewritten:

"(d) Candidates and committees for municipal offices are not subject to subsections (a), (b) and (c) of this ~~section~~ section, unless they make contributions or expenditures concerning elections covered by this Part. Reports for those candidates and committees are covered by Part 2 of this Article."

SECTION 9.(e) This section becomes effective December 1, 2008.

SECTION 10.(a) G.S. 163-278.8 is amended by adding a new subsection to read:

"(h) 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."

SECTION 10.(b) This section becomes effective September 1, 2008.

SECTION 10.1.(a) G.S. 163-98 reads as rewritten:

"§ 163-98. General election participation by new political party.

In the first general election following the date on which a new political party qualifies under the provisions of G.S. 163-96, it shall be entitled to have the names of its candidates for national, State, congressional, and local offices printed on the official ballots upon paying a filing fee equal to that provided for candidates for the office in G.S. 163-107 or upon complying with the alternative available to candidates for the office in G.S. 163-107.1.

For the first general election following the date on which it qualifies under G.S. 163-96, a new political party shall select its candidates by party convention.

Following adjournment of the nominating convention, but not later than the first day of July prior to the general election, the president of the convention shall certify to the State Board of Elections the names of persons chosen in the convention as the new party's candidates in the ensuing general election. Any candidate nominated by a new party shall be affiliated with the party at the time of certification to the State Board of Elections. The requirement of affiliation with the party will be met if the candidate submits at or before the time of certification as a candidate an application to change party affiliation to that party. The State Board of Elections shall print names thus certified on the appropriate ballots as the nominees of the new party. The State Board of Elections shall send to each county board of elections the list of any new party candidates so that the county board can add those names to the appropriate ballot."

SECTION 10.1.(b) This section becomes effective January 1, 2009, and applies to elections held on or after that date.

SECTION 10.2.(a) G.S. 163-278.66(a) reads as rewritten:

"(a) ~~Reporting by Participating and Certified Candidates. Reporting by Noncertified Candidates and Other Entities.~~ – Any noncertified candidate with a certified opponent shall report total ~~income, expenses, and obligations~~ contributions received to the Board by facsimile machine or electronically within 24 hours after the total amount of ~~campaign expenditures or obligations made, or funds raised or borrowed, contributions received~~ exceeds eighty percent (80%) of the trigger for matching funds as defined in G.S. 163-278.62(18). Any entity making independent expenditures in support of or opposition to a certified candidate or in support of a candidate opposing a certified candidate, or paying for electioneering communications, referring to one of those candidates, shall report the total ~~funds received, spent, or obligated for those expenditures or payments~~ made to the Board by facsimile machine or electronically within 24 hours after the total amount of ~~expenditures or obligations made, or funds raised or borrowed, or payments made~~ for the purpose of making the independent expenditures or electioneering communications exceeds five thousand dollars (\$5,000). After ~~this the~~ the initial 24-hour filing, the noncertified candidate or other reporting entity shall comply with an expedited reporting ~~schedule by filing additional reports after receiving each additional amount in excess of one thousand dollars (\$1,000) or after making or obligating to make each additional expenditure(s) or payment(s) in excess of one thousand dollars (\$1,000).~~ schedule. The schedule and forms for reports required by this subsection shall be ~~made according to procedures developed supplied~~ by the Board."

SECTION 10.2.(b) G.S. 163-278.99A(a) reads as rewritten:

"(a) Reporting by Noncertified Candidates and Other Entities. – Any nonparticipating candidate with a certified opponent shall report total ~~income, expenses, and obligations~~ contributions received to the Board by facsimile machine or electronically within 24 hours after the total amount of ~~campaign related expenditures or obligations made, or funds raised or borrowed, contributions received~~ exceeds eighty percent (80%) of the trigger for matching funds as defined in G.S. 163-278.96(17). Any entity making independent expenditures in support of or in opposition to a certified candidate, or in support of a candidate opposing a certified candidate, or paying for electioneering communications referring to one of those candidates, shall report the total funds received, spent, or obligated for those expenditures or payments to the Board by facsimile machine or electronically within 24 hours after the total amount of ~~expenditures or obligations made, or funds raised or borrowed, for the purpose of making the independent expenditures or electioneering communications exceeds five thousand dollars (\$5,000).~~ After this the initial 24-hour filing, the nonparticipating candidate or other reporting entity shall comply with an expedited reporting ~~schedule by filing additional reports after receiving an additional amount in excess of one thousand dollars (\$1,000) or after making or obligating to make an additional expenditure or payment in excess of one thousand dollars (\$1,000).~~ schedule. The schedule and forms

for reports required by this subsection shall ~~be made according to procedures developed supplied by the Board.~~"

SECTION 10.2.(c) This section is effective when it becomes law.

SECTION 10.3.(a) G.S. 163-278.82 is amended by adding a new subsection to read:

"(d) Limitation on Prohibition. – The prohibition in this section shall not apply unless the electioneering communication at issue is susceptible of no reasonable interpretation other than as an appeal to vote for or against a specific candidate."

SECTION 10.3.(b) G.S. 163-278.92 is amended by adding a new subsection to read:

"(d) Limitation on Prohibition. – The prohibition in this section shall not apply unless the electioneering communication at issue is susceptible of no reasonable interpretation other than as an appeal to vote for or against a specific candidate."

SECTION 10.3.(c) This section is effective when it becomes law.

SECTION 11.(a) G.S. 163-278.9(a)(4a) reads as rewritten:

"(4a) 48-Hour Report. – A political committee or political party that receives a contribution or transfer of funds ~~from any political committee~~ shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars (\$1,000) or more received before an election but after the period covered by the last report due before that election. The disclosure shall be by report to the State Board of Elections identifying the source and amount of the funds. The State Board of Elections shall specify the form and manner of making the ~~report~~ report, including the reporting of in-kind contributions."

SECTION 11.(b) G.S. 163-278.9A(a)(2a) reads as rewritten:

"(2a) 48-Hour Report. – A referendum committee that receives a contribution or transfer of funds ~~from any political committee~~ shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars (\$1,000) or more received before a referendum but after the period covered by the last report due before that referendum. The disclosure shall be by report to the State Board of Elections identifying the source and amount of such funds. The State Board of Elections shall specify the form and manner of making the ~~report~~ report, including the reporting of in-kind contributions."

SECTION 11.(c) This section becomes effective October 1, 2008.

SECTION 12. Except as otherwise provided in this act, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of July, 2008.

Marc Basnight
President Pro Tempore of the Senate

Joe Hackney
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____m. this _____ day of _____, 2008