

**1997-1998**

**HOUSE  
ETHICS**

**MINUTES**

1997-1998  
House Committee  
on  
ETHICS

Rep. Julia C. Howard, Chair

Rep. John Gamble  
Ranking Minority Member

Rep. Dan Blue  
Rep. Ruth Easterling  
Rep. Lyons Gray  
Rep. Richard Morgan  
Rep. Chuck Neely  
Rep. Carolyn Russell  
Rep. Ronnie Sutton  
Rep. Tim Tallent  
Rep. Thomas Wright

Ex-Officio Members

Rep. Leo Daughtry  
House Majority Leader

Rep. Steve Wood  
Speaker Pro Tem

Gail Stewart, Clerk  
Room 1021  
733-5904

Research Staff

Terry Sullivan  
Walker Reagan  
733-2578

HOUSE ETHICS COMMITTEE  
1997-1998 Session

REP. JULIA C. HOWARD  
Chair

MEMBER	PHONE	OFFICE	SECRETARY
Rep. Julia C. Howard Chair	733-5904	1021	Gail Stewart
Rep. John Gamble Ranking Min. Mem.	715-3021	416-B	Jackie Pittman
Rep. Dan Blue	715-2528	1227	Lin Threatt
Rep. Ruth Easterling	733-5786	606	Judy Willis
Rep. Lyons Gray	733-5995	532	Catherine Parsons
Rep. Richard Morgan	715-3028	404	Dixie Epps
Rep. Chuck Neely	715-3001	420	Betty Harrison
Rep. Carolyn Russell	715-0875	2207	Susan Brothers
Rep. Ronnie Sutton	733-5782	1317	Juanita Coley
Rep. Tim Tallent	733-5934	1104	J.J. Bullock
Rep. Thomas Wright	733-5754	528	Clarestene Stewart
Rep. Leo Daughtry Ex-Officio Member	715-0850	2301	Bernice Bullard
Rep. Steve Wood Ex-Officio Member	733-5807	2208	Sylvia Perkins

**HOUSE ETHICS COMMITTEE  
1997-1998 SESSION  
NORTH CAROLINA GENERAL ASSEMBLY**



**Rep. Julia Howard**  
Chair



**Rep. John Gamble**  
Ranking Minority  
Member



**Rep. Daniel T. Blue**



**Rep. Ruth Easterling**



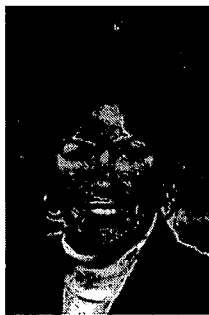
**Rep. Lyons Gray**



**Rep. Richard  
Morgan**



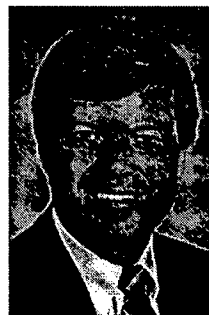
**Rep. Charles Neely**



**Rep. Carolyn Russell**



**Rep. Ronnie Sutton**



**Rep. Timothy  
Tallent**



**Rep. Thomas Wright**



**Rep. Leo Daughtry**  
Ex-Officio Member



**Rep. Steve Wood**  
Ex-Officio Member

**HOUSE ETHICS COMMITTEE**

(Name of Committee)

[illegible]

NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session

HOUSE: ETHICS

Valid Through 5-NOV-1998

<u>BILL</u>	<u>INTRODUCER</u>	<u>SHORT TITLE</u>	<u>LATEST ACTION ON BILL</u>	<u>IN DATE</u>	<u>OUT DATE</u>
H 735	GAMBLE	REV. LEG. ETHICS/LOBBYING	HF-POSTPONED INDEFINITELY	04-01-97	
H 964	HOWARD	REVISE CODE OF LEGISLATIVE ETHICS	*H -AMEND PENDING #1	04-16-97	04-29-97
S 240	GULLEY W	LIMIT FUND-RAISING IN SESSION	*HF-POSTPONED INDEFINITELY	07-02-97	
S 539	MILLER B	LOBBYIST DISCLOSURE	*HF-POSTPONED INDEFINITELY	07-02-97	
S 649	MILLER B	LOBBYIST PENALTY	*H -CAL PURSUANT RULE 36 (A)	05-26-97	08-28-97

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.

\* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session

HOUSE: ETHICS

Valid Through 9-SEP-1997

<u>BILL</u>	<u>INTRODUCER</u>	<u>SHORT TITLE</u>	<u>LATEST ACTION ON BILL</u>	<u>IN DATE</u>	<u>OUT DATE</u>
H 735	GAMBLE	REV. LEG. ETHICS/LOBBYING	H -REF TO COM ON ETHICS	04-01-97	
H 964	HOWARD	REVISE CODE OF LEGISLATIVE ETHICS	*H -AMEND PENDING #1	04-16-97	04-29-97
S 240	GULLEY W	LIMIT FUND-RAISING IN SESSION	*H -RE-REF COM ON ETHICS	07-02-97	
S 539	MILLER B	LOBBYIST DISCLOSURE	*H -RE-REF COM ON ETHICS	07-02-97	
S 649	MILLER B	LOBBYIST PENALTY	*H -RE-REF COM ON FINANCE	05-26-97	08-28-97

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.

\* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLDDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

**MINUTES**  
**HOUSE COMMITTEE ON ETHICS**  
**April 22, 1997**  
**Room 1327**

The House Committee on Ethics met in Room 1327 of the Legislative Building on Tuesday, April 22, 1997, at 5:00 p.m. Representative Julia Howard, Chair, called the meeting to order and turned the gavel over to Rep. Richard Morgan, Committee Member, to Chair.

The following members were present: Representatives Gamble, Easterling, Gray, Neely, Sutton, and Wright. Also present was Rep. Steve Wood, House Speaker Pro-Tem.

Rep. Morgan called on Rep. Howard to introduce HB 964. Rep. Howard requested recognition to introduce an amendment and moved for its adoption. The amendment was adopted for discussion. Rep. Morgan recognized Rep. Howard to explain amendment and then called on Staff Member Walker Reagan to further explain amendment. Rep. Morgan opened the floor for discussion. Rep. Morgan called for a vote to adopt the amendment. Motion passed on a voice vote.

Rep. Morgan again opened floor for discussion on bill, as amended. Rep. Morgan called on Staff Member Walker Reagan to explain bill section-by-section, per Rep. Howard's request. Discussion continued on floor. Rep. Neely moved to adjourn meeting at 7:15. Rep. Morgan tabled vote on motion until 7:15. Rep. Morgan recessed meeting at 6:10 for a 15 minute break.

Rep. Morgan called meeting to order at 6:23 p.m. Rep. Sutton moved to adopt an amendment. Rep. Morgan called on Staff Member Terry Sullivan to read and explain the amendment. Rep. Morgan then called on Rep. Sutton to comment on the amendment. Rep. Morgan opened floor for discussion of amendment. Rep. Sutton withdrew amendment. Rep. Sutton requested recognition to set forth a new amendment and made motion to adopt. Due to no debate, Rep. Morgan called for vote on Rep. Sutton's motion. Motion passed on a voice vote.

Discussion of bill, as amended, continues on floor. Rep. Gamble suggested a comparison of HB 735 against HB 964. Rep. Neely again motioned for adjournment of meeting. Rep. Morgan tabled vote on Rep. Neely's motion until 7:15. Rep. Morgan called on Staff Member Walker Reagan to explain HB 735 and the differences between the two bills (HB 735 and HB 964). Rep. Morgan called on Rep. Howard to comment on HB 964. Rep. Morgan recognized Rep. Gamble to make comments regarding HB 735. Rep. Gamble requests discussion of HB 735, line-by-line.

Rep. Neely motioned to adjourn meeting for the evening. Rep. Morgan called for a vote. The motion failed on a voice vote. Rep. Morgan recessed meeting at 7:15 for a 30 minute break.



Rep. Morgan called the meeting to order at 7:48 p.m. Rep. Morgan then recognized Rep. Gamble to put forth an amendment to HB 964 and recognized him to explain the amendment. Rep. Gamble moved to adopt amendment to replace certain lines in HB 964 with lines from HB 735. Rep. Morgan called for a vote on the motion. The motion passed on a voice vote. Rep. Morgan recognized Rep. Gamble to introduce another amendment to HB 964. Rep. Gamble explained amendment and moved it be adopted. Rep. Morgan called for a vote on the motion. The motion passed on a voice vote.

Rep. Morgan recognized Rep. Neely to introduce and explain an amendment to HB 735. Rep. Neely explained the amendment and moved for it's adoption. Rep. Morgan recognized Rep. Howard to comment on amendment. Rep. Morgan called for vote on Rep. Neely's amendment. The motion failed on voice vote.

Rep. Morgan called on Rep. Neely to introduce another amendment which would replace lines in HB 964 with certain lines of HB 735. Rep. Neely began explanation of amendment. Rep. Morgan recognized Staff Member Walker Reagan to explain how amendment would affect bills. Rep. Morgan called on Rep. Howard to comment on this amendment. Rep. Morgan called on Rep. Howard to again comment on this change. Rep. Morgan opened floor for discussion. Rep. Morgan again called on Staff to explain this amendment. Rep. Morgan called for language from HB 735 (lines 27-39) to be stricken, without objection, from HB 964 and restore original language in HB 964. Rep. Morgan opened floor for discussion and called on staff to again aid in explanation. Rep. Morgan called for vote to adopt amendment. Motion passed on a voice vote.

Rep. Morgan called on Staff Member Walker Reagan to continue explanation on HB 735. Rep. Morgan then moved discussion to HB 964 to continue the section-by-section explanation. Rep. Morgan opened floor for discussion of HB 964. Rep. Morgan recessed committee until 9:30 p.m.


Rep. Morgan called the meeting to order at 9:30 p.m. Discussion on HB 964 continued on floor. Rep. Morgan again called on Staff to aid in explanation. Rep. Neely put forth an amendment (Section 120-86D, delete sections "d" and "e"). Rep. Morgan recognized Rep. Howard to discuss this amendment. Rep. Morgan then opened floor for discussion. Without objection, Rep. Morgan called for vote on amending HB 964 as referenced. The motion passed on a voice vote.

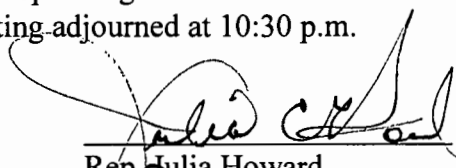
Rep. Gamble moved to amend HB 964 (remove section 120-88 and replace with definition of pecuniary interest from HB 735). Rep. Morgan called on Rep. Howard to discuss amendment. Rep. Morgan opened floor for discussion of amendment. Rep. Morgan called for vote on motion. Motion passed on voice vote.

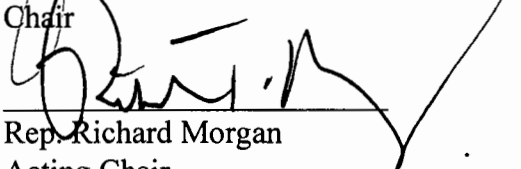
Rep. Morgan turned discussion back to bill and called on staff to continue explanation on HB 964. Rep. Neely moved to introduce and adopt amendment (alter

page 4, lines 31-34). Rep. Morgan called for discussion on amendment; hearing none he called for a vote on the motion to adopt. The motion passed on a voice vote.

Rep. Gamble moved to adjourn the meeting. Rep. Morgan called for a vote on the adjournment. Motion passed on voice vote; the meeting adjourned at 10:30 p.m.

  
Mrs. Gail Stewart, Clerk

  
Rep. Julia Howard  
Chair

  
Rep. Richard Morgan  
Acting Chair

Date Adopted \_\_\_\_\_

***AGENDA***

***HOUSE ETHICS COMMITTEE***

***April 22, 1997***

***One Hour after Session***

***Room 1327***

**Greetings**

**Recognition of Pages**

**Presentation of bills for discussion:**

**HB 964**

**HB 735**

**Discussion**

**Announcements**

**Adjourn**

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE**

You are hereby notified that the House Committee on **ETHICS** will meet as follows:

**DAY & DATE:**        **Tuesday, April 22, 1997**

**TIME:**                **One hour after Session**

**LOCATION:**           **1327 Legislative Building**

The following bills will be considered (Bill # & Short Title):

**HB 964 "Code of Legislative Ethics Revision"**

**HB 735 "Rev. Leg. Ethics/Lobbying"**

Respectfully,

Representative Julia C. Howard  
Chairman

I hereby certify this notice was filed by the committee clerk at the following offices at  
**10:30 a.m. on April 17, 1997.**

\_\_\_\_Principal Clerk  
\_\_\_\_Reading Clerk - House Chamber

Gail Stewart (Committee Clerk)

**Gail Stewart (Rep. Howard)**

---

**From:** Gail Stewart (Rep. Howard)  
**Sent:** Thursday, April 17, 1997 10:13 AM  
**To:** @House/Ethics/Ciks  
**Cc:** Walker Reagan (Research); Terry Sullivan (Research, Director); Anne Cole (House Committee Clerks Supervisor); Clyde Cook (House Sgt. at Arms); Legislative Press  
**Subject:** First ETHICS COMMITTEE meeting



HOUSE ETHICS  
Meeting Notice.doc

OK to  
send?  
yes

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
NOTIFICATION TO BILL SPONSOR**

**BILL SPONSOR:** Rep. John Gamble

**OFFICE:** 416-B

**DATE:** April 20, 1997

The House Committee on **ETHICS** will meet as follows:

**DAY & DATE:** Tuesday, April 22, 1997

**TIME:** One Hour After Session

**LOCATION:** 1327

Your Bill (or Bills) will be discussed at this time:  
**HB 735 " Rev. Leg. Ethics/Lobbying"**

We would like to have you attend this meeting.

Representative Julia C. Howard  
Chairman

Gail Stewart (Committee Clerk)

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
NOTIFICATION TO BILL SPONSOR**

**BILL SPONSOR:** Rep. Julia C. Howard

**OFFICE:** 1021 Legislative Building

**DATE:** April 20, 1997

The House Committee on **ETHICS** will meet as follows:

**DAY & DATE:** Tuesday, April 22, 1997

**TIME:** One Hour After Session

**LOCATION:** 1327

Your Bill (or Bills) will be discussed at this time:  
**HB 964 "Code of Legislative Ethics Revision"**

We would like to have you attend this meeting.

Representative Julia C. Howard  
Chairman

Gail Stewart (Committee Clerk)



**North Carolina General Assembly  
Legislative Services Office**

George R. Hall, Legislative Services Officer  
(919) 733-7044

W. Robinson, Director  
Administrative Division  
Room 5, Legislative Building  
16 W. Jones Street  
Raleigh, NC 27603-5925  
(919) 733-7500

Gerry F. Cohen, Director  
Bill Drafting Division  
Suite 401, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-6660

Thomas L. Covington, Director  
Fiscal Research Division  
Suite 619, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-4910

Donald W. Fulford, Director  
Information Systems Division  
Suite 400, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-6834

Terrence D. Sullivan, Director  
Research Division  
Suite 545, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-2578

April 22, 1997

TO: Representative Julia Howard, Chair, House Ethics Committee

FROM: Terry Sullivan and O. Walker Reagan, Committee Co-Counsel

RE: **HOUSE BILL 964 - TO REVISE AND STRENGTHEN THE SYSTEM OF  
LEGISLATIVE ETHICS, - Representative Howard.**

This bill would clarify and strengthen several portions of the existing legislative ethics system. Specifically, the bill would create general standards of conduct for State legislators, require legislators to disqualify him or herself where the legislator or a member of the legislator's household would gain or lose monetarily from a legislative action; clarify that the economic interest statement (EIS) is the only provision of the Legislative Ethics Act which applies to the Lieutenant Governor as President of the Senate; clarify the filing procedure of the EIS by legislative candidates; require the lobbyist who is associated in business or is a spouse of a legislator to name the legislator in the lobbyist registration form and file the completed form in the Legislative Library to be attached to the legislator's EIS; and require that the EIS of a legislator, who has a member of his or her immediate family serving as a legislative liaison for State government, have attached to it a notification by the appointing official of the liaison's connection with the legislator.

**A SECTION-BY-SECTION ANALYSIS FOLLOWS:**

**Section 1** would rewrite Part 1, Code of Legislative Ethics, of Article 14 of Chapter 120 of the General Statutes. The changes to the specific statutory sections are noted below:

**§120-85, Definitions**— would be amended to clarify that the Lieutenant Governor is required to file the economic interest statement. (Candidates for Lieutenant Governor have been filing these statements since the act's inception, but the language is not clear – see Section 3, below). Legislator would be deemed elected as of the day following the general election held for the office so that these new ethical strictures would be binding on newly-elected legislators as soon as they reasonably knew that they were elected. "State agency" would be amended to include a non-profit



# MEMORANDUM

April 22, 1997

Page 2

corporation receiving State funds during the present or immediately preceding fiscal year.

**§120-86, Bribery**—would add clarifying language. A definition is transferred to 120-85, the definitions section, and a punishment provision is placed in a new 120-88A, specifying punishments for this Part.

**§120-86A. General Standards of Conduct** --Legislators are prohibited from engaging in the following acts: using influence as a legislator in a manner involving substantial conflict between the legislator's personal interest and official duties; engaging in sexual harassment; using the official position to obtain financial gain for the legislator or a member of the legislator's immediate household; using the office to secure or create privileges, exemptions, advantages or treatment for the legislator or others in contravention of the public interest at large; use the official stationery or great seal of the State on campaign stationery or campaign literature unless the material bears a disclaimer that the material was not printed or mailed at State expense; becoming intoxicated while in discharge of legislative duties; accept honoraria unless the subject for which the honoraria is given is unrelated to the legislative position, except for prepaid transportation, food and lodging associated with the matter; accept compensation other than that provided by law for influencing or attempting to influence legislative action (however, this prohibition is not to be considered as applying where the legislator's business associate is a lobbyist and the legislator does not share in the lobbying compensation); or to accept anything of value from a lobbyist or a lobbyist's employer. (A legislator may accept things of nominal value, and personal hospitality or political contributions if not offered with the understanding that the legislator will be influenced in the legislative duties or when such an inference could reasonably be drawn.)

**§120-86B, Certain contracts with State agencies.** A legislator, and member of the legislator's household or an business in which the one or more of that household owns 5% or more of the outstanding stock could not contract with State agency or subcontract with a contractor with a State agency on contracts having a value of \$100 per transaction, except for contracts let after public notice and competitive bidding; or contracts available on similar terms to members of a legislator's business, occupation, or profession.

**§120-86C, Certain leases or sales of real property with State agency--** A legislator, a member of the legislator's immediate household, or business in which one or more members of that household own 5% or more of the outstanding stock could not lease or sell real property to a State agency. Sales under eminent domain are exempt.

**§120-86D, Influencing State agencies--**A legislator would be restricted from, for compensation, appearing as a expert witness before a State agency; representing or engaging in negotiations with a State agency or certain matters; representing the State or a State agency; maintaining an action for money damages against the State in certain cases. A legislator could not enter into any agreement for compensation in relation to any matter before a State agency for compensation dependent or contingent upon State agency action. This section does not limit a partner or business associate

# MEMORANDUM

April 22, 1997

Page 3

of a legislator from representing any client before any agency. Subsection (g)(1) would permit a legislator to continue to represent a person before a State agency on any matter filed and pending on the date of the legislator's election to the General Assembly.

**§120-86E,. Employment of members of legislator's immediate family--**A legislator's spouse, parent, sibling, child, grandparents, and the step, half-step and in-law relationships of these name relatives could not be employed or appointed to a position in the Legislative Branch, except that of secretary or clerk to that legislator. The legislator would be prohibited from advocating or causing the hiring or favorable personnel actions for these relatives in the Executive Branch.

**§120-87, Disclosure of confidential information--**contains clarifying and conforming language.

**§120-88, When legislator to disqualify himself or submit question to Legislative Ethics Committee--**A legislator is prohibited from discussing or acting on any matter in which the legislator, a member of the legislator's immediate household, or the legislator's associated business will derive a monetary gain or suffer a monetary loss and must excuse him- or herself under the applicable chamber's rules. A legislator may act in matters affecting the legislator's salary, benefits and allowances, and where the gain or loss accruing to the legislator, member of the legislator's immediate household, or business with which either is associated is "no greater than the gain or loss which accrues generally to other members of the business, profession, occupation, or group."

**§120-88A, Violations of this Part.** This section contains the penalty provisions in current law for Bribery under G.S. 120-86. Violations of any other part of the Code of Legislative Ethics is not a crime but is punishable under G.S. 120-103 which sets forth the procedure and range of sanctions available by the Legislative Ethics Committee. This section specifically states that nothing in this Part will bar a prosecution under any other criminal law provision.

**Section 2.** Would rewrite Part 2, **Statement of Economic Interest**, of Article 14 of Chapter 120 of the General Statutes to include specifically candidates for the office of Lieutenant Governor and those candidates nominated by party convention with those candidates for the General Assembly required to file statements of economic interest, and to various conforming changes.

**§120-94, Statements of economic interest are public records,** would be amended to require the Legislative Librarian to attach copies of lobbyist registrations statements and authorized official legislative liaison personnel designations filed in the Library to the statements of legislators who are either in the same immediate household as either the registered lobbyist or the officially designated liaison personnel.

**Section 3** would repeal **G.S. 120-106, Article applicable to the presiding officers.** Since the inception of the Legislative Ethics Act candidates for the office of Lieutenant Governor have filed EIS reading that G.S. 120-106 required that filing.

MEMORANDUM

April 22, 1997

Page 4

The rest of the Legislative Ethics Act dealt with General Assembly members' self regulation. The remedy for alleged criminal or ethical violations by a lieutenant governor would be by either the courts, impeachment proceedings, or both.

**Section 4** adds a requirement to **G.S. 120-47.2, Registration Procedure** (for lobbyists), that a lobbyist who is a member of a legislator's immediate household (defined in G.S. 120-85(2)) or a member or partner of, or otherwise associated in business with a legislator in a limited liability company, partnership, or professional corporation must report the name of the legislator on the registration form and file a certified copy of the form in the Legislative Library within 10 days of registering as a lobbyist.

**Section 5** amends **G.S. 120-47.8 (3), Persons exempted from the provisions of the [Lobbying] Article**, to require the official naming legislative liaisons of State agencies to file a certified list of the official liaison personnel in the Legislative Library within 10 days of filing the list with the Secretary of State, if a legislative liaison is a member of a legislator's immediate household (defined in G.S. 120-85(2)). The official must specify the legislator whose immediate household includes the legislative liaison.

**Section 6** would make **§120-86B, Certain contracts with State agencies; §120-86C, Certain leases or sales of real property with State agency; and §120-86D, Influencing State agencies**, effective on November 3, 1998, the day of the next election for members of the General Assembly, so as not to "grandfather" with existing business arrangements by sitting legislators.

The rest of the act would become effective on October 1, 1997, to give adequate notice to legislators of the new standards of conduct.

## VISITOR REGISTRATION SHEET

## ETHICS

**April 22, 1997**

Name of Committee

Date \_\_\_\_\_

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

**NAME**

**FIRM OR AGENCY AND ADDRESS**[illegible]



B

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of \_\_\_\_

H964-ARU-001

Date \_\_\_\_\_, 1997

Comm. Sub. []  
Amends Title []

Representative

- 1 moves to amend the bill on page 4, line 20,  
2 by deleting the words "unrelated to his" and substituting the words  
3 "not primarily related to his or her"; and  
4  
5 on page 4, line 23,  
6 by inserting at the end of the line the following sentence to read:  
7 "This subdivision shall not apply to activities and materials  
8 related to the presentation of a course at an elementary or  
9 secondary school, college, or university."; and  
10  
11 on page 5, lines 17 and 18,  
12 by rewriting the lines to read:  
13 "eminent domain, any contract or lease existing prior to the  
14 convening of the 1999 General Assembly, or any extension or renewal  
15 of any contract or lease, the original contract or lease of which  
16 was initially entered into prior to the convening of the 1999  
17 General Assembly."; and  
18  
19 on page 5, line 35,  
20 by deleting the word "contracting" and substituting the word  
21 "contacting"; and  
22  
23 on page 6, line 19,  
24 by deleting the word "clerk." and substituting the words "clerk, or  
25 as a page."; and



B

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 2 of \_\_\_\_

H964-ARU-001

1  
2 on page 7, lines 13 and 14,  
3 by inserting between the the lines the following new subdivision to  
4 read:  
5       "(3) A legislator may participate in deliberations and vote  
6       on an entire appropriations bill, and amendments to  
7       the appropriation bill unrelated to the matter in  
8       which the legislator would otherwise be prohibited  
9       from acting upon by subsection (a) of this section.";  
10       and  
11  
12 on page 12, line 6,  
13 by inserting between the date "November 3, 1998." and the word "The"  
14 the following sentence to read:  
15 "G.S. 120-86E becomes effective upon the convening of the 1999  
16 General Assembly.".

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if House Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_



**North Carolina General Assembly  
Legislative Services Office**

George R. Hall, Legislative Services Officer  
(919) 733-7044

W. Robinson, Director  
Administrative Division  
Room 5, Legislative Building  
16 W. Jones Street  
Raleigh, NC 27603-5925  
(919) 733-7500

Gerry F. Cohen, Director  
Bill Drafting Division  
Suite 401, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-6660

Thomas L. Covington, Director  
Fiscal Research Division  
Suite 619, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-4910

Donald W. Fulford, Director  
Information Systems Division  
Suite 400, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-6834

Terrence D. Sullivan, Director  
Research Division  
Suite 545, LOB  
300 N. Salisbury St.  
Raleigh, NC 27603-5925  
(919) 733-2578

April 22, 1997

TO: Representative Julia Howard, Chair, House Ethics Committee

FROM: Terry Sullivan and O. Walker Reagan, Committee Co-Counsel

RE: **HOUSE BILL 964 - TO REVISE AND STRENGTHEN THE SYSTEM OF  
LEGISLATIVE ETHICS, - Representative Howard.**

This bill would clarify and strengthen several portions of the existing legislative ethics system. Specifically, the bill would create general standards of conduct for State legislators, require legislators to disqualify him or herself where the legislator or a member of the legislator's household would gain or lose monetarily from a legislative action; clarify that the economic interest statement (EIS) is the only provision of the Legislative Ethics Act which applies to the Lieutenant Governor as President of the Senate; clarify the filing procedure of the EIS by legislative candidates; require the lobbyist who is associated in business or is a spouse of a legislator to name the legislator in the lobbyist registration form and file the completed form in the Legislative Library to be attached to the legislator's EIS; and require that the EIS of a legislator, who has a member of his or her immediate family serving as a legislative liaison for State government, have attached to it a notification by the appointing official of the liaison's connection with the legislator.

**A SECTION-BY-SECTION ANALYSIS FOLLOWS:**

**Section 1** would rewrite Part 1, Code of Legislative Ethics, of Article 14 of Chapter 120 of the General Statutes. The changes to the specific statutory sections are noted below:

**§120-85, Definitions**— would be amended to clarify that the Lieutenant Governor is required to file the economic interest statement. (Candidates for Lieutenant Governor have been filing these statements since the act's inception, but the language is not clear – see Section 3, below). Legislator would be deemed elected as of the day following the general election held for the office so that these new ethical strictures would be binding on newly-elected legislators as soon as they reasonably knew that they were elected. "State agency" would be amended to include a non-profit

# MEMORANDUM

April 22, 1997

Page 2

corporation receiving State funds during the present or immediately preceding fiscal year.

**§120-86, Bribery**—would add clarifying language. A definition is transferred to 120-85, the definitions section, and a punishment provision is placed in a new 120-88A, specifying punishments for this Part.

**§120-86A. General Standards of Conduct** --Legislators are prohibited from engaging in the following acts: using influence as a legislator in a manner involving substantial conflict between the legislator's personal interest and official duties; engaging in sexual harassment; using the official position to obtain financial gain for the legislator or a member of the legislator's immediate household; using the office to secure or create privileges, exemptions, advantages or treatment for the legislator or others in contravention of the public interest at large; use the official stationery or great seal of the State on campaign stationery or campaign literature unless the material bears a disclaimer that the material was not printed or mailed at State expense; becoming intoxicated while in discharge of legislative duties; accept honoraria unless the subject for which the honoraria is given is unrelated to the legislative position, except for prepaid transportation, food and lodging associated with the matter; accept compensation other than that provided by law for influencing or attempting to influence legislative action (however, this prohibition is not to be considered as applying where the legislator's business associate is a lobbyist and the legislator does not share in the lobbying compensation); or to accept anything of value from a lobbyist or a lobbyist's employer. (A legislator may accept things of nominal value, and personal hospitality or political contributions if not offered with the understanding that the legislator will be influenced in the legislative duties or when such an inference could reasonably be drawn.)

**§120-86B, Certain contracts with State agencies.** A legislator, and member of the legislator's household or an business in which the one or more of that household owns 5% or more of the outstanding stock could not contract with State agency or subcontract with a contractor with a State agency on contracts having a value of \$100 per transaction, except for contracts let after public notice and competitive bidding; or contracts available on similar terms to members of a legislator's business, occupation, or profession.

**§120-86C, Certain leases or sales of real property with State agency--** A legislator, a member of the legislator's immediate household, or business in which one or more members of that household own 5% or more of the outstanding stock could not lease or sell real property to a State agency. Sales under eminent domain are exempt.

**§120-86D, Influencing State agencies--**A legislator would be restricted from, for compensation, appearing as a expert witness before a State agency; representing or engaging in negotiations with a State agency or certain matters; representing the State or a State agency; maintaining an action for money damages against the State in certain cases. A legislator could not enter into any agreement for compensation in relation to any matter before a State agency for compensation dependent or contingent upon State agency action. This section does not limit a partner or business associate



# MEMORANDUM

April 22, 1997

Page 3

of a legislator from representing any client before any agency. Subsection (g)(1) would permit a legislator to continue to represent a person before a State agency on any matter filed and pending on the date of the legislator's election to the General Assembly.

**§120-86E,. Employment of members of legislator's immediate family--**A legislator's spouse, parent, sibling, child, grandparents, and the step, half-step and in-law relationships of these name relatives could not be employed or appointed to a position in the Legislative Branch, except that of secretary or clerk to that legislator. The legislator would be prohibited from advocating or causing the hiring or favorable personnel actions for these relatives in the Executive Branch.

**§120-87, Disclosure of confidential information--**contains clarifying and conforming language.

**§120-88, When legislator to disqualify himself or submit question to Legislative Ethics Committee--**A legislator is prohibited from discussing or acting on any matter in which the legislator, a member of the legislator's immediate household, or the legislator's associated business will derive a monetary gain or suffer a monetary loss and must excuse him- or herself under the applicable chamber's rules. A legislator may act in matters affecting the legislator's salary, benefits and allowances, and where the gain or loss accruing to the legislator, member of the legislator's immediate household, or business with which either is associated is "no greater than the gain or loss which accrues generally to other members of the business, profession, occupation, or group."

**§120-88A, Violations of this Part.** This section contains the penalty provisions in current law for Bribery under G.S. 120-86. Violations of any other part of the Code of Legislative Ethics is not a crime but is punishable under G.S. 120-103 which sets forth the procedure and range of sanctions available by the Legislative Ethics Committee. This section specifically states that nothing in this Part will bar a prosecution under any other criminal law provision.

**Section 2.** Would rewrite Part 2, **Statement of Economic Interest**, of Article 14 of Chapter 120 of the General Statutes to include specifically candidates for the office of Lieutenant Governor and those candidates nominated by party convention with those candidates for the General Assembly required to file statements of economic interest, and to various conforming changes.

**§120-94, Statements of economic interest are public records**, would be amended to require the Legislative Librarian to attach copies of lobbyist registrations statements and authorized official legislative liaison personnel designations filed in the Library to the statements of legislators who are either in the same immediate household as either the registered lobbyist or the officially designated liaison personnel.

**Section 3** would repeal **G.S. 120-106, Article applicable to the presiding officers**. Since the inception of the Legislative Ethics Act candidates for the office of Lieutenant Governor have filed EIS reading that G.S. 120-106 required that filing.

MEMORANDUM

April 22, 1997

Page 4

The rest of the Legislative Ethics Act dealt with General Assembly members' self regulation. The remedy for alleged criminal or ethical violations by a lieutenant governor would be by either the courts, impeachment proceedings, or both.

**Section 4** adds a requirement to **G.S. 120-47.2, Registration Procedure** (for lobbyists), that a lobbyist who is a member of a legislator's immediate household (defined in G.S. 120-85(2)) or a member or partner of, or otherwise associated in business with a legislator in a limited liability company, partnership, or professional corporation must report the name of the legislator on the registration form and file a certified copy of the form in the Legislative Library within 10 days of registering as a lobbyist.

**Section 5** amends **G.S. 120-47.8 (3), Persons exempted from the provisions of the [Lobbying] Article**, to require the official naming legislative liaisons of State agencies to file a certified list of the official liaison personnel in the Legislative Library within 10 days of filing the list with the Secretary of State, if a legislative liaison is a member of a legislator's immediate household (defined in G.S. 120-85(2)). The official must specify the legislator whose immediate household includes the legislative liaison.

**Section 6** would make **§120-86B, Certain contracts with State agencies; §120-86C, Certain leases or sales of real property with State agency; and §120-86D, Influencing State agencies**, effective on November 3, 1998, the day of the next election for members of the General Assembly, so as not to "grandfather" with existing business arrangements by sitting legislators.

The rest of the act would become effective on October 1, 1997, to give adequate notice to legislators of the new standards of conduct.

**MINUTES**  
**HOUSE COMMITTEE ON ETHICS**  
**April 23, 1997**  
**Room 1327**

The House Committee on Ethics met in Room 1327 of the Legislative Building on Wednesday, April 23, 1997, at 7:35 p.m. Representative Julia Howard, Chair, called the meeting to order and turned the gavel over to Rep. Richard Morgan, Committee Member, to Chair.

The following members were present: Representatives Gamble, Gray, Neely, Russell, Sutton, Tallent and Wright. Also present was Rep. Steve Wood, House Speaker Pro-Tem.

Rep. Morgan called that, without objection, Committee Substitute for HB 964 be adopted for discussion. Rep. Morgan then called on Staff to explain the Committee Substitute. Rep. Morgan opened floor for discussion. Rep. Neely proposed several technical changes to the Committee Substitute. Rep. Morgan called on Staff Member Terry Sullivan to assist in explaining the changes. All technical changes were called for adoption, without objection, by Rep. Morgan.

Rep. Morgan recessed meeting to reconvene at 9:00 p.m. Rep. Morgan called meeting to order at 9:00 p.m. and recognized Rep. Howard to make comments on Committee Substitute for HB 964. Rep. Morgan opened floor for discussion.

Rep. Sutton moved to amend the Committee Substitute Bill. Rep. Morgan called on Staff Member Terry Sullivan to prepare amendment (#1). Rep. Sutton moved for adoption of the amendment. Rep. Morgan opened floor for discussion of amendment. Rep. Morgan called for a vote to adopt Rep. Sutton's amendment (#1). Motion passed on voice vote.

Rep. Morgan turned discussion back over to Committee Substitute, as amended. Rep. Morgan recognized Rep. Howard to continue discussing the Committee Substitute. Rep. Gamble set forth an amendment. Rep. Morgan called on Staff Member Terry Sullivan to explain amendment (#2). Rep. Gamble made motion to adopt amendment. Rep. Morgan opened floor for discussion of amendment. Rep. Morgan then called for a vote on the motion to adopt amendment (#2). Motion passed on voice vote.

Rep. Morgan turned discussion back over to Committee Substitute, as amended and called on Rep. Wright to send forth an amendment. Rep. Morgan called on Staff Member Walker Reagan to explain amendment (#3). Rep. Morgan opened floor for discussion. Rep. Wright moved for adoption of amendment #3. Rep. Morgan called for vote on motion. Motion passed on voice vote.

Rep. Morgan again returned discussion back to Committee Substitute, as amended. Rep. Gray requested staff prepare an amendment. Rep. Neely requested staff

prepare draft of amendment. Rep. Gray moved to set forth an amendment (#4). Rep. Morgan called on staff to explain amendment and opened floor for discussion. Rep. Gray moved to adopt amendment. Rep. Morgan called for vote on motion. Motion passed on voice vote.

Rep. Neely set forth an amendment (#5) and moved for its adoption. Rep. Morgan called on staff to explain amendment. Rep. Morgan then opened floor for discussion. Rep. Morgan called for vote on motion to adopt amendment (#5). Motion passed on voice vote.

Rep. Neely called for a technical amendment. Rep. Morgan called for adoption, without objection. Rep. Morgan then called a 15 minute recess at 10:15 p.m.

Rep. Morgan called meeting to order at 10:30 p.m. and returned discussion back to Committee Substitute, as amended. Rep. Wright moved to reconsider the vote for amendment #3, Rep. Wright's amendment, stating it would be a repetitive amendment. Rep. Morgan called on Staff Member Terry Sullivan to explain. Rep. Morgan then called for a vote on the motion to reconsider the adoption of amendment #3. The motion passed on a voice vote.

Rep. Neely set forth an amendment (#6) and explained it. Rep. Neely then moved to adopt the amendment. Rep. Morgan opened floor for discussion. Hearing none, he called for a vote on Rep. Neely's motion. Motion passed on voice vote.

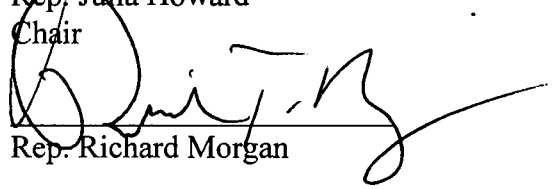
Rep. Neely set forth another amendment (#7), explained it and moved for its adoption. Rep. Morgan opened floor for discussion. Rep. Morgan then called for a vote on the motion to adopt amendment (#7). Motion passed on a voice vote. Rep. Neely then requested staff prepare another amendment. Rep. Morgan again opened floor for discussion of Committee Substitute, as amended.

Rep. Howard requested withdrawal of bill. The members of the committee objected to the request. Rep. Wood moved for a favorable report of Committee Substitute, as amended. Rep. Morgan opened floor for discussion. Rep. Neely moved to have all amendments from this meeting rolled into a new Committee Substitute to be distributed to committee members for their review. Rep. Morgan called for a vote on the motion. The motion passed on a voice vote.

Rep. Morgan adjourned the meeting at 11:05 p.m.

  
Mrs. Gail Stewart, Clerk

  
Rep. Julia Howard  
Chair

  
Rep. Richard Morgan

Acting Chair

Date Adopted \_\_\_\_\_

## **VISITOR REGISTRATION SHEET**

## ETHICS

**April 23, 1997**

Name of Committee

Date \_\_\_\_\_

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

**NAME**

**FIRM OR AGENCY AND ADDRESS**[illegible]

# DRAFT

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

1

HOUSE BILL 964

DRAFT FOR REVIEW ONLY

Proposed Committee Substitute H964-CSRA-002

23-APR-97 17:40:55

Short Title: Code of Legislative Ethics Revision. (Public)

---

Sponsors:

---

Referred to: Ethics.

---

April 16, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO REVISE AND STRENGTHEN THE SYSTEM OF LEGISLATIVE ETHICS.

3 The General Assembly of North Carolina enacts:

4 Section 1. Part 1 of Article 14 of Chapter 120 of the  
5 General Statutes reads as rewritten:

6 "Part 1. Code of Legislative Ethics.

7 "§ 120-85. Definitions.

8 As used in this ~~Article~~ Article, unless the context clearly  
9 requires otherwise:

10 (1) ~~"Business with which he is associated"~~ 'Associated  
11 business' means any enterprise, incorporated or  
12 otherwise, doing business in the State of ~~which~~  
13 which:

14 a. the legislator or person filing an economic  
15 interest statement required under Part II of  
16 this Article, or any member of his the  
17 person's immediate household is a director,  
18 officer, owner, partner, or employee, or

b. of which the legislator and his immediate household, either singularly or collectively, is a holder of securities worth five fifteen thousand dollars (\$5,000) (\$15,000) or more at fair market value as of December 31 of the preceding year, or constituting five percent (5%) or more of the outstanding stock of such enterprise. For purposes of this sub-  
subdivision, the term 'business' shall not  
include a widely held investment fund,  
including, but not limited to, a mutual fund,  
regulated investment company, or pension or  
deferred compensation plan, if:

1. The person or a member of the person's  
immediate household neither exercises nor  
has the ability to exercise control over  
the financial interests held by the fund;  
and

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

(2) 'Immediate household' means the legislator, his  
person, the person's spouse, if not legally  
separated, and all dependent children of the  
legislator, person.

(2a) 'Legislator' means any person who has been elected  
or appointed to the General Assembly and who has or  
has not yet taken the oath of office. For purposes  
of this Article, a legislator shall be deemed  
elected on the day following the general election  
held for that office.

(2b) 'Official Action' means on questions before, or  
questions that may come before the General  
Assembly, any discussion either: (i) in a standing  
committee or subcommittee, (ii) on the floor, or  
(iii) in a study committee or commission;  
participation in any motion or vote; or  
participation in any other official decision.

(2c) 'Pecuniary Interest' means any of the following:  
a. Owning, either individually or collectively, a  
legal or equitable interest exceeding fifteen



- 1                    thousand dollars (\$15,000) or five percent  
2                    (5%), whichever is less, of any business.
- 3                    b. Receiving, either individually or  
4                    collectively, during the preceding calendar  
5                    year compensation that is or will be required  
6                    to be included as taxable income on federal  
7                    income tax returns of the person, the person's  
8                    immediate household, or an associated business  
9                    in an aggregate amount of seven thousand five  
10                   hundred dollars (\$7,5000) from any associated  
11                   business or combination of associated  
12                   businesses. A pecuniary interest exists in  
13                   any client or customer who pays fees or  
14                   commissions, either individually or  
15                   collectively, of seven thousand five hundred  
16                   dollars (\$7,500) or more in the preceding 12  
17                   months to the person, the person's immediate  
18                   household, or an associated business.
- 19                   c. Receiving, either individually or collectively  
20                   and directly or indirectly, in the preceding  
21                   12 months, gifts or honoraria having an  
22                   unknown value or having an aggregate value of  
23                   five hundred dollars (\$500.00) or more from  
24                   any person. A pecuniary interest does not  
25                   exist under this sub-subdivision by reason of  
26                   (i) a gift or bequest received as the result  
27                   of the death of the donor; (ii) a gift from a  
28                   member of the person's immediate household; or  
29                   (iii) acting as a trustee of a trust for the  
30                   benefit of another.
- 31                   d. Holding the position of associate, director,  
32                   officer, partner, compensated agent, member of  
33                   the governing body, or proprietor of any  
34                   business, irrespective of the amount of  
35                   compensation received.
- 36                   (2d) 'State agency' includes a State department,  
37                   institution, commission, committee, board,  
38                   division, bureau, officer, or official; or a  
39                   nonprofit corporation that has received State

1           funding during the then current or immediately  
2           preceding fiscal year.

3           (3) 'Vested trust' as set forth in G.S. 120-96(4) means  
4           any trust, annuity or other funds held by a trustee  
5           or other third party for the benefit of the member  
6           or a member of his person filing the statement of  
7           economic interest required by Part 2 of this  
8           Article or the member of that person's immediate  
9           household. A vested trust shall not include a  
10           widely held investment fund, including but not  
11           limited to a mutual fund, regulated investment  
12           company, or pension or deferred compensation plan,  
13           if:

14           a. The person or a member of the person's  
15           immediate household neither exercises nor has  
16           the ability to exercise control over the  
17           financial interests held by the fund; and

18           b. The fund is publicly traded, or the fund's  
19           assets are widely diversified.

20           (4) 'Widely Diversified' means a securities group or  
21           fund that holds no more than five percent (5%) of  
22           the value of its portfolio in the securities of any  
23           one issuer (other than the United States  
24           Government) and no more than twenty percent (20%)  
25           in any particular economic or geographic sector."

26 "§ 120-86. Bribery, etc.

27           (a) No person shall offer or give to a legislator or a member  
28           of a legislator's immediate household, or to a legislator's  
29           associated business, ~~business with which he is associated,~~ and  
30           no legislator shall solicit or receive, anything of monetary  
31           value, including a gift, favor or service or a promise of future  
32           employment, based on any understanding that such legislator's  
33           vote, official actions or judgment would be influenced thereby,  
34           or where it could reasonably be inferred that the thing of value  
35           would influence the legislator in the discharge of ~~his~~ the  
36           legislator's duties.

37           (b) It shall be unlawful for the partner, client, customer, or  
38           employer of a legislator or the agent of that partner, client,  
39           customer, or ~~employer to threaten economically, directly or~~  
40           ~~indirectly,~~ employer, directly or indirectly, to threaten

1 economically that legislator with the intent to influence the  
2 legislator in the discharge of his or her legislative duties.

3 (c) It shall be unethical for a legislator to contact the  
4 partner, client, customer, or employer of another legislator if  
5 the purpose of the contact is to cause the partner, client,  
6 customer, or employer to threaten economically, directly or  
7 indirectly, that legislator with the intent to influence that  
8 legislator in the discharge of his or her legislative duties.

9 ~~(d) For the purposes of this section, the term "legislator"~~  
10 ~~also includes any person who has been elected or appointed to the~~  
11 ~~General Assembly but who has not yet taken the oath of office.~~

12 ~~(e) Violation of subsection (a) or (b) is a Class F felony.~~  
13 ~~Violation of subsection (c) is not a crime but is punishable~~  
14 ~~under G.S. 120-103.~~

15 "§ 120-86A. General standards of conduct.

16 (a) A legislator shall not directly or indirectly:

17 (1) Use or attempt to use his or her influence as a  
18 legislator in any manner which involves substantial  
19 conflict between the legislator's personal interest  
20 and the legislator's duties in the public interest.

21 (2) Engage in sexual harassment. For purposes of this  
22 subdivision, 'sexual harassment' includes sexual  
23 advances, requests for sexual favors, sexually  
24 motivated physical contact or other verbal or  
25 physical conduct or communication of a sexual  
26 nature when:

27 a. Submission to that conduct or communication is  
28 made a term or condition, either explicitly or  
29 implicitly, of obtaining employment, or public  
30 or constituent services, or the legislator's  
31 vote or official action;

32 b. Submission to or rejection of that conduct or  
33 communication by an individual is used as a  
34 factor in decisions affecting that  
35 individual's employment or provisions to that  
36 individual of constituent or public services;  
37 or

38 c. That conduct or communication has the purpose  
39 or effect of substantially interfering with an  
40 individual's employment or public or

- 1                    constituent services, or creating an  
2                    intimidating, hostile, or offensive employment  
3                    or public or constituent services environment.  
4                    For the purposes of this subdivision, 'employment'  
5                    means only employment with a State, federal, or  
6                    local governmental agency.
- 7                    (3) Use his or her official position or office to  
8                    obtain financial gain for the legislator or  
9                    legislator's immediate household or associated  
10                   business.
- 11                   (4) Use or attempt to use the legislative office to  
12                   secure or create privileges, exemptions,  
13                   advantages, or treatment for the legislator or  
14                   others in contravention of the public interest at  
15                   large.
- 16                   (5) Use State resources including any person, money, or  
17                   property under the legislator's official control or  
18                   direction or in the legislator's custody for:
- 19                   a. The private benefit or gain of the legislator,  
20                   except on an incidental and infrequent basis.  
21                   This sub-subdivision shall not prohibit:
- 22                   1. The use of public resources to benefit  
23                   another person as part of the  
24                   legislator's official duties;
- 25                   2. For the legislator's benefit if the cost  
26                   to the State is so small as to be  
27                   insignificant or negligible and does not  
28                   interfere with the legislator's official  
29                   duties.
- 30                   b. Any partisan political campaign activity,  
31                   except for elections to constitutional or  
32                   party offices within the General Assembly.
- 33                   (6) Use the legislator's official stationery, or a  
34                   facsimile thereof, to solicit a vote or a  
35                   contribution for the legislator's or another  
36                   person's campaign for election or reelection to  
37                   public office, or use the great seal of the State  
38                   on campaign stationery or campaign literature. A  
39                   legislator may use a facsimile of the legislator's  
40                   official stationery or of the great seal of the

State in soliciting campaign contributions or thanking contributors to the legislator's or another person's political campaign if it is paid for by other than State funds and if it bears a clear disclaimer that indicates the stationery was not printed or mailed at State expense. For the purposes of this subdivision, 'official legislative stationery' means the stationery which is issued by the Legislative Services Office to the legislator for use as a member of the General Assembly or of its legislative committees or commissions.

(7) While in discharge of legislative duties, become intoxicated by the use of alcoholic beverages or any controlled substance defined in G.S. 90-87(5).

(8) Accept any compensation in consideration for an appearance, speech, or writing unless the appearance, speech, or writing is not primarily related to his or her position as a legislator; however, a legislator may accept prepaid transportation, food, and lodging for travel associated with the legislator's duties or reimbursement for actual expenses incurred in connection with that travel. This subdivision shall not apply to activities and materials related to the presentation of a course at an elementary or secondary school, college, or university.

(9) Accept compensation, other than that provided by law for members of the General Assembly, for influencing or attempting to influence legislative action through direct oral or written communication with another legislator, or to solicit other persons to influence legislative action. This subsection shall not apply to:

a. a limited liability company, partnership, or a professional corporation in which a legislator has a membership or an interest of any kind, if the legislator excuses himself or herself under the rules of the applicable house from deliberations and voting on the matter, or

1                                b. reimbursement of a legislator's actual  
2                                travel expenses for promotional activities on  
3                                behalf of a nonprofit corporation.

4                (10) Solicit, receive, accept, or agree to accept  
5                anything of value from a lobbyist or the employer  
6                of a lobbyist.

7 (c) The provisions of subdivisions (a)(8), (9), or (10) of this  
8 section shall not apply to any of the following:

9                (1) Political contributions properly received and  
10                reported as required under Article 22A of Chapter  
11                163 of the General Statutes.

12                (2) Gifts from relatives by blood or marriage, or a  
13                member of the same household.

14                (3) Printed informational or promotional material, not  
15                to exceed thirty-five dollars (\$35.00) in cost.

16                (4) Items, not to exceed thirty-five dollars (\$35.00)  
17                in cost, containing or displaying promotional  
18                material.

19                (5) A personalized plaque or trophy with a cost that  
20                does not exceed one hundred fifty dollars  
21                (\$150.00).

22                (6) Educational material directly related to the  
23                legislator's official duties not to exceed seventy-  
24                five dollars (\$75.00) in cost.

25                (7) An honorary degree bestowed upon a legislator from  
26                a public or private university or college.

27                (8) Promotional or marketing items offered to the  
28                general public or State employees on the same terms  
29                and conditions without regard to status as a  
30                legislator.

31                (9) Lodging, transportation, entertainment, food,  
32                meals, or beverages at a function to which a  
33                legislator is invited if the entire membership of  
34                the House, the Senate, or the General Assembly is  
35                invited, or one of the committees, subcommittees,  
36                joint committees, legislative caucuses, or county  
37                legislative delegations of the General Assembly of  
38                which the legislator is a member is invited.

39                (10) A ticket to attend an event if the legislator buys  
40                the ticket at face value.

1 "§ 120-86B. Certain contracts with State agencies.

2 A legislator, or any member of the legislator's immediate  
3 household, or a business of which the legislator or the  
4 legislator's immediate household owns, collectively or  
5 individually, five percent (5%) or more of the outstanding stock  
6 shall not contract for a value of one hundred dollars (\$100.00)  
7 or more per transaction with a State agency or as a subcontractor  
8 with a contractor on a contract with a State agency, except for:

- 9       (1) Contracts, agreements, sales, or purchases made or  
10       let after public notice and competitive bidding; or  
11       (2) Contracts, agreements, sales, or purchases  
12       available on similar terms to members of the  
13       legislator's business, occupation, or profession.

14 "§ 120-86C. Certain leases or sales of real property with State  
15 agency.

16 A legislator, any member of the legislator's immediate  
17 household, or any business of which the legislator or his  
18 immediate household, individually or collectively, owns or  
19 controls five percent (5%) or more of the outstanding stock of  
20 the enterprise shall not lease or sell a facility, a building, or  
21 other real property to a State agency. This section does not  
22 apply to sales or leases made pursuant to the State's power of  
23 eminent domain, any contract or lease existing prior to the  
24 convening of the 1999 General Assembly, or any extension or  
25 renewal of any contract or lease, the original contract or lease  
26 of which was initially entered into prior to the convening of the  
27 1999 General Assembly.

28 "§ 120-86D. Influencing State agencies.

29 (a) A legislator shall not, for compensation, appear before a  
30 State agency as an expert witness.

31 (b) A legislator may not, for compensation, represent or  
32 engage in negotiations on behalf of a client before or with a  
33 State agency in proceedings related to the following matters:

- 34       (1) Contracting for the conveyance of an interest in  
35       real property, or the purchase, sale, rental, or  
36       lease of goods or services from a State agency;  
37       (2) Rate making;  
38       (3) Adoption, amendment, or repeal of any  
39       administrative rule;  
40       (4) Obtaining grants of money or loans;

1           (5) Certifying, licensing, or permitting, but not  
2           including matters related to drivers licenses; or  
3           (6) Any proceeding before the Utilities Commission.

4 Absent an express or implied threat of legislative reprisal,  
5 nothing in this Article shall prevent a legislator from  
6 contacting a State agency on behalf of any person,

7           (c) A legislator shall not, for compensation, represent  
8 the State or any State agency.

9           (d) Except as specifically provided by subsection (c)  
10 of this section, a legislator otherwise properly licensed may  
11 represent any person in judicial proceedings and may contract for  
12 contingency fees for that representation.

13 (e) Nothing in this section shall prohibit:

14           (1) A legislator from continuing to represent a person  
15           before any State agency on any case, action, or  
16           proceeding filed and pending before that agency as  
17           of the date of the legislator's election to the  
18           General Assembly; or

19           (2) A legislator's partner or business associate from  
20           representing any individual for compensation.

21 "§ 120-86E. Employment of members of legislator's immediate  
22 family.

23           (a) A member of a legislator's immediate family shall not be  
24 employed or appointed to an office or position in the legislative  
25 branch of State government; provided that a member of the  
26 legislator's immediate family may be employed as that  
27 legislator's secretary or committee clerk, or as a page.

28           (b) A legislator shall not advocate or cause the employment,  
29 appointment, promotion, transfer, or advancement of a member of  
30 the legislator's immediate family to an office or position in the  
31 executive branch of State government.

32           (c) For the purposes of this section, 'immediate family' means  
33 the spouse, parents, siblings, children, grandparents,  
34 grandchildren, and the step-, half-, and in-law relationships of  
35 those listed.

36 "§ 120-87. Disclosure of confidential information.

37 No legislator shall use or disclose confidential information  
38 gained in the course of or by reason of his or her official  
39 position or activities in any way that could result in financial  
40 gain for himself, a business with which he is associated the



1 legislator, an associated business or a member of his or her  
2 immediate household or any other person.

3 ~~"§ 120-88. When legislator to disqualify himself or submit~~  
4 ~~question to Legislative Ethics Committee. Participation in~~  
5 ~~official actions.~~

6 ~~When a legislator must act on a legislative matter as to which~~  
7 ~~he has an economic interest, personal, family, or client, he~~  
8 ~~shall consider whether his judgment will be substantially~~  
9 ~~influenced by the interest, and consider the need for his~~  
10 ~~particular contribution, such as special knowledge of the subject~~  
11 ~~matter, to the effective functioning of the legislature. If after~~  
12 ~~considering these factors the legislator concludes that an actual~~  
13 ~~economic interest does exist which would impair his independence~~  
14 ~~of judgment, then he shall not take any action to further the~~  
15 ~~economic interest, and shall ask that he be excused, if~~  
16 ~~necessary, by the presiding officer in accordance with the rules~~  
17 ~~of the respective body. If the legislator has a material doubt as~~  
18 ~~to whether he should act, he may submit the question to the~~  
19 ~~Legislative Ethics Committee for an advisory opinion in~~  
20 ~~accordance with G.S. 120-104.~~

21 (a) Except as permitted by subsection (c) of this section and  
22 notwithstanding any other law, no legislator acting in that  
23 capacity, knowingly shall participate in an official action as a  
24 legislator if the legislator, a member of the legislator's  
25 immediate household, or an associated business has a pecuniary  
26 interest in or a reasonably foreseeable pecuniary benefit from  
27 the matter under consideration. A potential pecuniary benefit  
28 includes a detriment to a business competitor of the legislator,  
29 a member of the legislator's immediate household, or an  
30 associated business. It shall be presumed that a legislator has  
31 a pecuniary interest in or a reasonably foreseeable pecuniary  
32 benefit from the matter under consideration if the matter  
33 involves, directly or indirectly, any item that the legislator  
34 has listed on the legislator's most recent statement of economic  
35 interest or which would be required to be reported if the item  
36 has been acquired since the filing of the most recent statement.

37 (b) A legislator described by subsection (a) of this section  
38 shall abstain from participation in the official action. The  
39 legislator shall submit in writing the reasons for the abstention  
40 to the presiding officer of the legislator's legislative body.

1 The abstention shall be recorded in the legislative body's  
2 journal.

3 (c) A legislator may participate in an official action under  
4 any of the following circumstances:

5 (1) The only pecuniary interest or reasonably  
6 foreseeable pecuniary benefit that accrues to the  
7 legislator, the legislator's immediate household or  
8 associated business, as a member of a profession,  
9 occupation, or large class, is no greater than that  
10 which could reasonably be foreseen to accrue to all  
11 members of that profession, occupation, or large  
12 class. A large class does not include a group of  
13 investors in the stock of a single issuer or a  
14 group of investors in a group of stocks not widely  
15 diversified.

16 (2) Where an official action affects or would affect  
17 the legislator's compensation and allowances as a  
18 legislator.

19 (3) Before the legislator participated in the official  
20 action, the legislator requested and received a  
21 written advisory opinion from the Committee that  
22 the legislator's pecuniary interest or reasonably  
23 foreseeable pecuniary benefit from a matter under  
24 consideration would not impair the legislator's  
25 independence of judgment or influence the  
26 legislator's participation in the official action.

27 (4) When the house of which the legislator is a member  
28 records in its minutes that it cannot obtain a  
29 quorum in order to take the official action because  
30 members are disqualified from acting under this  
31 section. As to matters being considered in  
32 committee, a legislator disqualified to participate  
33 in an official action under this section shall not  
34 be considered as a member of the committee for  
35 quorum purposes on the matter being considered.

36 (5) A legislator may participate in deliberations and  
37 vote on an entire appropriations bill, and  
38 amendments to the appropriations bill unrelated to  
39 the matter in which the legislator would otherwise

1                   be prohibited from acting upon by subsection (a) of  
2                   this section."

3 "§ 120-88A. Violations of this Part.

4     A violation of G.S. 120-86(a) or (b) shall be punished as a  
5 Class F felony. A violation of any other provision in this Part  
6 is not a crime but is punishable under G.S. 120-103. Nothing in  
7 this Part shall prohibit a criminal prosecution under any other  
8 provision of law."

9                   Section 2. Part 2 of Article 14 of Chapter 120 reads as  
10 rewritten:

11                   "Part 2. Statement of Economic Interest.

12 "§ 120-89. Statement of economic interest by legislative certain  
13 candidates; filing required.

14     Every person who files as a candidate for nomination or  
15 election to a seat in either house of the General Assembly or as  
16 Lieutenant Governor shall file a statement of economic interest  
17 as specified in this Article within 10 days of the filing  
18 deadline for the office he seeks.

19 "§ 120-90. Place and manner of filing.

20     The statement of economic interest shall cover the preceding  
21 calendar year and shall be filed at the same place, and in the  
22 same manner, as the notice of candidacy which a candidate seeking  
23 party nomination for the office of State ~~Senator or member of~~  
24 ~~the State House of Representatives~~ Senator, State Representative,  
25 or Lieutenant Governor is required to file under the provisions  
26 of G.S. 163-106.

27 "§ 120-91: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
28 1028, s. 3.

29 "§ 120-92. Filing by candidates not nominated in primary  
30 elections.

31     A person who is nominated pursuant to the provisions of G.S.  
32 163-114 after the primary and before the general election, and a  
33 person who qualifies pursuant to the provisions of G.S. 163-122  
34 as an independent candidate in a general election shall file with  
35 the county board of elections of each county in the senatorial or  
36 representative district a statement of economic interest. A  
37 person nominated pursuant to G.S. 163-114 shall file the  
38 statement within three days following his nomination, or not  
39 later than the day preceding the general election, whichever  
40 occurs first. A person seeking to qualify as an independent

1 candidate under G.S. 163-122 shall file the statement of economic  
2 interest with the petition filed pursuant to that section. A  
3 person who is nominated by party convention of a new political  
4 party shall file a statement of economic interest with the county  
5 board of elections within 10 days of the certification with the  
6 State Board of Elections of the new parties' candidates required  
7 by G.S. 163-98.

8 "~~§ 120-93. County boards~~ Boards of elections to notify candidates  
9 of economic-interest-statement requirements.

10 Each county board of elections shall provide for notification  
11 of the economic-interest-statement requirements of G.S. 120-89,  
12 120-96, and 120-98 to be given to any candidate filing for  
13 nomination or election to the General Assembly at the time of his  
14 or her filing in the particular county. The State Board of  
15 Elections shall provide for notification of the economic interest  
16 statement requirements to candidates nominated by party  
17 convention of a new political party of G.S. 120-92.

18 "~~§ 120-93.1. Certification of statements of economic interest.~~

19 ~~The chairman of the county board of elections with which a~~  
20 ~~statement of economic interest is filed shall forward a certified~~  
21 ~~copy of the statement to the Legislative Services Office once the~~  
22 ~~candidate is certified as elected to the General Assembly. The~~  
23 chairman of the county board of elections shall also forward a  
24 certified copy of each candidate's statement of economic  
25 interest, within 10 days after its filing, to the board of  
26 elections in each other county in the district the candidate  
27 seeks to represent. The chairman of the county board of elections  
28 with which a statement of economic interest is filed shall  
29 forward a certified copy of the statement to the Legislative  
30 Services Office once the candidate is certified as elected to the  
31 General Assembly. The Executive Director-Secretary of the State  
32 Board of Elections shall forward a certified copy of the  
33 statement of the candidate who is certified as elected as  
34 Lieutenant Governor to the Legislative Services Office.

35 "~~§ 120-94. Statements of economic interest are public records.~~

36 The statements of economic interest are public records and  
37 shall be made available for inspection and copying by any person  
38 during normal business hours at the office of the various county  
39 boards of election where the statements or copies thereof are  
40 filed and at the Legislative Library after certified copies are

1 forwarded to the Legislative Services Office. The Legislative  
2 Librarian shall attach to the statement of economic interest of  
3 any legislator designated in the filing: any lobbyist  
4 registration statement filed pursuant to G.S. 120-47.2, or any  
5 list of authorized official liaison personnel filed pursuant to  
6 G.S. 120-47.8. If a county board of elections of a county does  
7 not keep an office open during normal business hours each day,  
8 that board shall deliver a copy of all statements of economic  
9 interest filed with it to the clerk of superior court of the  
10 county, and the statements shall be available for inspection and  
11 copying by any person during normal business hours at that  
12 clerk's office.

13 "§ 120-95: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
14 1028, s. 3.

15 "§ 120-96. Contents of statement.

16 Any statement of economic interest filed under this Article  
17 shall be on a form prescribed by the Committee, and the person  
18 ~~filing the statement shall supply the following information:~~  
19 Committee and sworn to by the person filing the statement. The  
20 form shall include, but not be limited to, the following  
21 information about the person filing the statement and the  
22 person's immediate household:

- 23       ~~(1) The identity, by name, of any business with which~~  
24       ~~he, or any member of his immediate household, is~~  
25       ~~associated;~~  
26       ~~(2) The character and location of all real estate of a~~  
27       ~~fair market value in excess of five thousand~~  
28       ~~dollars (\$5,000), other than his personal residence~~  
29       ~~(curtilage), in the State in which he, or a member~~  
30       ~~of his immediate household, has any beneficial~~  
31       ~~interest, including an option to buy and a lease~~  
32       ~~for 10 years or over;~~  
33       ~~(3) The type of each creditor to whom he, or a member~~  
34       ~~of his immediate household, owes money, except~~  
35       ~~indebtedness secured by lien upon his personal~~  
36       ~~residence only, in excess of five thousand dollars~~  
37       ~~(\$5,000);~~  
38       ~~(4) The name of each "vested trust" in which he or a~~  
39       ~~member of his immediate household has a financial~~

- 1 ~~interest in excess of five thousand dollars~~  
2 ~~(\$5,000) and the nature of such interest;~~
- 3 ~~(5) The name and nature of his and his immediate~~  
4 ~~household member's respective business or~~  
5 ~~profession or employer and the types of customers~~  
6 ~~and types of clientele served;~~
- 7 ~~(6) A list of businesses with which he is associated~~  
8 ~~that do business with the State, and a brief~~  
9 ~~description of the nature of such business; and~~
- 10 ~~(7) In the case of professional persons and~~  
11 ~~associations, a list of classifications of business~~  
12 ~~clients which classes were charged or paid two~~  
13 ~~thousand five hundred dollars (\$2,500) or more~~  
14 ~~during the previous calendar year for professional~~  
15 ~~services rendered by him, his firm or partnership.~~  
16 ~~This list need not include the name of the client~~  
17 ~~but shall list the type of the business of each~~  
18 ~~such client or class of client, and brief~~  
19 ~~description of the nature of the services rendered.~~
- 20 (1) The name, occupation, nature of business, and type  
21 of clients served;
- 22 (2) The name and address of any associated business as  
23 of the date of the filing of the statement;
- 24 (3) Any business listed under subdivision (2) of this  
25 section which the person knows or has reason to  
26 believe does business with or is regulated by the  
27 State;
- 28 (4) The character and location of all real estate,  
29 other than the personal residence of the person or  
30 of a member of the person's immediate household  
31 that:
- 32 a. Is located within North Carolina,  
33 b. Has a fair market value of fifteen thousand  
34 dollars (\$15,000) or more, and  
35 c. Of which the person or any member of the  
36 person's immediate household has any  
37 beneficial interest, including an option to  
38 buy or lease for 10 or more years; provided,  
39 however, if the person's personal residence is  
40 a part of a larger tract, the land on which

1                   the personal residence and that part of the  
2                   surrounding land used for residential purposes  
3                   by the household need not be listed;

4           (5) The name and address of each creditor to whom the  
5           person or a member of the person's immediate  
6           household owes more than fifteen thousand dollars  
7           (\$15,000), except for debts secured by lien upon  
8           the personal residence;

9           (6) The name of each vested trust in which the person  
10          or a member of the person's immediate household has  
11          a financial interest in excess of fifteen thousand  
12          dollars (\$15,000);

13          (7) For professional persons and associations, a list  
14          of classifications of business clients which  
15          classes were charged or paid more than seven  
16          thousand five hundred dollars (\$7,500) or more  
17          during the previous calendar year; however,  
18          individual clients need not be identified, but the  
19          type of business of the client or class of the  
20          client and a description of the nature of the  
21          services rendered must be listed."

22 "§ 120-97: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
23 1028, s.

24 "§ 120-98. Penalty for failure to file.

25       (a) If a candidate does not file the statement of economic  
26 interest within the time required by this Article, the ~~county~~  
27 board of elections in which the statement is required to be filed  
28 shall immediately notify the candidate by registered mail,  
29 restricted delivery to addressee only, that, if the statement is  
30 not received within 15 days, the candidate shall not be certified  
31 as the nominee of his party. If the statement is not received  
32 within 15 days of notification, the board of elections authorized  
33 to certify a candidate as nominee to the office shall not certify  
34 the candidate as nominee under any circumstances, regardless of  
35 the number of candidates for the nomination and regardless of the  
36 number of votes the candidate receives in the primary. A vacancy  
37 thus created on a party's ticket shall be considered a vacancy  
38 for the purposes of G.S. 163-114, and shall be filled according  
39 to the procedures set out in G.S. 163-114.

1 (b) Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028,  
2 s. 5."

3 Section 3. G.S. 120-106 is repealed.

4 Section 4. G.S. 120-47.2 reads as rewritten:

5 "§ 120-47.2. Registration procedure.

6 (a) A lobbyist shall file a registration statement with the  
7 Secretary of State before engaging in any lobbying. A separate  
8 registration statement is required for each lobbyist's principal.

9 (b) The form of the registration shall be prescribed by the  
10 Secretary of State and shall include the registrant's full name,  
11 firm, and complete address; the registrant's place of business;  
12 the full name and complete address of each person by whom the  
13 registrant is employed or retained; and the name of any  
14 legislator, as defined in G.S. 120-85(2a):

15 (1) Who is a member of or has any interest of any kind  
16 in a limited liability company, partnership, or  
17 professional corporation in which the registrant is  
18 also a member, director, officer, owner, partner,  
19 or employee; or

20 (2) With whom the registrant is a member of the  
21 immediate household, as defined in G.S. 120-85(2);  
22 and

23 a general description of the matters on which the registrant  
24 expects to act as a lobbyist.

25 (c) Each lobbyist shall register again with the Secretary of  
26 State no later than 10 days after any change in the information  
27 supplied in his last registration under subsection (b). Each  
28 supplementary registration shall include a complete statement of  
29 the information that has changed.

30 (d) Within 20 days after the convening of each session of the  
31 General Assembly, the Secretary of State shall furnish each  
32 member of the General Assembly and the State Legislative Library  
33 a list of all persons who have registered as lobbyists and whom  
34 they represent. A supplemental list shall be furnished  
35 periodically each 20 days thereafter as the session progresses.

36 (e) Each registration statement required under this Article  
37 shall be effective from the date of filing until January 1 of the  
38 following odd-numbered year. The lobbyist shall file a new  
39 registration statement after that date, and the applicable fee  
40 shall be due and payable.



1     (f)     A lobbyist, who is required to report the name of a  
2     legislator under subsection (b) of this section, shall file a  
3     certified copy of the filed lobbyist registration statement with  
4     the Legislative Library within 10 days of registering as a  
5     lobbyist."

6             Section 5. G.S. 120-47.8 reads as rewritten:

7     "§ 120-47.8. Persons exempted from provisions of Article.

8     The provisions of this Article shall not be construed to apply  
9     to any of the following:

- 10            (1) An individual, not acting as a lobbyist, solely  
11            engaged in expressing a personal opinion on  
12            legislative matters to his own legislative  
13            delegation or other members of the General  
14            Assembly.
- 15            (2) A person appearing before a legislative committee  
16            at the invitation or request of the committee or a  
17            member thereof and who engages in no further  
18            activities as a lobbyist in connection with that or  
19            any other legislative matter.
- 20            (3) a. A duly elected or appointed official or  
21            employee of the State, the United States, a  
22            county, municipality, school district or other  
23            governmental agency, when appearing solely in  
24            connection with matters pertaining to his  
25            office and public duties.
- 26            b. Notwithstanding the persons exempted in this  
27            Article, the Governor, Council of State, and  
28            all appointed heads of State departments,  
29            agencies and institutions, shall designate all  
30            authorized official legislative liaison  
31            personnel and shall file and maintain current  
32            lists of designated legislative liaison  
33            personnel with the Secretary of State and  
34            shall likewise file with the Secretary of  
35            State a full and accurate accounting of all  
36            money expended on lobbying, other than the  
37            salaries of regular full-time employees, at  
38            the same times lobbyists are required to file  
39            expense reports under G.S. 120-47.6. The  
40            officer designating an authorized official

legislative liaison, who is also a member of a legislator's immediate household as that term is defined by G.S. 120-85(2), shall file a certified copy of the list of authorized official liaison personnel in the Legislative Library, within 10 days of the filing of the list with the Secretary of State. The officer shall specify in writing the legislator whose immediate household includes the authorized official legislative liaison.

- (4) A person performing professional services in drafting bills or in advising and rendering opinions to clients, or to legislators on behalf of clients, as to the construction and effect of proposed or pending legislation where the professional services are not otherwise, directly or indirectly, connected with legislative action.
- (5) A person who owns, publishes or is employed by any news medium while engaged in the acquisition or dissemination of news on behalf of the news medium.
- (6) Repealed by Session Laws 1991, c. 740, s. 1.1.
- (7) Members of the General Assembly.
- (8) A person responding to inquiries from a member of the General Assembly or a legislative employee, and who engages in no further activities as a lobbyist in connection with that or any other legislative matter.
- (9) An individual giving facts or recommendations pertaining to legislative matters to his own legislative delegation only."

Section 6. G.S. 120-86B, 120-86C, and 120-86D, contained in Section 1 of this act, become effective November 3, 1998. G.S. 120-86E, contained in Section 1 of this act, becomes effective upon the convening of the 1999 General Assembly. The rest of this act becomes effective October 1, 1997.

**Gail Stewart (Rep. Howard)**

---

**From:** Gail Stewart (Rep. Howard)  
**Sent:** Wednesday, April 23, 1997 4:39 PM  
**To:** @House/Ethics/Clks  
**Cc:** Anne Cole; Clyde Cook; Legislative Press; Terry Sullivan; Walker Reagan  
**Subject:** Confirmation of meeting

***This is to confirm with (and remind) your member that the House ETHICS Committee scheduled for this evening at 7:30 p.m. in Room 1327 is still on the agenda. Thank you.***

*Gail Stewart*

***AGENDA***

***HOUSE ETHICS COMMITTEE***

***April 22, 1997***

***One Hour after Session***

***Room 1327***

**Greetings**

**Recognition of Pages**

**Presentation of bills for discussion:**

**HB 964**

**HB 735**

**Discussion**

**Announcements**

**Adjourn**

HOUSE ETHICS COMMITTEE  
1997-1998 SESSION  
NORTH CAROLINA GENERAL ASSEMBLY

*Call to order  
then y meeting*



Rep. Julia Howard  
Chair

*met 80 to Charlotte*

*We will  
meet*



Rep. John Gamble  
Ranking Minority  
Member



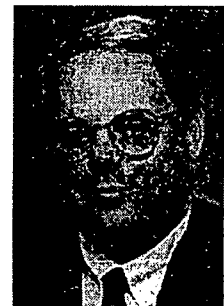
Rep. Daniel T. Blue



Rep. Ruth Easterling



Rep. Lyons Gray



Rep. Richard  
Morgan



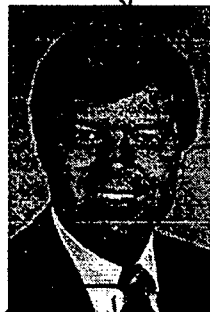
Rep. Charles Neely



Rep. Carolyn Russell



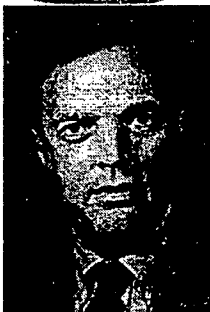
Rep. Ronnie Sutton



Rep. Timothy  
Tallent



Rep. Thomas Wright



Rep. Leo Daughtry  
Ex-Officio Member



Rep. Steve Wood  
Ex-Officio Member

3. 5807

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE**

**\*\*\*\*REVISED NOTICE\*\*\*\***

You are hereby notified that the House Committee on **ETHICS** will meet as follows:

**DAY & DATE:**        **Wednesday, April 23, 1997**

**TIME:**                **7:30 p.m.**

**LOCATION:**          **Room 1327**

The following bills will be considered (Bill # & Short Title):

**HB 964 "Code of Legislative Ethics Revision"**

**HB 735 "Rev. Leg. Ethics/Lobbying"**

Respectfully,

Representative Julia C. Howard  
Chairman

I hereby certify this notice was filed by the committee clerk at the following offices at  
**9:45 a.m. on April 23, 1997.**

\_\_\_\_Principal Clerk  
\_\_\_\_Reading Clerk - House Chamber

Gail Stewart (Committee Clerk)

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE**

**\*\*\*\*REVISED NOTICE\*\*\*\***

You are hereby notified that the House Committee on **ETHICS** will meet as follows:

**DAY & DATE:**        **Wednesday, April 23, 1997**

**TIME:**                **7:30 p.m.**

**LOCATION:**           **Room 1327**

The following bills will be considered (Bill # & Short Title):

**HB 964 "Code of Legislative Ethics Revision"**

**HB 735 "Rev. Leg. Ethics/Lobbying"**

Respectfully,

Representative Julia C. Howard  
Chairman

I hereby certify this notice was filed by the committee clerk at the following offices at  
**9:45 a.m. on April 23, 1997.**

\_\_\_\_Principal Clerk  
\_\_\_\_Reading Clerk - House Chamber

Gail Stewart (Committee Clerk)

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE**

You are hereby notified that the House Committee on **ETHICS** will meet as follows:

**DAY & DATE:**        **Wednesday, April 23, 1997**

**TIME:**                **One hour after Session**

**LOCATION:**           **To be announced as soon as one is assigned.**

The following bills will be considered (Bill # & Short Title):

**HB 964 "Code of Legislative Ethics Revision"**

**HB 735 "Rev. Leg. Ethics/Lobbying"**

Respectfully,

Representative Julia C. Howard  
Chairman

I hereby certify this notice was filed by the committee clerk at the following offices at  
**9:45 a.m. on April 23, 1997.**

\_\_\_\_Principal Clerk  
\_\_\_\_Reading Clerk - House Chamber

Gail Stewart (Committee Clerk)





NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of \_\_\_\_

H964-ARU-001

Date \_\_\_\_\_, 1997

Comm. Sub. []  
Amends Title []

Representative

- 1 moves to amend the bill on page 4, line 20,
- 2 by deleting the words "unrelated to his" and substituting the words
- 3 "not primarily related to his or her"; and
- 4
- 5 on page 4, line 23,
- 6 by inserting at the end of the line the following sentence to read:
- 7 "This subdivision shall not apply to activities and materials
- 8 related to the presentation of a course at an elementary or
- 9 secondary school, college, or university."; and
- 10
- 11 on page 5, lines 17 and 18,
- 12 by rewriting the lines to read:
- 13 "eminent domain, any contract or lease existing prior to the
- 14 convening of the 1999 General Assembly, or any extension or renewal
- 15 of any contract or lease, the original contract or lease of which
- 16 was initially entered into prior to the convening of the 1999
- 17 General Assembly."; and
- 18
- 19 on page 5, line 35,
- 20 by deleting the word "contracting" and substituting the word
- 21 "contacting"; and
- 22
- 23 on page 6, line 19,
- 24 by deleting the word "clerk." and substituting the words "clerk, or
- 25 as a page."; and



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 2 of \_\_\_\_

H964-ARU-001

1  
2 on page 7, lines 13 and 14,  
3 by inserting between the the lines the following new subdivision to  
4 read:  
5       "(3) A legislator may participate in deliberations and vote  
6       on an entire appropriations bill, and amendments to  
7       the appropriation bill unrelated to the matter in  
8       which the legislator would otherwise be prohibited  
9       from acting upon by subsection (a) of this section."  
10       and  
11  
12 on page 12, line 6,  
13 by inserting between the date "November 3, 1998." and the word "The"  
14 the following sentence to read:  
15 "G.S. 120-86E becomes effective upon the convening of the 1999  
16 General Assembly."

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if House Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_

**MINUTES**  
**HOUSE COMMITTEE ON ETHICS**  
**April 28, 1997**  
**Room 1327**

The House Committee on Ethics met in Room 1327 of the Legislative Building on Monday, April 28, 1997, at 9:00 p.m. Representative Julia Howard, Chair, called the meeting to order and turned the gavel over to Rep. Richard Morgan, Committee Member, to Chair.

The following members were present: Representatives Gamble, Easterling, Gray, Neely, Russell, Sutton, and Tallent. Also present was Rep. Steve Wood, House Speaker Pro-Tem.

Rep. Morgan called for the Proposed Committee Substitute to HB 964 to be passed out. Rep. Sutton moved to add funding to the bill. Rep. Howard recognized the request and said she would consider the motion if the bill got hung up. Rep. Neely seconded the motion to add funding. Rep. Morgan called on Staff Member Terry Sullivan to explain ramifications.

Rep. Neely moved to adopt Proposed Committee Substitute for discussion. Motion passed on a voice vote. Rep. Morgan opened floor for discussion of bill. Rep. Neely set forth an amendment (#1) and made a motion for its adoption. Rep. Morgan opened floor for discussion of amendment (#1) and then called for a vote on the adoption of Rep. Neely's motion. The motion passed on a voice vote.

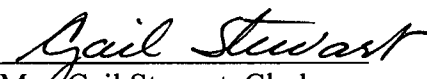
Rep. Neely set forth another amendment (#2) and moved for its adoption. Rep. Morgan opened floor for discussion of this amendment and then called for a vote on the motion to adopt. The motion passed on a voice vote.

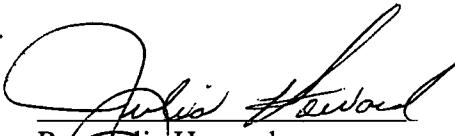

Rep. Howard set forth several amendments (#3, #4, #5, #6, #7, and #8) and called for their individual adoption. Rep. Morgan opened floor for discussion of each amendment as they were set forth and then called for a vote on Rep. Howard's motion. All amendments passed on a voice vote.

Rep. Morgan recessed the meeting at 10:30 p.m. for a 10 minute break. Rep. Morgan called the meeting back to order at 10:40 p.m. Discussion continued on the floor. Rep. Neely set forth an amendment (#9) and moved for its adoption. Rep. Morgan opened floor for discussion of the amendment and then called for a vote on the motion. The motion passed on a voice vote.

Rep. Howard moved for a favorable report as the Committee Substitute, as amended, unfavorable as to the original bill. Rep. Morgan called for a vote on the motion. The motion passed on a voice vote.

Rep. Morgan adjourned the meeting at 11:00 p.m.

  
Mrs. Gail Stewart, Clerk

  
Rep. Julia Howard  
Chair  
  
Rep. Richard Morgan  
Acting Chair

Date Adopted \_\_\_\_\_

4/28

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

1

HOUSE BILL 964  
DRAFT FOR REVIEW ONLY  
Proposed Committee Substitute H964-CSRA-003  
28-APR-97 18:18:49

Short Title: Code of Legislative Ethics Revision. (Public)

Sponsors:

Referred to: Ethics.

April 16, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO REVISE AND STRENGTHEN THE SYSTEM OF LEGISLATIVE ETHICS.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. Part 1 of Article 14 of Chapter 120 of the  
5 General Statutes reads as rewritten:  
6 "Part 1. Code of Legislative Ethics.  
7 "§ 120-85. Definitions.  
8 As used in this ~~Article:~~ Article, unless the context clearly  
9 requires otherwise:  
10 (1) ~~"Business with which he is associated"~~ 'Associated  
11 business' means any enterprise, incorporated or  
12 otherwise, doing business in the State of ~~which~~  
13 which:  
14 a. the legislator or person filing an economic  
15 interest statement required under Part II of  
16 this Article, or any member of his the  
17 person's immediate household is a director,  
18 officer, owner, partner, or employee, or

- 1                    b. of which the legislator and his immediate  
2                    household, either singularly or collectively,  
3                    is a holder of securities worth ~~five~~ fifteen  
4                    thousand dollars ~~(\$5,000)~~ (\$15,000) or more at  
5                    fair market value as of December 31 of the  
6                    preceding year, or constituting five percent  
7                    (5%) or more of the outstanding stock of such  
8                    enterprise. For purposes of this sub-  
9                    subdivision, the term 'business' shall not  
10                   include a widely held investment fund,  
11                   including, but not limited to, a mutual fund,  
12                   regulated investment company, or pension or  
13                   deferred compensation plan, if:  
14                   1. The person or a member of the person's  
15                   immediate household neither exercises nor  
16                   has the ability to exercise control over  
17                   the financial interests held by the fund;  
18                   and  
19                   2. The fund is publicly traded, or th  
20                   fund's assets are widely diversified.  
21                   (2) 'Immediate household' means the legislator, his  
22                   person, the person's spouse, if not legally  
23                   separated, and all dependent children of the  
24                   legislator- person.  
25                   (2a) 'Legislator' means any person who has been elected  
26                   or appointed to the General Assembly and who has or  
27                   has not yet taken the oath of office. For purposes  
28                   of this Article, a legislator shall be deemed  
29                   elected on the day following the general election  
30                   held for that office.  
31                   (2b) 'Official Action' means on questions before, or  
32                   questions that may come before the General  
33                   Assembly, any discussion either: (i) in a standing  
34                   committee or subcommittee, (ii) on the floor, or  
35                   (iii) in a study committee or commission;  
36                   participation in any motion or vote; or  
37                   participation in any other official decision.  
38                   (2c) 'Pecuniary Interest' means any of the following:  
39                   a. Owning, either individually or collectively, a  
40                   legal or equitable interest exceeding fifteen

1           thousand dollars (\$15,000) or five percent  
2           (5%), whichever is less, of any business.

3           b.   Receiving, either individually or  
4           collectively, during the preceding calendar  
5           year compensation that is or will be required  
6           to be included as taxable income on federal  
7           income tax returns of the person, the person's  
8           immediate household, or an associated business  
9           in an aggregate amount of seven thousand five  
10          hundred dollars (\$7,500) from any associated  
11          business or combination of associated  
12          businesses. A pecuniary interest exists in  
13          any client or customer who pays fees or  
14          commissions, either individually or  
15          collectively, of seven thousand five hundred  
16          dollars (\$7,500) or more in the preceding 12  
17          months to the person, the person's immediate  
18          household, or an associated business.

19          c.   Receiving, either individually or collectively  
20          and directly or indirectly, in the preceding  
21          12 months, gifts or honoraria having an  
22          unknown value or having an aggregate value of  
23          five hundred dollars (\$500.00) or more from  
24          any person. A pecuniary interest does not  
25          exist under this sub-subdivision by reason of  
26          (i) a gift or bequest received as the result  
27          of the death of the donor; (ii) a gift from a  
28          member of the person's immediate household; or  
29          (iii) acting as a trustee of a trust for the  
30          benefit of another.

31          d.   Holding the position of associate, director,  
32          officer, partner, compensated agent, member of  
33          the governing body, or proprietor of any  
34          business, irrespective of the amount of  
35          compensation received.

36          (2d) 'State agency' includes a State department,  
37          institution, commission, committee, board,  
38          division, bureau, officer, or official; or a  
39          nonprofit corporation that has received State

1           funding during the then current or immediately  
2           preceding fiscal year.

3           (3) 'Vested trust' as set forth in G.S. 120-96(4) means  
4           any trust, annuity or other funds held by a trustee  
5           or other third party for the benefit of the ~~member~~  
6           ~~or a member of his~~ person filing the statement of  
7           economic interest required by Part 2 of this  
8           Article or the member of that person's immediate  
9           household. A vested trust shall not include a  
10          widely held investment fund, including but not  
11          limited to a mutual fund, regulated investment  
12          company, or pension or deferred compensation plan,  
13          if:

14          a.   The person or a member of the person's  
15               immediate household neither exercises nor has  
16               the ability to exercise control over the  
17               financial interests held by the fund; and

18          b.   The fund is publicly traded, or the fund's  
19               assets are widely diversified.

20          (4) 'Widely Diversified' means a securities group of  
21          fund that holds no more than five percent (5%) of  
22          the value of its portfolio in the securities of any  
23          one issuer (other than the United States  
24          Government) and no more than twenty percent (20%)  
25          in any particular economic or geographic sector."

26   "\$ 120-86. Bribery, etc.

27   (a) No person shall offer or give to a legislator or a member  
28   of a legislator's immediate household, or to a legislator's  
29   associated business, business with which he is associated, and  
30   no legislator shall solicit or receive, anything of monetary  
31   value, including a gift, favor or service or a promise of future  
32   employment, based on any understanding that such legislator's  
33   vote, official actions or judgment would be influenced thereby,  
34   or where it could reasonably be inferred that the thing of value  
35   would influence the legislator in the discharge of ~~his~~ the  
36   legislator's duties.

37   (b) It shall be unlawful for the partner, client, customer, or  
38   employer of a legislator or the agent of that partner, client,  
39   customer, or ~~employer to threaten economically, directly or~~  
40   ~~indirectly,~~ employer, directly or indirectly, to threaten

1 economically that legislator with the intent to influence the  
2 legislator in the discharge of his or her legislative duties.

3 (c) It shall be unethical for a legislator to contact the  
4 partner, client, customer, or employer of another legislator if  
5 the purpose of the contact is to cause the partner, client,  
6 customer, or employer to threaten economically, directly or  
7 indirectly, that legislator with the intent to influence that  
8 legislator in the discharge of his or her legislative duties.

9 ~~(d) For the purposes of this section, the term "legislator"~~  
10 ~~also includes any person who has been elected or appointed to the~~  
11 ~~General Assembly but who has not yet taken the oath of office.~~

12 ~~(e) Violation of subsection (a) or (b) is a Class F felony.~~  
13 ~~Violation of subsection (c) is not a crime but is punishable~~  
14 ~~under G.S. 120-103.~~

15 "§ 120-86A. General standards of conduct.

16 (a) A legislator shall not directly or indirectly:

17 (1) Use or attempt to use his or her influence as a  
18 legislator in any manner which involves substantial  
19 conflict between the legislator's personal interest  
20 and the legislator's duties in the public interest.

21 (2) Engage in sexual harassment. For purposes of this  
22 subdivision, 'sexual harassment' includes sexual  
23 advances, requests for sexual favors, sexually  
24 motivated physical contact or other verbal or  
25 physical conduct or communication of a sexual  
26 nature when:

27 a. Submission to that conduct or communication is  
28 made a term or condition, either explicitly or  
29 implicitly, of obtaining employment, or public  
30 or constituent services, or the legislator's  
31 vote or official action;

32 b. Submission to or rejection of that conduct or  
33 communication by an individual is used as a  
34 factor in decisions affecting that  
35 individual's employment or provisions to that  
36 individual of constituent or public services;  
37 or

38 c. That conduct or communication has the purpose  
39 or effect of substantially interfering with an  
40 individual's employment or public or



- 1                    constituent services, or creating an  
2                    intimidating, hostile, or offensive employment  
3                    or public or constituent services environment.  
4                    For the purposes of this subdivision, 'employment'  
5                    means only employment with a State, federal, or  
6                    local governmental agency.
- 7                    (3) Use his or her official position or office to  
8                    obtain financial gain for the legislator or  
9                    legislator's immediate household or associated  
10                   business.
- 11                   (4) Use or attempt to use the legislative office to  
12                   secure or create privileges, exemptions,  
13                   advantages, or treatment for the legislator or  
14                   others in contravention of the public interest at  
15                   large.
- 16                   (5) Use State resources including any person, money, or  
17                   property under the legislator's official control or  
18                   direction or in the legislator's custody for:
- 19                   a. The private benefit or gain of the legislator  
20                   except on an incidental and infrequent basis.  
21                   This sub-subdivision shall not prohibit the  
22                   use of State resources to benefit:
- 23                   1. Another person as part of the  
24                   legislator's official duties; or
- 25                   2. The legislator if the cost to the State  
26                   is so small as to be insignificant or  
27                   negligible and does not interfere with  
28                   the legislator's official duties.
- 29                   b. Any partisan political campaign activity,  
30                   except for elections to constitutional or  
31                   party offices within the General Assembly.
- 32                   (6) Use the legislator's official stationery, or a  
33                   facsimile thereof, to solicit a vote or a  
34                   contribution for the legislator's or another  
35                   person's campaign for election or reelection to  
36                   public office, or use the great seal of the State  
37                   on campaign stationery or campaign literature. A  
38                   legislator may use a facsimile of the legislator's  
39                   official stationery or of the great seal of the  
40                   State in soliciting campaign contributions o

- 1           thanking contributors to the legislator's or  
2           another person's political campaign if it is paid  
3           for by other than State funds and if it bears a  
4           clear disclaimer that indicates the stationery was  
5           not printed or mailed at State expense. For the  
6           purposes of this subdivision, 'official legislative  
7           stationery' means the stationery which is issued by  
8           the Legislative Services Office to the legislator  
9           for use as a member of the General Assembly or of  
10           its legislative committees or commissions.
- 11       (7) While in discharge of legislative duties, become  
12           intoxicated by the use of alcoholic beverages or  
13           any controlled substance defined in G.S. 90-87(5).
- 14       (8) Accept any compensation in consideration for an  
15           appearance, speech, or writing unless the  
16           appearance, speech, or writing is not primarily  
17           related to his or her position as a legislator;  
18           however, a legislator may accept prepaid  
19           transportation, food, and lodging for travel  
20           associated with the legislator's duties or  
21           reimbursement for actual expenses incurred in  
22           connection with that travel. This subdivision  
23           shall not apply to activities and materials related  
24           to the presentation of a course at an elementary or  
25           secondary school, college, or university.
- 26       (9) Accept compensation, other than that provided by  
27           law for members of the General Assembly, for  
28           influencing or attempting to influence legislative  
29           action through direct oral or written communication  
30           with another legislator, or to solicit other  
31           persons to influence legislative action. This  
32           subsection shall not apply to:
- 33           a. a limited liability company, partnership, or a  
34               professional corporation in which a legislator  
35               has a membership or an interest of any kind,  
36               if the legislator excuses himself or herself  
37               under the rules of the applicable legislative  
38               chamber from deliberations and voting on the  
39               matter, or

1                    b. reimbursement of a legislator's actual travel  
2                    expenses for promotional activities on behalf  
3                    of a nonprofit corporation or association.

4                    (10) Solicit, receive, accept, or agree to accept  
5                    anything of value from a lobbyist or the lobbyist's  
6                    principal.

7                    (c) The provisions of subdivisions (a)(8), (9), or (10) of this  
8                    section shall not apply to any of the following:

9                    (1) Political contributions properly received and  
10                   reported as required under Article 22A of Chapter  
11                   163 of the General Statutes.

12                   (2) Gifts from relatives by blood or marriage, or a  
13                   member of the same household.

14                   (3) Printed informational or promotional material, not  
15                   to exceed thirty-five dollars (\$35.00) in cost.

16                   (4) Items, not to exceed thirty-five dollars (\$35.00)  
17                   in cost, containing or displaying promotional  
18                   material.

19                   (5) A personalized plaque or trophy with a cost that  
20                   does not exceed one hundred fifty dollars  
21                   (\$150.00).

22                   (6) Educational material directly related to the  
23                   legislator's official duties not to exceed seventy-  
24                   five dollars (\$75.00) in cost.

25                   (7) An honorary degree bestowed upon a legislator from  
26                   a public or private university or college.

27                   (8) Promotional or marketing items offered to the  
28                   general public or State employees on the same terms  
29                   and conditions without regard to status as a  
30                   legislator.

31                   (9) Lodging, transportation, entertainment, food,  
32                   meals, or beverages at a function to which a  
33                   legislator is invited if the entire membership of  
34                   the House, the Senate, or the General Assembly is  
35                   invited, or one of the committees, subcommittees,  
36                   joint committees, legislative caucuses, or county  
37                   legislative delegations of the General Assembly of  
38                   which the legislator is a member is invited.

39                   (10) A ticket to attend an event if the legislator buys  
40                   the ticket at face value.

1           (11) Activities of Federal, State or local governmental  
2           officers and employees while representing their  
3           agencies as exempted from the regulation of  
4           lobbying by G.S. 120-47.8(3).

→ 5           (12) Promotional activities of nonprofit corporations  
6           referred to in Section 501(c)(3) of the Code, the  
7           'Code' having the same meaning as defined in G.S.  
8           105-228.90.

9   "§ 120-86B. Certain contracts with State agencies.

10   A legislator, or any member of the legislator's immediate  
11 household, or an associated business shall not contract for a  
12 value of one hundred dollars (\$100.00) or more per transaction  
13 with a State agency or as a subcontractor with a contractor on a  
14 contract with a State agency, except for:

15           (1) Contracts, agreements, sales, or purchases made or  
16           let after public notice and competitive bidding; or

17           (2) Contracts, agreements, sales, or purchases  
18           available on similar terms to members of the  
19           legislator's business, occupation, or profession.

20   "§ 120-86C. Certain leases or sales of real property with State  
21 agency.

22   A legislator, any member of the legislator's immediate  
23 household, or an associated business shall not lease or sell a  
24 facility, a building, or other real property to a State agency.  
25 This section does not apply to sales or leases made pursuant to  
26 the State's power of eminent domain, any contract or lease  
27 existing prior to the convening of the 1999 General Assembly, or  
28 any extension or renewal of any contract or lease, the original  
29 contract or lease of which was initially entered into prior to  
30 the convening of the 1999 General Assembly.

31   "§ 120-86D. Other dealings with State agencies.

32           (a) A legislator shall not, for compensation, appear before a  
33 State agency as an expert witness.

34           (b) A legislator may not, for compensation, represent or  
35 engage in negotiations on behalf of a client before or with a  
36 State agency in proceedings related to the following matters:

37           (1) Contracting for the conveyance of an interest in  
38           real property, or the purchase, sale, rental, or  
39           lease of goods or services from a State agency;

40           (2) Rate making;

- 1           (3) Adoption, amendment, or repeal of any  
2           administrative rule;  
3           (4) Obtaining grants of money or loans;  
4           (5) Certifying, licensing, or permitting, but not  
5           including matters related to drivers licenses; or  
6           (6) Any proceeding before the Utilities Commission.

7   (c) A legislator shall not, for compensation, represent the  
8   State or any State agency, except as permitted by G.S. 120-86B.

9   (d) Except as specifically prohibited by subsection (a), (b),  
10 and (c) of this section, a legislator otherwise properly licensed  
11 may represent any person in administrative, quasi-judicial,  
12 judicial, or other proceedings.

13 (e) Nothing in this section shall prohibit:

14           (1) A legislator from continuing to represent a person  
15           before any State agency on any case, action, or  
16           proceeding filed and pending before that agency as  
17           of the date of the legislator's election to the  
18           General Assembly; or

19           (2) A legislator's partner, business associate, or  
20           associated business from representing any person  
21           for compensation.

22 "§ 120-86E. Employment of members of legislator's immediate  
23 family.

24   (a) A member of a legislator's immediate family shall not be  
25 employed or appointed to an office or position in the legislative  
26 branch of State government; provided that a member of the  
27 legislator's immediate family may be employed as that  
28 legislator's secretary or committee clerk, or as a page.

29   (b) A legislator shall not advocate or cause the employment,  
30 appointment, promotion, transfer, or advancement of a member of  
31 the legislator's immediate family to an ~~appointive~~ office or  
32 position in the executive branch of State government.

33   (c) For the purposes of this section, 'immediate family' means  
34 the spouse, parents, siblings, children, grandparents,  
35 grandchildren, and the step-, half-, and in-law relationships of  
36 those listed.

37 "§ 120-87. Disclosure of confidential information.

38   No legislator shall use or disclose confidential information  
39 gained in the course of or by reason of his or her official  
40 position or activities in any way that could result in financial

1 gain for himself, a business with which he is associated the  
2 legislator, an associated business or a member of his or her  
3 immediate household or any other person.

4 "§ 120-88. When legislator to disqualify himself or submit  
5 question to Legislative Ethics Committee. Participation in  
6 official actions.

7 ~~When a legislator must act on a legislative matter as to which~~  
8 ~~he has an economic interest, personal, family, or client, he~~  
9 ~~shall consider whether his judgment will be substantially~~  
10 ~~influenced by the interest, and consider the need for his~~  
11 ~~particular contribution, such as special knowledge of the subject~~  
12 ~~matter, to the effective functioning of the legislature. If after~~  
13 ~~considering these factors the legislator concludes that an actual~~  
14 ~~economic interest does exist which would impair his independence~~  
15 ~~of judgment, then he shall not take any action to further the~~  
16 ~~economic interest, and shall ask that he be excused, if~~  
17 ~~necessary, by the presiding officer in accordance with the rules~~  
18 ~~of the respective body. If the legislator has a material doubt as~~  
19 ~~to whether he should act, he may submit the question to the~~  
20 ~~Legislative Ethics Committee for an advisory opinion in~~  
21 ~~accordance with G.S. 120-104.~~

22 (a) Except as permitted by subsection (c) of this section and  
23 notwithstanding any other law, no legislator acting in that  
24 capacity, knowingly shall participate in an official action as a  
25 legislator if the legislator, a member of the legislator's  
26 immediate household, or an associated business has a pecuniary  
27 interest in or a reasonably foreseeable pecuniary benefit from  
28 the matter under consideration. A potential pecuniary benefit  
29 includes a detriment to a business competitor of the legislator,  
30 a member of the legislator's immediate household, or an  
31 associated business. It shall be presumed that a legislator has  
32 a pecuniary interest in or a reasonably foreseeable pecuniary  
33 benefit from the matter under consideration if the matter  
34 involves, directly or indirectly, any item that the legislator  
35 has listed on the legislator's most recent statement of economic  
36 interest or which would be required to be reported if the item  
37 has been acquired since the filing of the most recent statement.

38 (b) A legislator described by subsection (a) of this section  
39 shall abstain from participation in the official action. The  
40 legislator shall submit in writing the reasons for the abstention

1 to the presiding officer of the legislator's legislative body.  
2 The abstention shall be recorded in the legislative body's  
3 journal.

4 (c) A legislator may participate in an official action under  
5 any of the following circumstances:

6 (1) The only pecuniary interest or reasonably  
7 foreseeable pecuniary benefit that accrues to the  
8 legislator, the legislator's immediate household or  
9 associated business, as a member of a profession,  
10 occupation, or large class, is no greater than that  
11 which could reasonably be foreseen to accrue to all  
12 members of that profession, occupation, or large  
13 class. A large class does not include a group of  
14 investors in the stock of a single issuer or a  
15 group of investors in a group of stocks not widely  
16 diversified.

17 (2) Where an official action affects or would affect  
18 the legislator's compensation and allowances as a  
19 legislator.

20 (3) Before the legislator participated in the official  
21 action, the legislator requested and received a  
22 written advisory opinion from the Committee that  
23 the legislator's pecuniary interest or reasonably  
24 foreseeable pecuniary benefit from a matter under  
25 consideration would not impair the legislator's  
26 independence of judgment or influence the  
27 legislator's participation in the official action.

28 (4) When the legislative chamber of which the  
29 legislator is a member records in its minutes that  
30 it cannot obtain a quorum in order to take the  
31 official action because members are disqualified  
32 from acting under this section. As to matters  
33 being considered in committee, a legislator  
34 disqualified to participate in an official action  
35 under this section shall not be considered as a  
36 member of the committee for quorum purposes on the  
37 matter being considered.

38 (5) A legislator may participate in deliberations and  
39 vote on an entire appropriations bill, and  
40 amendments to the appropriations bill unrelated to

1           the matter in which the legislator would otherwise  
2           be prohibited from acting upon by subsection (a) of  
3           this section."

4 "§ 120-88A. Violations of this Part.

5     A violation of G.S. 120-86(a) or (b) shall be punished as a  
6 Class F felony. A violation of any other provision in this Part  
7 is not a crime but is punishable under G.S. 120-103. Nothing in  
8 this Part shall prohibit a criminal prosecution under any other  
9 provision of law."

10           Section 2. Part 2 of Article 14 of Chapter 120 reads as  
11 rewritten:

12           "Part 2. Statement of Economic Interest.

13 "§ 120-89. Statement of economic interest by legislative certain  
14 candidates; filing required.

15     Every person who files as a candidate for nomination or  
16 election to a seat in either house chamber of the General  
17 Assembly or as Lieutenant Governor shall file a statement of  
18 economic interest as specified in this Article within 10 days of  
19 the filing deadline for the office he seeks.

20 "§ 120-90. Place and manner of filing.

21     The statement of economic interest shall cover the preceding  
22 calendar year and shall be filed at the same place, and in the  
23 same manner, as the notice of candidacy which a candidate seeking  
24 party nomination for the office of State ~~Senator or member of~~  
25 ~~the State House of Representatives~~ Senator, State Representative,  
26 or Lieutenant Governor is required to file under the provisions  
27 of G.S. 163-106.

28 "§ 120-91: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
29 1028, s. 3.

30 "§ 120-92. Filing by candidates not nominated in primary  
31 elections.

32     A person who is nominated pursuant to the provisions of G.S.  
33 163-114 after the primary and before the general election, and a  
34 person who qualifies pursuant to the provisions of G.S. 163-122  
35 as an independent candidate in a general election shall file with  
36 the county board of elections of each county in the senatorial or  
37 representative district a statement of economic interest. A  
38 person nominated pursuant to G.S. 163-114 shall file the  
39 statement within three days following his nomination, or not  
40 later than the day preceding the general election, whichever



1 occurs first. A person seeking to qualify as an independent  
2 candidate under G.S. 163-122 shall file the statement of economic  
3 interest with the petition filed pursuant to that section. A  
4 person who is nominated by party convention of a new political  
5 party shall file a statement of economic interest with the county  
6 board of elections within 10 days of the certification with the  
7 State Board of Elections of the new parties' candidates required  
8 by G.S. 163-98.

9 ~~"§ 120-93. County boards~~ Boards of elections to notify candidates  
10 of economic-interest-statement requirements.

11 Each county board of elections shall provide for notification  
12 of the economic-interest-statement requirements of G.S. 120-89,  
13 120-96, and 120-98 to be given to any candidate filing for  
14 nomination or election to the General Assembly at the time of his  
15 or her filing in the particular county. The State Board of  
16 Elections shall provide for notification of the economic interest  
17 statement requirements to candidates nominated by party  
18 convention of a new political party of G.S. 120-92.

19 ~~"§ 120-93.1. Certification of statements of economic interest.~~

20 ~~The chairman of the county board of elections with which~~  
21 ~~statement of economic interest is filed shall forward a certified~~  
22 ~~copy of the statement to the Legislative Services Office once the~~  
23 ~~candidate is certified as elected to the General Assembly. The~~  
24 chairman of the county board of elections shall also forward a  
25 certified copy of each candidate's statement of economic  
26 interest, within 10 days after its filing, to the board of  
27 elections in each other county in the district the candidate  
28 seeks to represent. The chairman of the county board of elections  
29 with which a statement of economic interest is filed shall  
30 forward a certified copy of the statement to the Legislative  
31 Services Office once the candidate is certified as elected to the  
32 General Assembly. The Executive Director-Secretary of the State  
33 Board of Elections shall forward a certified copy of the  
34 statement of the candidate who is certified as elected as  
35 Lieutenant Governor to the Legislative Services Office.

36 ~~"§ 120-94. Statements of economic interest are public records.~~

37 The statements of economic interest are public records and  
38 shall be made available for inspection and copying by any person  
39 during normal business hours at the office of the various county  
40 boards of election where the statements or copies thereof are

1 filed and at the Legislative Library after certified copies are  
2 forwarded to the Legislative Services Office. The Legislative  
3 Librarian shall attach to the statement of economic interest of  
4 any legislator designated in the filing: any lobbyist  
5 registration statement filed pursuant to G.S. 120-47.2, or any  
6 list of authorized official liaison personnel filed pursuant to  
7 G.S. 120-47.8. If a county board of elections of a county does  
8 not keep an office open during normal business hours each day,  
9 that board shall deliver a copy of all statements of economic  
10 interest filed with it to the clerk of superior court of the  
11 county, and the statements shall be available for inspection and  
12 copying by any person during normal business hours at that  
13 clerk's office.

14 "§ 120-95: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
15 1028, s. 3.

16 "§ 120-96. Contents of statement.

17 Any statement of economic interest filed under this Article  
18 shall be on a form prescribed by the Committee, and the person  
19 filing the statement shall supply the following information:  
20 Committee and sworn to by the person filing the statement. The  
21 form shall include, but not be limited to, the following  
22 information about the person filing the statement and the  
23 person's immediate household:

- 24 (1) The identity, by name, of any business with which  
25 he, or any member of his immediate household, is  
26 associated;
- 27 (2) The character and location of all real estate of a  
28 fair market value in excess of five thousand  
29 dollars (\$5,000), other than his personal residence  
30 (curtilage), in the State in which he, or a member  
31 of his immediate household, has any beneficial  
32 interest, including an option to buy and a lease  
33 for 10 years or over;
- 34 (3) The type of each creditor to whom he, or a member  
35 of his immediate household, owes money, except  
36 indebtedness secured by lien upon his personal  
37 residence only, in excess of five thousand dollars  
38 (\$5,000);
- 39 (4) The name of each "vested trust" in which he or a  
40 member of his immediate household has a financial

- 1 ~~interest in excess of five thousand dollars~~  
2 ~~(\$5,000) and the nature of such interest;~~
- 3 ~~(5) The name and nature of his and his immediate~~  
4 ~~household member's respective business or~~  
5 ~~profession or employer and the types of customers~~  
6 ~~and types of clientele served;~~
- 7 ~~(6) A list of businesses with which he is associated~~  
8 ~~that do business with the State, and a brief~~  
9 ~~description of the nature of such business; and~~
- 10 ~~(7) In the case of professional persons and~~  
11 ~~associations, a list of classifications of business~~  
12 ~~clients which classes were charged or paid two~~  
13 ~~thousand five hundred dollars (\$2,500) or more~~  
14 ~~during the previous calendar year for professional~~  
15 ~~services rendered by him, his firm or partnership.~~  
16 ~~This list need not include the name of the client~~  
17 ~~but shall list the type of the business of each~~  
18 ~~such client or class of client, and brief~~  
19 ~~description of the nature of the services rendered~~
- 20 (1) The name, occupation, nature of business, and type  
21 of clients served;
- 22 (2) The name and address of any associated business;
- 23 (3) Any business listed under subdivision (2) of this  
24 section which the person knows or has reason to  
25 believe does business with or is regulated by the  
26 State;
- 27 (4) The character and location of all real estate,  
28 other than the personal residence of the person or  
29 of a member of the person's immediate household  
30 that:
- 31 a. Is located within North Carolina,  
32 b. Has a fair market value of fifteen thousand  
33 dollars (\$15,000) or more, and  
34 c. Of which the person or any member of the  
35 person's immediate household has any  
36 beneficial interest, including an option to  
37 buy or lease for 10 or more years; provided,  
38 however, if the person's personal residence is  
39 a part of a larger tract, the land on which  
40 the personal residence and that part of th

1                   surrounding land used for residential purposes  
2                   by the household need not be listed;

3           (5) The name and address of each creditor to whom the  
4           person or a member of the person's immediate  
5           household owes more than fifteen thousand dollars  
6           (\$15,000), except for debts secured by lien upon  
7           the personal residence;

8           (6) The name of each vested trust in which the person  
9           or a member of the person's immediate household has  
10          a financial interest in excess of fifteen thousand  
11          dollars (\$15,000);

12          (7) For professional persons and associations, a list  
13          of classifications of business clients which  
14          classes were charged or paid more than seven  
15          thousand five hundred dollars (\$7,500) or more  
16          during the previous calendar year; however,  
17          individual clients need not be identified, but the  
18          type of business of the client or class of the  
19          client and a description of the nature of the  
20          services rendered must be listed."

21   "\$ 120-97: Repealed by Session Laws 1987 (Reg. Sess., 1988), c.  
22   1028, s.

23   "\$ 120-98. Penalty for failure to file.

24   (a) If a candidate does not file the statement of economic  
25   interest within the time required by this Article, the ~~county~~  
26   board of elections in which the statement is required to be filed  
27   shall immediately notify the candidate by registered mail,  
28   restricted delivery to addressee only, that, if the statement is  
29   not received within 15 days, the candidate shall not be certified  
30   as the nominee of his party. If the statement is not received  
31   within 15 days of notification, the board of elections authorized  
32   to certify a candidate as nominee to the office shall not certify  
33   the candidate as nominee under any circumstances, regardless of  
34   the number of candidates for the nomination and regardless of the  
35   number of votes the candidate receives in the primary. A vacancy  
36   thus created on a party's ticket shall be considered a vacancy  
37   for the purposes of G.S. 163-114, and shall be filled according  
38   to the procedures set out in G.S. 163-114.

39   (b) Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028,  
40   s. 5."

1           Section 3. G.S. 120-102 reads as rewritten:

2   "§ 120-102. Powers and duties of Committee.

3   In addition to the other powers and duties specified in this  
4 Article, the Committee has the following powers and duties:

- 5           (1) To prescribe forms for the statements of economic  
6           interest and other reports required by this  
7           Article, ~~and~~ to furnish these forms to persons who  
8           are required to file statements or ~~reports,~~  
9           reports, to review for completeness the statements  
10           of economic interest, and inform the filer of any  
11           inadequacy in the statement forwarded to the  
12           Legislative Library.
- 13          (2) To receive and file any information voluntarily  
14           supplied that exceeds the requirements of this  
15           Article.
- 16          (3) To organize in a reasonable manner statements and  
17           reports filed with it and to make these statements  
18           and reports available for public inspection and  
19           copying during regular office hours. Copying  
20           facilities shall be made available at a charge not  
21           to exceed actual cost.
- 22          (4) To preserve statements and reports filed with the  
23           Committee for a period of 10 years from the date of  
24           receipt. At the end of the 10-year period, these  
25           documents shall be destroyed.
- 26          (5) To prepare a list of ethical principles and  
27           guidelines to be used by each legislator in  
28           determining his role in supporting or opposing  
29           specific types of legislation, and to advise each  
30           General Assembly committee of specific danger areas  
31           where conflict of interest may exist and to suggest  
32           rules of conduct that should be adhered to by  
33           committee members in order to avoid conflict.
- 34          (6) To advise General Assembly members or render  
35           written opinions if so requested by the member  
36           about questions of ethics or possible points of  
37           conflict and suggested standards of conduct of  
38           members upon ethical points raised.
- 39          (7) To propose rules of legislative ethics and conduct.  
40           The rules, when adopted by the House of

1 Representatives and the Senate, shall be the  
2 standards adopted for that term.

3 (8) Upon receipt of information that a legislator owes  
4 money to the State and is delinquent in making  
5 repayment of such obligation, to investigate and  
6 dispose of the matter according to the terms of  
7 this Article."

8 Section 4. G.S. 120-106 is repealed.

9 Section 5. G.S. 120-47.2 reads as rewritten:

10 "§ 120-47.2. Registration procedure.

11 (a) A lobbyist shall file a registration statement with the  
12 Secretary of State before engaging in any lobbying. A separate  
13 registration statement is required for each lobbyist's principal.

14 (b) The form of the registration shall be prescribed by the  
15 Secretary of State and shall include the registrant's full name,  
16 firm, and complete address; the registrant's place of business;  
17 the full name and complete address of each person by whom the  
18 registrant is employed or retained; and the name of any  
19 legislator, as defined in G.S. 120-85(2a):

20 (1) Who is a member of or has any interest of any kind  
21 in a limited liability company, partnership, or  
22 professional corporation in which the registrant is  
23 also a member, director, officer, owner, partner,  
24 or employee; or

25 (2) With whom the registrant is a member of the  
26 immediate household, as defined in G.S. 120-85(2);  
27 and

28 a general description of the matters on which the registrant  
29 expects to act as a lobbyist.

30 (c) Each lobbyist shall register again with the Secretary of  
31 State no later than 10 days after any change in the information  
32 supplied in his last registration under subsection (b). Each  
33 supplementary registration shall include a complete statement of  
34 the information that has changed.

35 (d) Within 20 days after the convening of each session of the  
36 General Assembly, the Secretary of State shall furnish each  
37 member of the General Assembly and the State Legislative Library  
38 a list of all persons who have registered as lobbyists and whom  
39 they represent. A supplemental list shall be furnished  
40 periodically each 20 days thereafter as the session progresses.

(e) Each registration statement required under this Article shall be effective from the date of filing until January 1 of the following odd-numbered year. The lobbyist shall file a new registration statement after that date, and the applicable fee shall be due and payable.

(f) A lobbyist, who is required to report the name of a legislator under subsection (b) of this section, shall file a certified copy of the filed lobbyist registration statement with the Legislative Library within 10 days of registering as a lobbyist."

Section 6. G.S. 120-47.8 reads as rewritten:

"§ 120-47.8. Persons exempted from provisions of Article.

The provisions of this Article shall not be construed to apply to any of the following:

(1) An individual, not acting as a lobbyist, solely engaged in expressing a personal opinion on legislative matters to his own legislative delegation or other members of the General Assembly.

(2) A person appearing before a legislative committee at the invitation or request of the committee or a member thereof and who engages in no further activities as a lobbyist in connection with that or any other legislative matter.

(3) a. A duly elected or appointed official or employee of the State, the United States, a county, municipality, school district or other governmental agency, when appearing solely in connection with matters pertaining to his office and public duties.

b. Notwithstanding the persons exempted in this Article, the Governor, Council of State, and all appointed heads of State departments, agencies and institutions, shall designate all authorized official legislative liaison personnel and shall file and maintain current lists of designated legislative liaison personnel with the Secretary of State and shall likewise file with the Secretary of State a full and accurate accounting of all

1 money expended on lobbying, other than the  
2 salaries of regular full-time employees, at  
3 the same times lobbyists are required to file  
4 expense reports under G.S. 120-47.6. The  
5 officer designating an authorized official  
6 legislative liaison, who is also a member of a  
7 legislator's immediate household as that term  
8 is defined by G.S. 120-85(2), shall file a  
9 certified copy of the list of authorized  
10 official liaison personnel in the Legislative  
11 Library, within 10 days of the filing of the  
12 list with the Secretary of State. The officer  
13 shall specify in writing the legislator whose  
14 immediate household includes the authorized  
15 official legislative liaison.

- 16 (4) A person performing professional services in  
17 drafting bills or in advising and rendering  
18 opinions to clients, or to legislators on behalf of  
19 clients, as to the construction and effect of  
20 proposed or pending legislation where the  
21 professional services are not otherwise, directly  
22 or indirectly, connected with legislative action.
- 23 (5) A person who owns, publishes or is employed by any  
24 news medium while engaged in the acquisition or  
25 dissemination of news on behalf of the news medium.
- 26 (6) Repealed by Session Laws 1991, c. 740, s. 1.1.
- 27 (7) Members of the General Assembly.
- 28 (8) A person responding to inquiries from a member of  
29 the General Assembly or a legislative employee, and  
30 who engages in no further activities as a lobbyist  
31 in connection with that or any other legislative  
32 matter.
- 33 (9) An individual giving facts or recommendations  
34 pertaining to legislative matters to his own  
35 legislative delegation only."

36 Section 7. G.S. 120-86B, 120-86C, and 120-86D,  
37 contained in Section 1 of this act, become effective November 3,  
38 1998. G.S. 120-86E, contained in Section 1 of this act, becomes  
39 effective upon the convening of the 1999 General Assembly. The  
40 rest of this act becomes effective October 1, 1997.





*Amend '3'  
4/28*

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

H964-ARA-007

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title [ ]

Representative Howard

- 1 moves to amend the bill on page 19, after line 7,  
2 by inserting a new section to read:  
3 "Section 3.1. A new section is added to Part 3 of Article 14 of  
4 Chapter 120 of the General Statutes to read:  
5 '§ 120-105.1. Funding and staff of Legislative Ethics Committee.  
6 The Legislative Services Commission may allocate available funds to  
7 the Legislative Ethics Committee as the need arises. The  
8 Legislative Ethics Committee may hire temporary or permanent  
9 employees to aid it in its work.'"  
10  
11  
12

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_



Amend "4"  
H28

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

H964-ARA-006

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title [ ]

Representative Howard

1 moves to amend the bill on page 9, between lines 8 and 9,  
2 by inserting the following:  
3           "(13)       Food, meals, or beverages provided by a lobbyist  
4                       or the lobbyist's principal, or both, to an  
5                       individual legislator which aggregate expenditure  
6                       for each individual legislator shall not exceed  
7                       fifty dollars (\$50.00) per day nor two hundred  
8                       dollars (\$200.00) per calendar year."  
9

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_      FAILED \_\_\_\_\_      TABLED \_\_\_\_\_



Amend "5"  
4/28

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

H964-ARA-005

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title []

Representative Howard

1 moves to amend the bill on page 8, line 8, by inserting before the  
2 colon the following:  
3 ", unless offered with the understanding that the legislator will be  
4 influenced in the discharge of the legislator's duties or it could  
5 be reasonably believed to so influence the legislator".  
6  
7

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_

FAILED \_\_\_\_\_

TABLED \_\_\_\_\_



Amend "6"  
4/28

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

H964-ARA-008

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title []

Representative Howard

- 1 moves to amend the bill on page 8, line 21,  
2 by deleting the period and adding the following language:  
3  
4 "and expenses, made in connection with the presentation of the  
5 plaque or trophy, for lodging, transportation, entertainment, food,  
6 meals, or beverages."  
7  
8

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_



Amend "7"  
4/28

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

H964-ARA-003

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title []

Representative Howard

1 moves to amend the bill on page 9, line 5,  
2 by inserting, after the word "activities" and before the word "of",  
3 the following:  
4 ", offered to all members of the General Assembly,".  
5

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_



Amended "8"  
4/28

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
House Bill 964

AMENDMENT NO. \_\_\_\_\_  
(to be filled in by  
Principal Clerk)  
Page 1 of 1

H964-ARA-004

Date \_\_\_\_\_, 1997

Comm. Sub. [YES] H964-CSRA-003  
Amends Title [ ]

Representative Howard

- 1 moves to amend the bill on page 10, line 29,  
2 by deleting "A" and substituting the phrase "Except as specifically  
3 authorized by law, a"; and  
4  
5 on page 10, line 31, by deleting the word "appointive"; and  
6  
7 on page 10, line 32, by inserting the following after the period:  
8 "This subsection shall not apply to elective office.".

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_

APR 29 1997

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 964  
Proposed Committee Substitute H964-PCS1351

Short Title: Code of Legislative Ethics Revision.

(Public)

Sponsors:

Referred to:

April 16, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO REVISE AND STRENGTHEN THE SYSTEM OF LEGISLATIVE  
3 ETHICS.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. Part 1 of Article 14 of Chapter 120 of the General Statutes  
6 reads as rewritten:  
7 "Part 1. Code of Legislative Ethics.  
8 "§ 120-85. Definitions.  
9 As used in this Article: ~~Article, unless the context clearly requires otherwise:~~  
10 (1) ~~"Business with which he is associated"~~ 'Associated business'  
11 means any enterprise, incorporated or otherwise, doing business in  
12 the State of ~~which~~ which:  
13 a. ~~the legislator or~~ The person filing an economic interest  
14 statement required under Part II of this Article, or any  
15 member of his the person's immediate household is a  
16 director, officer, owner, partner, or employee, or  
17 b. ~~of which the~~ The legislator and his immediate household,  
18 either singularly or collectively, is a holder of securities  
19 worth ~~five~~ fifteen thousand dollars ~~(\$5,000)~~ (\$15,000) or  
20 more at fair market value as of December 31 of the  
21 preceding year, or constituting five percent (5%) or more of  
22 the outstanding stock of such enterprise. For purposes of  
23 this sub-subdivision, the term 'business' shall not include a

widely held investment fund, including, but not limited to, a mutual fund, regulated investment company, or pension or deferred compensation plan, if:

1. The person or a member of the person's immediate household neither exercises nor has the ability to exercise control over the financial interests held by the fund; and
2. The fund is publicly traded, or the fund's assets are widely diversified.

(2) 'Immediate household' means the legislator, his person, the person's spouse, if not legally separated, and all dependent children of the legislator. person.

(2a) 'Legislator' means any person who has been elected or appointed to the General Assembly and who has or has not yet taken the oath of office. For purposes of this Article, a legislator shall be deemed elected on the day following the general election held for that office.

(2b) 'Official action' means on questions before, or questions that may come before the General Assembly, any discussion either: (i) in a standing committee or subcommittee, (ii) on the floor, or (iii) in a study committee or commission; participation in any motion or vote; or participation in any other official decision.

(2c) 'Pecuniary interest' means any of the following:

- a. Owning, either individually or collectively, a legal or equitable interest exceeding fifteen thousand dollars (\$15,000) or five percent (5%), whichever is less, of any business.
- b. Receiving, either individually or collectively and directly or indirectly, in the preceding 12 months, gifts or honoraria having an unknown value or having an aggregate value of five hundred dollars (\$500.00) or more from any person. A pecuniary interest does not exist under this sub-subdivision by reason of (i) a gift or bequest received as the result of the death of the donor; (ii) a gift from a member of the person's immediate household; or (iii) acting as a trustee of a trust for the benefit of another.
- c. Holding the position of associate, director, officer, partner, compensated agent, member of the governing body, or proprietor of any business, irrespective of the amount of compensation received.

(2d) 'State agency' includes a State department, institution, commission, committee, board, division, bureau, officer, or official; or a nonprofit corporation that has received State funding during the then current or immediately preceding fiscal year.



- 1 (3) 'Vested trust' as set forth in G.S. 120-96(4) means any trust,  
2 annuity or other funds held by a trustee or other third party for the  
3 benefit of the ~~member or a member of his~~ person filing the  
4 statement of economic interest required by Part 2 of this Article or  
5 the member of that person's immediate household. A vested trust  
6 shall not include a widely held investment fund, including, but not  
7 limited to, a mutual fund, regulated investment company, or  
8 pension or deferred compensation plan, if:  
9 a. The person or a member of the person's immediate  
10 household neither exercises nor has the ability to exercise  
11 control over the financial interests held by the fund; and  
12 b. The fund is publicly traded, or the fund's assets are widely  
13 diversified.  
14 (4) 'Widely diversified' means a securities group or fund that holds no  
15 more than five percent (5%) of the value of its portfolio in the  
16 securities of any one issuer (other than the United States  
17 government) and no more than twenty percent (20%) in any  
18 particular economic or geographic sector.

19 **"§ 120-86. Bribery, etc.**

20 (a) No person shall offer or give to a legislator or a member of a legislator's  
21 immediate household, or to a legislator's associated business, ~~business with which he~~  
22 ~~is associated,~~ and no legislator shall solicit or receive, anything of monetary value,  
23 including a gift, favor or service or a promise of future employment, based on any  
24 understanding that such legislator's vote, official actions or judgment would be  
25 influenced thereby, or where it could reasonably be inferred that the thing of value  
26 would influence the legislator in the discharge of ~~his~~ the legislator's duties.

27 (b) It shall be unlawful for the partner, client, customer, or employer of a  
28 legislator or the agent of that partner, client, customer, or ~~employer to threaten~~  
29 ~~economically, directly or indirectly,~~ employer, directly or indirectly, to threaten  
30 economically that legislator with the intent to influence the legislator in the discharge  
31 of his or her legislative duties.

32 (c) It shall be unethical for a legislator to contact the partner, client, customer, or  
33 employer of another legislator if the purpose of the contact is to cause the partner,  
34 client, customer, or employer to ~~threaten economically, directly or indirectly,~~ that  
35 legislator with the intent to influence that legislator in the discharge of his or her  
36 legislative duties.

37 ~~(d) For the purposes of this section, the term "legislator" also includes any person~~  
38 ~~who has been elected or appointed to the General Assembly but who has not yet~~  
39 ~~taken the oath of office.~~

40 ~~(e) Violation of subsection (a) or (b) is a Class F felony. Violation of subsection~~  
41 ~~(c) is not a crime but is punishable under G.S. 120-103.~~

42 **"§ 120-86A. General standards of conduct.**

43 (a) A legislator shall not, directly or indirectly:

- 1           (1) Use or attempt to use his or her influence as a legislator in any  
2 manner which involves substantial conflict between the legislator's  
3 personal interest and the legislator's duties in the public interest.
- 4           (2) Engage in sexual harassment. For purposes of this subdivision,  
5 'sexual harassment' includes sexual advances, requests for sexual  
6 favours, sexually motivated physical contact or other verbal or  
7 physical conduct or communication of a sexual nature when:  
8           a. Submission to that conduct or communication is made a  
9 term or condition, either explicitly or implicitly, of obtaining  
10 employment, or public or constituent services, or the  
11 legislator's vote or official action;  
12           b. Submission to or rejection of that conduct or  
13 communication by an individual is used as a factor in  
14 decisions affecting that individual's employment or  
15 provisions to that individual of constituent or public  
16 services; or  
17           c. That conduct or communication has the purpose or effect of  
18 substantially interfering with an individual's employment or  
19 public or constituent services, or creating an intimidating,  
20 hostile, or offensive employment or public or constituent  
21 services environment.  
22 For the purposes of this subdivision, 'employment' means only  
23 employment with a State, federal, or local governmental agency.
- 24           (3) Use his or her official position or office to obtain financial gain for  
25 the legislator or legislator's immediate household or associated  
26 business.
- 27           (4) Use or attempt to use the legislative office to secure or create  
28 privileges, exemptions, advantages, or treatment for the legislator  
29 or others in contravention of the public interest at large.
- 30           (5) Use State resources including any person, money, or property  
31 under the legislator's official control or direction or in the  
32 legislator's custody for:  
33           a. The private benefit or gain of the legislator, except on an  
34 incidental and infrequent basis. This sub-subdivision shall  
35 not prohibit the use of State resources to benefit:  
36           1. Another person as part of the legislator's official  
37 duties; or  
38           2. The legislator if the cost to the State is so small as to  
39 be insignificant or negligible and does not interfere  
40 with the legislator's official duties.  
41           b. Any partisan political campaign activity, except for elections  
42 to constitutional or party offices within the General  
43 Assembly.

- 1           (6)   Use the legislator's official stationery, or a facsimile thereof, to  
2           solicit a vote or a contribution for the legislator's or another  
3           person's campaign for election or reelection to public office, or use  
4           the great seal of the State on campaign stationery or campaign  
5           literature. A legislator may use a facsimile of the legislator's official  
6           stationery or of the great seal of the State in soliciting campaign  
7           contributions or thanking contributors to the legislator's or another  
8           person's political campaign if it is paid for by other than State  
9           funds and if it bears a clear disclaimer that indicates the stationery  
10          was not printed or mailed at State expense. For the purposes of  
11          this subdivision, 'official legislative stationery' means the stationery  
12          which is issued by the Legislative Services Office to the legislator  
13          for use as a member of the General Assembly or of its legislative  
14          committees or commissions.
- 15          (7)   While in discharge of legislative duties, become intoxicated by the  
16          use of alcoholic beverages or any controlled substance defined in  
17          G.S. 90-87(5).
- 18          (8)   Accept any compensation in consideration for an appearance,  
19          speech, or writing unless the appearance, speech, or writing is not  
20          primarily related to his or her position as a legislator; however, a  
21          legislator may accept prepaid transportation, food, and lodging for  
22          travel associated with the legislator's duties or reimbursement for  
23          actual expenses incurred in connection with that travel. This  
24          subdivision shall not apply to activities and materials related to the  
25          presentation of a course at an elementary or secondary school,  
26          college, or university.
- 27          (9)   Accept compensation, other than that provided by law for  
28          members of the General Assembly, for influencing or attempting to  
29          influence legislative action through direct oral or written  
30          communication with another legislator, or to solicit other persons  
31          to influence legislative action. This subsection shall not apply to:
- 32               a.   A limited liability company, partnership, or a professional  
33               corporation in which a legislator has a membership or an  
34               interest of any kind, if the legislator excuses himself or  
35               herself under the rules of the applicable legislative chamber  
36               from deliberations and voting on the matter, or
- 37               b.   Reimbursement of a legislator's actual travel expenses for  
38               promotional activities on behalf of a nonprofit corporation  
39               or association.
- 40          (10)   Solicit, receive, accept, or agree to accept anything of value from a  
41          lobbyist or the lobbyist's principal.
- 42          (c)   The provisions of subdivisions (a)(8), (9), or (10) of this section shall not apply  
43          to any of the following, unless offered with the understanding that the legislator will

1 be influenced in the discharge of the legislator's duties or it could be reasonably  
2 believed to so influence the legislator:

- 3           (1) Political contributions properly received and reported as required  
4           under Article 22A of Chapter 163 of the General Statutes.
- 5           (2) Gifts from relatives by blood or marriage, or a member of the same  
6           household.
- 7           (3) Printed informational or promotional material, not to exceed  
8           thirty-five dollars (\$35.00) in cost.
- 9           (4) Items, not to exceed thirty-five dollars (\$35.00) in cost, containing  
10          or displaying promotional material.
- 11          (5) A personalized plaque or trophy with a cost that does not exceed  
12          one hundred fifty dollars (\$150.00), and expenses, made in  
13          connection with the presentation of the plaque or trophy, for  
14          lodging, transportation, entertainment, food, meals, or beverages.
- 15          (6) Educational material directly related to the legislator's official  
16          duties not to exceed seventy-five dollars (\$75.00) in cost.
- 17          (7) An honorary degree bestowed upon a legislator from a public or  
18          private university or college.
- 19          (8) Promotional or marketing items offered to the general public or  
20          State employees on the same terms and conditions without regard  
21          to status as a legislator.
- 22          (9) Lodging, transportation, entertainment, food, meals, or beverages  
23          at a function to which a legislator is invited if the entire  
24          membership of the House of Representatives, the Senate, or the  
25          General Assembly is invited, or one of the committees,  
26          subcommittees, joint committees, legislative caucuses, or county  
27          legislative delegations of the General Assembly of which the  
28          legislator is a member is invited.
- 29          (10) A ticket to attend an event if the legislator buys the ticket at face  
30          value.
- 31          (11) Activities of federal, State, or local governmental officers and  
32          employees while representing their agencies as exempted from the  
33          regulation of lobbying by G.S. 120-47.8(3).
- 34          (12) Promotional activities, offered to all members of the General  
35          Assembly, of nonprofit corporations referred to in section 501(c)(3)  
36          of the Code, the 'Code' having the same meaning as defined in  
37          G.S. 105-228.90.
- 38          (13) Food, meals, or beverages provided by a lobbyist or the lobbyist's  
39          principal, or both, to an individual legislator which aggregate  
40          expenditure for each individual legislator shall not exceed fifty  
41          dollars (\$50.00) per day nor two hundred dollars (200.00) per  
42          calendar year.

43 "§ 120-86B. Certain contracts with State agencies.

1 A legislator, or any member of the legislator's immediate household, or an  
2 associated business shall not contract for a value of one hundred dollars (\$100.00) or  
3 more per transaction with a State agency or as a subcontractor with a contractor on a  
4 contract with a State agency, except for:

5 (1) Contracts, agreements, sales, or purchases made or let after public  
6 notice and competitive bidding; or

7 (2) Contracts, agreements, sales, or purchases available on similar  
8 terms to members of the legislator's business, occupation, or  
9 profession.

10 **"§ 120-86C. Certain leases or sales of real property with State agency.**

11 A legislator, any member of the legislator's immediate household, or an associated  
12 business shall not lease or sell a facility, a building, or other real property to a State  
13 agency. This section does not apply to sales or leases made pursuant to the State's  
14 power of eminent domain, any contract or lease existing prior to the convening of the  
15 1999 General Assembly, or any extension or renewal of any contract or lease, the  
16 original contract or lease of which was initially entered into prior to the convening of  
17 the 1999 General Assembly.

18 **"§ 120-86D. Other dealings with State agencies.**

19 (a) A legislator shall not, for compensation, appear before a State agency as an  
20 expert witness.

21 (b) A legislator may not, for compensation, represent or engage in negotiations on  
22 behalf of a client before or with a State agency in proceedings related to the  
23 following matters:

24 (1) Contracting for the conveyance of an interest in real property, or  
25 the purchase, sale, rental, or lease of goods or services from a State  
26 agency;

27 (2) Rate making;

28 (3) Adoption, amendment, or repeal of any administrative rule;

29 (4) Obtaining grants of money or loans;

30 (5) Certifying, licensing, or permitting, but not including matters  
31 related to drivers licenses; or

32 (6) Any proceeding before the Utilities Commission.

33 (c) A legislator shall not, for compensation, represent the State or any State  
34 agency, except as permitted by G.S. 120-86B.

35 (d) Except as specifically prohibited by subsections (a), (b), and (c) of this section,  
36 a legislator otherwise properly licensed may represent any person in administrative,  
37 quasi-judicial, judicial, or other proceedings.

38 (e) Nothing in this section shall prohibit:

39 (1) A legislator from continuing to represent a person before any State  
40 agency on any case, action, or proceeding filed and pending before  
41 that agency as of the date of the legislator's election to the General  
42 Assembly; or

43 (2) A legislator's partner, business associate, or associated business  
44 from representing any person for compensation.

1 "§ 120-86E. Employment of members of legislator's immediate family.

2 (a) A member of a legislator's immediate family shall not be employed or  
3 appointed to an office or position in the legislative branch of State government;  
4 provided that a member of the legislator's immediate family may be employed as that  
5 legislator's secretary or committee clerk, or as a page.

6 (b) Except as specifically authorized by law, a legislator shall not advocate or  
7 cause the employment, appointment, promotion, transfer, or advancement of a  
8 member of the legislator's immediate family to an office or position in the executive  
9 branch of State government. This subsection shall not apply to elective office.

10 (c) For the purposes of this section, 'immediate family' means the spouse, parents,  
11 siblings, children, grandparents, grandchildren, and the step-, half-, and in-law  
12 relationships of those listed.

13 "§ 120-87. Disclosure of confidential information.

14 No legislator shall use or disclose confidential information gained in the course of  
15 or by reason of his or her official position or activities in any way that could result in  
16 financial gain for himself, a business with which he is associated the legislator, an  
17 associated business or a member of his or her immediate household or any other  
18 person.

19 ~~"§ 120-88. When legislator to disqualify himself or submit question to Legislative~~  
20 ~~Ethics Committee. Participation in official actions.~~

21 ~~When a legislator must act on a legislative matter as to which he has an economic~~  
22 ~~interest, personal, family, or client, he shall consider whether his judgment will be~~  
23 ~~substantially influenced by the interest, and consider the need for his particular~~  
24 ~~contribution, such as special knowledge of the subject matter, to the effective~~  
25 ~~functioning of the legislature. If after considering these factors the legislator concludes~~  
26 ~~that an actual economic interest does exist which would impair his independence of~~  
27 ~~judgment, then he shall not take any action to further the economic interest, and shall~~  
28 ~~ask that he be excused, if necessary, by the presiding officer in accordance with the~~  
29 ~~rules of the respective body. If the legislator has a material doubt as to whether he~~  
30 ~~should act, he may submit the question to the Legislative Ethics Committee for an~~  
31 ~~advisory opinion in accordance with G.S. 120-104.~~

32 (a) Except as permitted by subsection (c) of this section and notwithstanding any  
33 other law, no legislator acting in that capacity, knowingly shall participate in an  
34 official action as a legislator if the legislator, a member of the legislator's immediate  
35 household, or an associated business has a pecuniary interest in or a reasonably  
36 foreseeable pecuniary benefit from the matter under consideration. A potential  
37 pecuniary benefit includes a detriment to a business competitor of the legislator, a  
38 member of the legislator's immediate household, or an associated business. It shall be  
39 presumed that a legislator has a pecuniary interest in or a reasonably foreseeable  
40 pecuniary benefit from the matter under consideration if the matter involves, directly  
41 or indirectly, any item, except those required to be listed in G.S. 120-96 (7), that the  
42 legislator has listed on the legislator's most recent statement of economic interest or  
43 which would be required to be reported if the item has been acquired since the filing  
44 of the most recent statement. Notwithstanding any other provision of this Article, if

1 the legislator has an interest that the legislator believes will substantially influence the  
2 legislator's independence of judgment or will prevent the legislator from exercising  
3 the legislator's independence of judgment, the legislator shall abstain from  
4 participation in the official action in accordance with the provisions of subsection (b)  
5 of this section.

6 (b) A legislator described by subsection (a) of this section shall abstain from  
7 participation in the official action. The legislator shall submit in writing the reasons  
8 for the abstention to the presiding officer of the legislator's legislative body. The  
9 abstention shall be recorded in the legislative body's journal.

10 (c) A legislator may participate in an official action under any of the following  
11 circumstances:

12 (1) The only pecuniary interest or reasonably foreseeable pecuniary  
13 benefit that accrues to the legislator, the legislator's immediate  
14 household or associated business, as a member of a profession,  
15 occupation, or large class, is no greater than that which could  
16 reasonably be foreseen to accrue to all members of that profession,  
17 occupation, or large class. A large class does not include a group  
18 of investors in the stock of a single issuer or a group of investors in  
19 a group of stocks not widely diversified.

20 (2) Where an official action affects or would affect the legislator's  
21 compensation and allowances as a legislator.

22 (3) Before the legislator participated in the official action, the  
23 legislator requested and received a written advisory opinion from  
24 the Committee that the legislator's pecuniary interest or reasonably  
25 foreseeable pecuniary benefit from a matter under consideration  
26 would not impair the legislator's independence of judgment or  
27 influence the legislator's participation in the official action.

28 (4) When the legislative chamber of which the legislator is a member  
29 records in its minutes that it cannot obtain a quorum in order to  
30 take the official action because members are disqualified from  
31 acting under this section. As to matters being considered in  
32 committee, a legislator disqualified to participate in an official  
33 action under this section shall not be considered as a member of  
34 the committee for quorum purposes on the matter being  
35 considered.

36 (5) A legislator may participate in deliberations and vote on an entire  
37 appropriations bill, and amendments to the appropriations bill  
38 unrelated to the matter in which the legislator would otherwise be  
39 prohibited from acting upon by subsection (a) of this section.

40 **"§ 120-88A. Violations of this Part.**

41 A violation of G.S. 120-86(a) or (b) shall be punished as a Class F felony. A  
42 violation of any other provision in this Part is not a crime but is punishable under  
43 G.S. 120-103. Nothing in this Part shall prohibit a criminal prosecution under any  
44 other provision of law."

Section 2. Part 2 of Article 14 of Chapter 120 reads as rewritten:

"Part 2. Statement of Economic Interest.

"§ 120-89. Statement of economic interest by ~~legislative~~ certain candidates; filing required.

Every person who files as a candidate for nomination or election to a seat in either ~~house chamber~~ of the General Assembly or as Lieutenant Governor shall file a statement of economic interest as specified in this Article within 10 days of the filing deadline for the office he seeks.

"§ 120-90. Place and manner of filing.

The statement of economic interest shall cover the preceding calendar year and shall be filed at the same place, and in the same manner, as the notice of candidacy which a candidate seeking party nomination for the office of State ~~Senator or member of the State House of Representatives~~ Senator, State Representative, or Lieutenant Governor is required to file under the provisions of G.S. 163-106.

"§ 120-91: Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 3.

"§ 120-92. Filing by candidates not nominated in primary elections.

A person who is nominated pursuant to the provisions of G.S. 163-114 after the primary and before the general election, and a person who qualifies pursuant to the provisions of G.S. 163-122 as an independent candidate in a general election shall file with the county board of elections of each county in the senatorial or representative district a statement of economic interest. A person nominated pursuant to G.S. 163-114 shall file the statement within three days following his nomination, or not later than the day preceding the general election, whichever occurs first. A person seeking to qualify as an independent candidate under G.S. 163-122 shall file the statement of economic interest with the petition filed pursuant to that section. A person who is nominated by party convention of a new political party shall file a statement of economic interest with the county board of elections within 10 days of the certification with the State Board of Elections of the new party's candidates required by G.S. 163-98.

"§ 120-93. ~~County boards~~ Boards of elections to notify candidates of economic-interest-statement requirements.

Each county board of elections shall provide for notification of the economic-interest-statement requirements of G.S. 120-89, 120-96, and 120-98 to be given to any candidate filing for nomination or election to the General Assembly at the time of his or her filing in the particular county. The State Board of Elections shall provide for notification of the economic-interest-statement requirements to candidates nominated by party convention of a new political party of G.S. 120-92.

"§ 120-93.1. Certification of statements of economic interest.

~~The chairman of the county board of elections with which a statement of economic interest is filed shall forward a certified copy of the statement to the Legislative Services Office once the candidate is certified as elected to the General Assembly.~~ The chairman of the county board of elections shall ~~also~~ forward a certified copy of each candidate's statement of economic interest, within 10 days after its filing, to the board of elections in each other county in the district the candidate seeks to



1 represent. The chairman of the county board of elections with which a statement of  
2 economic interest is filed shall forward a certified copy of the statement to the  
3 Legislative Services Office once the candidate is certified as elected to the General  
4 Assembly. The Executive Director-Secretary of the State Board of Elections shall  
5 forward a certified copy of the statement of the candidate who is certified as elected  
6 as Lieutenant Governor to the Legislative Services Office.

7 **"§ 120-94. Statements of economic interest are public records.**

8 The statements of economic interest are public records and shall be made available  
9 for inspection and copying by any person during normal business hours at the office  
10 of the various county boards of election where the statements or copies thereof are  
11 filed and at the Legislative Library after certified copies are forwarded to the  
12 Legislative Services Office. The Legislative Librarian shall attach to the statement of  
13 economic interest of any legislator designated in the filing: any lobbyist registration  
14 statement filed pursuant to G.S. 120-47.2, or any list of authorized official liaison  
15 personnel filed pursuant to G.S. 120-47.8. If a county board of elections of a county  
16 does not keep an office open during normal business hours each day, that board shall  
17 deliver a copy of all statements of economic interest filed with it to the clerk of  
18 superior court of the county, and the statements shall be available for inspection and  
19 copying by any person during normal business hours at that clerk's office.

20 **"§ 120-95:** Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 3.

21 **"§ 120-96. Contents of statement.**

22 Any statement of economic interest filed under this Article shall be on a form  
23 prescribed by the ~~Committee, and the person filing the statement shall supply the~~  
24 ~~following information:~~ Committee and sworn to by the person filing the statement.  
25 The form shall include, but not be limited to, the following information about the  
26 person filing the statement and the person's immediate household:

- 27 (1) ~~The identity, by name, of any business with which he, or any~~  
28 ~~member of his immediate household, is associated;~~
- 29 (2) ~~The character and location of all real estate of a fair market value~~  
30 ~~in excess of five thousand dollars (\$5,000), other than his personal~~  
31 ~~residence (curtilage), in the State in which he, or a member of his~~  
32 ~~immediate household, has any beneficial interest, including an~~  
33 ~~option to buy and a lease for 10 years or over;~~
- 34 (3) ~~The type of each creditor to whom he, or a member of his~~  
35 ~~immediate household, owes money, except indebtedness secured by~~  
36 ~~lien upon his personal residence only, in excess of five thousand~~  
37 ~~dollars (\$5,000);~~
- 38 (4) ~~The name of each "vested trust" in which he or a member of his~~  
39 ~~immediate household has a financial interest in excess of five~~  
40 ~~thousand dollars (\$5,000) and the nature of such interest;~~
- 41 (5) ~~The name and nature of his and his immediate household~~  
42 ~~member's respective business or profession or employer and the~~  
43 ~~types of customers and types of clientele served;~~

- 1           ~~(6) A list of businesses with which he is associated that do business~~  
2           ~~with the State, and a brief description of the nature of such~~  
3           ~~business; and~~
- 4           ~~(7) In the case of professional persons and associations, a list of~~  
5           ~~classifications of business clients which classes were charged or~~  
6           ~~paid two thousand five hundred dollars (\$2,500) or more during~~  
7           ~~the previous calendar year for professional services rendered by~~  
8           ~~him, his firm or partnership. This list need not include the name of~~  
9           ~~the client but shall list the type of the business of each such client~~  
10           ~~or class of client, and brief description of the nature of the services~~  
11           ~~rendered.~~
- 12           (1) The name, occupation, nature of business, and type of clients  
13           served;
- 14           (2) The name and address of any associated business;
- 15           (3) Any business listed under subdivision (2) of this section which the  
16           person knows or has reason to believe does business with or is  
17           regulated by the State;
- 18           (4) The character and location of all real estate, other than the  
19           personal residence of the person or of a member of the person's  
20           immediate household that:
- 21           a. Is located within North Carolina,  
22           b. Has a fair market value of fifteen thousand dollars (\$15,000)  
23           or more, and  
24           c. Of which the person or any member of the person's  
25           immediate household has any beneficial interest, including  
26           an option to buy or lease for 10 or more years; provided,  
27           however, if the person's personal residence is a part of a  
28           larger tract, the land on which the personal residence and  
29           that part of the surrounding land used for residential  
30           purposes by the household need not be listed;
- 31           (5) The name and address of each creditor to whom the person or a  
32           member of the person's immediate household owes more than  
33           fifteen thousand dollars (\$15,000), except for debts secured by lien  
34           upon the personal residence;
- 35           (6) The name of each vested trust in which the person or a member of  
36           the person's immediate household has a financial interest in excess  
37           of fifteen thousand dollars (\$15,000);
- 38           (7) For professional persons and associations, a list of classifications of  
39           business clients which classes were charged or paid more than  
40           seven thousand five hundred dollars (\$7,500) or more during the  
41           previous calendar year; however, individual clients need not be  
42           identified, but the type of business of the client or class of the  
43           client and a description of the nature of the services rendered must  
44           be listed.

1 "§ 120-97: Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s.3.

2 "§ 120-98. Penalty for failure to file.

3 (a) If a candidate does not file the statement of economic interest within the time  
4 required by this Article, the ~~county~~ board of elections in which the statement is  
5 required to be filed shall immediately notify the candidate by registered mail,  
6 restricted delivery to addressee only, that, if the statement is not received within 15  
7 days, the candidate shall not be certified as the nominee of his party. If the statement  
8 is not received within 15 days of notification, the board of elections authorized to  
9 certify a candidate as nominee to the office shall not certify the candidate as nominee  
10 under any circumstances, regardless of the number of candidates for the nomination  
11 and regardless of the number of votes the candidate receives in the primary. A  
12 vacancy thus created on a party's ticket shall be considered a vacancy for the  
13 purposes of G.S. 163-114, and shall be filled according to the procedures set out in  
14 G.S. 163-114.

15 (b) Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 5."

16 Section 3. G.S. 120-102 reads as rewritten:

17 "§ 120-102. Powers and duties of Committee.

18 In addition to the other powers and duties specified in this Article, the Committee  
19 has the following powers and duties:

- 20 (1) To prescribe forms for the statements of economic interest and  
21 other reports required by this Article, ~~and~~ to furnish these forms to  
22 persons who are required to file statements or ~~reports~~ reports, to  
23 review for completeness the statements of economic interest, and  
24 inform the filer of any inadequacy in the statement forwarded to  
25 the Legislative Library.
- 26 (2) To receive and file any information voluntarily supplied that  
27 exceeds the requirements of this Article.
- 28 (3) To organize in a reasonable manner statements and reports filed  
29 with it and to make these statements and reports available for  
30 public inspection and copying during regular office hours.  
31 Copying facilities shall be made available at a charge not to exceed  
32 actual cost.
- 33 (4) To preserve statements and reports filed with the Committee for a  
34 period of 10 years from the date of receipt. At the end of the  
35 10-year period, these documents shall be destroyed.
- 36 (5) To prepare a list of ethical principles and guidelines to be used by  
37 each legislator in determining his role in supporting or opposing  
38 specific types of legislation, and to advise each General Assembly  
39 committee of specific danger areas where conflict of interest may  
40 exist and to suggest rules of conduct that should be adhered to by  
41 committee members in order to avoid conflict.
- 42 (6) To advise General Assembly members or render written opinions  
43 if so requested by the member about questions of ethics or possible

1 points of conflict and suggested standards of conduct of members  
2 upon ethical points raised.

3 (7) To propose rules of legislative ethics and conduct. The rules,  
4 when adopted by the House of Representatives and the Senate,  
5 shall be the standards adopted for that term.

6 (8) Upon receipt of information that a legislator owes money to the  
7 State and is delinquent in making repayment of such obligation, to  
8 investigate and dispose of the matter according to the terms of this  
9 Article."

10 Section 4. A new section is added to Part 3 of Article 14 of Chapter 120  
11 of the General Statutes to read:

12 **"§ 120-105.1. Funding and staff of Legislative Ethics Committee.**

13 The Legislative Services Commission may allocate available funds to the  
14 Legislative Ethics Committee as the need arises. The Legislative Ethics Committee  
15 may hire temporary or permanent employees to aid it in its work."

16 Section 5. G.S. 120-106 is repealed.

17 Section 6. G.S. 120-47.2 reads as rewritten:

18 **"§ 120-47.2. Registration procedure.**

19 (a) A lobbyist shall file a registration statement with the Secretary of State before  
20 engaging in any lobbying. A separate registration statement is required for each  
21 lobbyist's principal.

22 (b) The form of the registration shall be prescribed by the Secretary of State and  
23 shall include the registrant's full name, firm, and complete address; the registrant's  
24 place of business; the full name and complete address of each person by whom the  
25 registrant is employed or retained; ~~and~~ the name of any legislator, as defined in G.S.  
26 120-85(2a);

27 (1) Who is a member of or has any interest of any kind in a limited  
28 liability company, partnership, or professional corporation in which  
29 the registrant is also a member, director, officer, owner, partner, or  
30 employee; or

31 (2) With whom the registrant is a member of the immediate  
32 household, as defined in G.S. 120-85(2); and

33 a general description of the matters on which the registrant expects to act as a  
34 lobbyist.

35 (c) Each lobbyist shall register again with the Secretary of State no later than 10  
36 days after any change in the information supplied in his last registration under  
37 subsection (b). Each supplementary registration shall include a complete statement of  
38 the information that has changed.

39 (d) Within 20 days after the convening of each session of the General Assembly,  
40 the Secretary of State shall furnish each member of the General Assembly and the  
41 State Legislative Library a list of all persons who have registered as lobbyists and  
42 whom they represent. A supplemental list shall be furnished periodically each 20  
43 days thereafter as the session progresses.

1 (e) Each registration statement required under this Article shall be effective from  
2 the date of filing until January 1 of the following odd-numbered year. The lobbyist  
3 shall file a new registration statement after that date, and the applicable fee shall be  
4 due and payable.

5 (f) A lobbyist, who is required to report the name of a legislator under subsection  
6 (b) of this section, shall file a certified copy of the filed lobbyist registration statement  
7 with the Legislative Library within 10 days of registering as a lobbyist."

8 Section 7. G.S. 120-47.8 reads as rewritten:

9 **"§ 120-47.8. Persons exempted from provisions of Article.**

10 The provisions of this Article shall not be construed to apply to any of the  
11 following:

- 12 (1) An individual, not acting as a lobbyist, solely engaged in expressing  
13 a personal opinion on legislative matters to his own legislative  
14 delegation or other members of the General Assembly.
- 15 (2) A person appearing before a legislative committee at the invitation  
16 or request of the committee or a member thereof and who engages  
17 in no further activities as a lobbyist in connection with that or any  
18 other legislative matter.
- 19 (3) a. A duly elected or appointed official or employee of the  
20 State, the United States, a county, municipality, school  
21 district or other governmental agency, when appearing  
22 solely in connection with matters pertaining to his office and  
23 public duties.  
24 b. Notwithstanding the persons exempted in this Article, the  
25 Governor, Council of State, and all appointed heads of State  
26 departments, agencies and institutions, shall designate all  
27 authorized official legislative liaison personnel and shall file  
28 and maintain current lists of designated legislative liaison  
29 personnel with the Secretary of State and shall likewise file  
30 with the Secretary of State a full and accurate accounting of  
31 all money expended on lobbying, other than the salaries of  
32 regular full-time employees, at the same times lobbyists are  
33 required to file expense reports under G.S. 120-47.6. The  
34 officer designating an authorized official legislative liaison,  
35 who is also a member of a legislator's immediate household  
36 as that term is defined by G.S. 120-85(2), shall file a  
37 certified copy of the list of authorized official liaison  
38 personnel in the Legislative Library, within 10 days of the  
39 filing of the list with the Secretary of State. The officer  
40 shall specify in writing the legislator whose immediate  
41 household includes the authorized official legislative liaison.
- 42 (4) A person performing professional services in drafting bills or in  
43 advising and rendering opinions to clients, or to legislators on  
44 behalf of clients, as to the construction and effect of proposed or

- 1 pending legislation where the professional services are not  
2 otherwise, directly or indirectly, connected with legislative action.
- 3 (5) A person who owns, publishes or is employed by any news  
4 medium while engaged in the acquisition or dissemination of news  
5 on behalf of the news medium.
- 6 (6) Repealed by Session Laws 1991, c. 740, s. 1.1.
- 7 (7) Members of the General Assembly.
- 8 (8) A person responding to inquiries from a member of the General  
9 Assembly or a legislative employee, and who engages in no further  
10 activities as a lobbyist in connection with that or any other  
11 legislative matter.
- 12 (9) An individual giving facts or recommendations pertaining to  
13 legislative matters to his own legislative delegation only."
- 14 Section 8. G.S. 120-86B, 120-86C, and 120-86D, contained in Section 1  
15 of this act, become effective November 3, 1998. G.S. 120-86E, contained in Section 1  
16 of this act, becomes effective upon the convening of the 1999 General Assembly. The  
17 rest of this act becomes effective October 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

2

HOUSE BILL 964  
Committee Substitute Favorable 4/29/97

Short Title: Code of Legislative Ethics Revision.

(Public)

Sponsors:

Referred to:

April 16, 1997

- 1 A BILL TO BE ENTITLED  
2 AN ACT TO REVISE AND STRENGTHEN THE SYSTEM OF LEGISLATIVE  
3 ETHICS.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. Part 1 of Article 14 of Chapter 120 of the General Statutes  
6 reads as rewritten:  
7 "Part 1. Code of Legislative Ethics.  
8 "§ 120-85. Definitions.  
9 As used in this ~~Article.~~ Article, unless the context clearly requires otherwise:  
10 (1) ~~"Business with which he is associated"~~ 'Associated business'  
11 means any enterprise, incorporated or otherwise, doing business in  
12 the State of ~~which~~ which:  
13 a. ~~the legislator or~~ The person filing an economic interest  
14 statement required under Part II of this Article, or any  
15 member of his the person's immediate household is a  
16 director, officer, owner, partner, or employee, or  
17 b. ~~of which the~~ The legislator and his immediate household,  
18 either singularly or collectively, is a holder of securities  
19 worth five fifteen thousand dollars (\$5,000) (\$15,000) or  
20 more at fair market value as of December 31 of the  
21 preceding year, or constituting five percent (5%) or more of  
22 the outstanding stock of such enterprise. For purposes of  
23 this sub-subdivision, the term 'business' shall not include a

widely held investment fund, including, but not limited to, a mutual fund, regulated investment company, or pension or deferred compensation plan, if:

1. The person or a member of the person's immediate household neither exercises nor has the ability to exercise control over the financial interests held by the fund; and
2. The fund is publicly traded, or the fund's assets are widely diversified.

(2) 'Immediate household' means the ~~legislator, his person, the person's~~ spouse, if not legally separated, and all dependent children of the ~~legislator, person.~~

(2a) 'Legislator' means any person who has been elected or appointed to the General Assembly and who has or has not yet taken the oath of office. For purposes of this Article, a legislator shall be deemed elected on the day following the general election held for that office.

(2b) 'Official action' means on questions before, or questions that may come before the General Assembly, any discussion either: (i) in a standing committee or subcommittee, (ii) on the floor, or (iii) in a study committee or commission; participation in any motion or vote; or participation in any other official decision.

(2c) 'Pecuniary interest' means any of the following:

- a. Owning, either individually or collectively, a legal or equitable interest exceeding fifteen thousand dollars (\$15,000) or five percent (5%), whichever is less, of any business.
- b. Receiving, either individually or collectively and directly or indirectly, in the preceding 12 months, gifts or honoraria having an unknown value or having an aggregate value of five hundred dollars (\$500.00) or more from any person. A pecuniary interest does not exist under this sub-subdivision by reason of (i) a gift or bequest received as the result of the death of the donor; (ii) a gift from a member of the person's immediate household; or (iii) acting as a trustee of a trust for the benefit of another.
- c. Holding the position of associate, director, officer, partner, compensated agent, member of the governing body, or proprietor of any business, irrespective of the amount of compensation received.

(2d) 'State agency' includes a State department, institution, commission, committee, board, division, bureau, officer, or official; or a nonprofit corporation that has received State funding during the then current or immediately preceding fiscal year.



(3) 'Vested trust' as set forth in G.S. 120-96(4) means any trust, annuity or other funds held by a trustee or other third party for the benefit of the ~~member or a member of his~~ person filing the statement of economic interest required by Part 2 of this Article or the member of that person's immediate household. A vested trust shall not include a widely held investment fund, including, but not limited to, a mutual fund, regulated investment company, or pension or deferred compensation plan, if:

- a. The person or a member of the person's immediate household neither exercises nor has the ability to exercise control over the financial interests held by the fund; and
- b. The fund is publicly traded, or the fund's assets are widely diversified.

(4) 'Widely diversified' means a securities group or fund that holds no more than five percent (5%) of the value of its portfolio in the securities of any one issuer (other than the United States government) and no more than twenty percent (20%) in any particular economic or geographic sector.

**"§ 120-86. Bribery, etc.**

(a) No person shall offer or give to a legislator or a member of a legislator's immediate household, or to a legislator's associated business, business with which he is associated, and no legislator shall solicit or receive, anything of monetary value, including a gift, favor or service or a promise of future employment, based on any understanding that such legislator's vote, official actions or judgment would be influenced thereby, or where it could reasonably be inferred that the thing of value would influence the legislator in the discharge of ~~his~~ the legislator's duties.

(b) It shall be unlawful for the partner, client, customer, or employer of a legislator or the agent of that partner, client, customer, or ~~employer to threaten economically, directly or indirectly, employer, directly or indirectly, to threaten economically~~ that legislator with the intent to influence the legislator in the discharge of his or her legislative duties.

(c) It shall be unethical for a legislator to contact the partner, client, customer, or employer of another legislator if the purpose of the contact is to cause the partner, client, customer, or employer to threaten economically, directly or indirectly, that legislator with the intent to influence that legislator in the discharge of his or her legislative duties.

~~(d) For the purposes of this section, the term "legislator" also includes any person who has been elected or appointed to the General Assembly but who has not yet taken the oath of office.~~

~~(e) Violation of subsection (a) or (b) is a Class F felony. Violation of subsection (e) is not a crime but is punishable under G.S. 120-103.~~

**"§ 120-86A. General standards of conduct.**

(a) A legislator shall not, directly or indirectly:

- 1           (1) Use or attempt to use his or her influence as a legislator in any  
2 manner which involves substantial conflict between the legislator's  
3 personal interest and the legislator's duties in the public interest.
- 4           (2) Engage in sexual harassment. For purposes of this subdivision,  
5 'sexual harassment' includes sexual advances, requests for sexual  
6 favors, sexually motivated physical contact or other verbal or  
7 physical conduct or communication of a sexual nature when:  
8           a. Submission to that conduct or communication is made a  
9 term or condition, either explicitly or implicitly, of obtaining  
10 employment, or public or constituent services, or the  
11 legislator's vote or official action;  
12           b. Submission to or rejection of that conduct or  
13 communication by an individual is used as a factor in  
14 decisions affecting that individual's employment or  
15 provisions to that individual of constituent or public  
16 services; or  
17           c. That conduct or communication has the purpose or effect of  
18 substantially interfering with an individual's employment or  
19 public or constituent services, or creating an intimidating,  
20 hostile, or offensive employment or public or constituent  
21 services environment.
- 22           For the purposes of this subdivision, 'employment' means only  
23 employment with a State, federal, or local governmental agency.
- 24           (3) Use his or her official position or office to obtain financial gain for  
25 the legislator or legislator's immediate household or associated  
26 business.
- 27           (4) Use or attempt to use the legislative office to secure or create  
28 privileges, exemptions, advantages, or treatment for the legislator  
29 or others in contravention of the public interest at large.
- 30           (5) Use State resources including any person, money, or property  
31 under the legislator's official control or direction or in the  
32 legislator's custody for:  
33           a. The private benefit or gain of the legislator, except on an  
34 incidental and infrequent basis. This sub-subdivision shall  
35 not prohibit the use of State resources to benefit:  
36               1. Another person as part of the legislator's official  
37 duties; or  
38               2. The legislator if the cost to the State is so small as to  
39 be insignificant or negligible and does not interfere  
40 with the legislator's official duties.  
41           b. Any partisan political campaign activity, except for elections  
42 to constitutional or party offices within the General  
43 Assembly.

- 1           (6)   Use the legislator's official stationery, or a facsimile thereof, to  
2           solicit a vote or a contribution for the legislator's or another  
3           person's campaign for election or reelection to public office, or use  
4           the great seal of the State on campaign stationery or campaign  
5           literature. A legislator may use a facsimile of the legislator's official  
6           stationery or of the great seal of the State in soliciting campaign  
7           contributions or thanking contributors to the legislator's or another  
8           person's political campaign if it is paid for by other than State  
9           funds and if it bears a clear disclaimer that indicates the stationery  
10          was not printed or mailed at State expense. For the purposes of  
11          this subdivision, 'official legislative stationery' means the stationery  
12          which is issued by the Legislative Services Office to the legislator  
13          for use as a member of the General Assembly or of its legislative  
14          committees or commissions.
- 15          (7)   While in discharge of legislative duties, become intoxicated by the  
16          use of alcoholic beverages or any controlled substance defined in  
17          G.S. 90-87(5).
- 18          (8)   Accept any compensation in consideration for an appearance,  
19          speech, or writing unless the appearance, speech, or writing is not  
20          primarily related to his or her position as a legislator; however, a  
21          legislator may accept prepaid transportation, food, and lodging for  
22          travel associated with the legislator's duties or reimbursement for  
23          actual expenses incurred in connection with that travel. This  
24          subdivision shall not apply to activities and materials related to the  
25          presentation of a course at an elementary or secondary school,  
26          college, or university.
- 27          (9)   Accept compensation, other than that provided by law for  
28          members of the General Assembly, for influencing or attempting to  
29          influence legislative action through direct oral or written  
30          communication with another legislator, or to solicit other persons  
31          to influence legislative action. This subsection shall not apply to:
- 32               a.   A limited liability company, partnership, or a professional  
33               corporation in which a legislator has a membership or an  
34               interest of any kind, if the legislator excuses himself or  
35               herself under the rules of the applicable legislative chamber  
36               from deliberations and voting on the matter, or  
37               b.   Reimbursement of a legislator's actual travel expenses for  
38               promotional activities on behalf of a nonprofit corporation  
39               or association.
- 40          (10)   Solicit, receive, accept, or agree to accept anything of value from a  
41          lobbyist or the lobbyist's principal.
- 42          (c)   The provisions of subdivisions (a)(8), (9), or (10) of this section shall not apply  
43          to any of the following, unless offered with the understanding that the legislator will

1 be influenced in the discharge of the legislator's duties or it could be reasonably  
2 believed to so influence the legislator:

- 3       (1) Political contributions properly received and reported as required  
4       under Article 22A of Chapter 163 of the General Statutes.
- 5       (2) Gifts from relatives by blood or marriage, or a member of the same  
6       household.
- 7       (3) Printed informational or promotional material, not to exceed  
8       thirty-five dollars (\$35.00) in cost.
- 9       (4) Items, not to exceed thirty-five dollars (\$35.00) in cost, containing  
10      or displaying promotional material.
- 11      (5) A personalized plaque or trophy with a cost that does not exceed  
12      one hundred fifty dollars (\$150.00), and expenses, made in  
13      connection with the presentation of the plaque or trophy, for  
14      lodging, transportation, entertainment, food, meals, or beverages.
- 15      (6) Educational material directly related to the legislator's official  
16      duties not to exceed seventy-five dollars (\$75.00) in cost.
- 17      (7) An honorary degree bestowed upon a legislator from a public or  
18      private university or college.
- 19      (8) Promotional or marketing items offered to the general public or  
20      State employees on the same terms and conditions without regard  
21      to status as a legislator.
- 22      (9) Lodging, transportation, entertainment, food, meals, or beverages  
23      at a function to which a legislator is invited if the entire  
24      membership of the House of Representatives, the Senate, or the  
25      General Assembly is invited, or one of the committees,  
26      subcommittees, joint committees, legislative caucuses, or county  
27      legislative delegations of the General Assembly of which the  
28      legislator is a member is invited.
- 29      (10) A ticket to attend an event if the legislator buys the ticket at face  
30      value.
- 31      (11) Activities of federal, State, or local governmental officers and  
32      employees while representing their agencies as exempted from the  
33      regulation of lobbying by G.S. 120-47.8(3).
- 34      (12) Promotional activities, offered to all members of the General  
35      Assembly, of nonprofit corporations referred to in section 501(c)(3)  
36      of the Code, the 'Code' having the same meaning as defined in  
37      G.S. 105-228.90.
- 38      (13) Food, meals, or beverages provided by a lobbyist or the lobbyist's  
39      principal, or both, to an individual legislator which aggregate  
40      expenditure for each individual legislator shall not exceed fifty  
41      dollars (\$50.00) per day nor two hundred dollars (200.00) per  
42      calendar year.

43 "§ 120-86B. Certain contracts with State agencies.

1 A legislator, or any member of the legislator's immediate household, or an  
2 associated business shall not contract for a value of one hundred dollars (\$100.00) or  
3 more per transaction with a State agency or as a subcontractor with a contractor on a  
4 contract with a State agency, except for:

5 (1) Contracts, agreements, sales, or purchases made or let after public  
6 notice and competitive bidding; or

7 (2) Contracts, agreements, sales, or purchases available on similar  
8 terms to members of the legislator's business, occupation, or  
9 profession.

10 **"§ 120-86C. Certain leases or sales of real property with State agency.**

11 A legislator, any member of the legislator's immediate household, or an associated  
12 business shall not lease or sell a facility, a building, or other real property to a State  
13 agency. This section does not apply to sales or leases made pursuant to the State's  
14 power of eminent domain, any contract or lease existing prior to the convening of the  
15 1999 General Assembly, or any extension or renewal of any contract or lease, the  
16 original contract or lease of which was initially entered into prior to the convening of  
17 the 1999 General Assembly.

18 **"§ 120-86D. Other dealings with State agencies.**

19 (a) A legislator shall not, for compensation, appear before a State agency as an  
20 expert witness.

21 (b) A legislator may not, for compensation, represent or engage in negotiations on  
22 behalf of a client before or with a State agency in proceedings related to the  
23 following matters:

24 (1) Contracting for the conveyance of an interest in real property, or  
25 the purchase, sale, rental, or lease of goods or services from a State  
26 agency;

27 (2) Rate making;

28 (3) Adoption, amendment, or repeal of any administrative rule;

29 (4) Obtaining grants of money or loans;

30 (5) Certifying, licensing, or permitting, but not including matters  
31 related to drivers licenses; or

32 (6) Any proceeding before the Utilities Commission.

33 (c) A legislator shall not, for compensation, represent the State or any State  
34 agency, except as permitted by G.S. 120-86B.

35 (d) Except as specifically prohibited by subsections (a), (b), and (c) of this section,  
36 a legislator otherwise properly licensed may represent any person in administrative,  
37 quasi-judicial, judicial, or other proceedings.

38 (e) Nothing in this section shall prohibit:

39 (1) A legislator from continuing to represent a person before any State  
40 agency on any case, action, or proceeding filed and pending before  
41 that agency as of the date of the legislator's election to the General  
42 Assembly; or

43 (2) A legislator's partner, business associate, or associated business  
44 from representing any person for compensation.

1 **"§ 120-86E. Employment of members of legislator's immediate family.**

2 (a) A member of a legislator's immediate family shall not be employed or  
3 appointed to an office or position in the legislative branch of State government;  
4 provided that a member of the legislator's immediate family may be employed as that  
5 legislator's secretary or committee clerk, or as a page.

6 (b) Except as specifically authorized by law, a legislator shall not advocate or  
7 cause the employment, appointment, promotion, transfer, or advancement of a  
8 member of the legislator's immediate family to an office or position in the executive  
9 branch of State government. This subsection shall not apply to elective office.

10 (c) For the purposes of this section, 'immediate family' means the spouse, parents,  
11 siblings, children, grandparents, grandchildren, and the step-, half-, and in-law  
12 relationships of those listed.

13 **"§ 120-87. Disclosure of confidential information.**

14 No legislator shall use or disclose confidential information gained in the course of  
15 or by reason of his or her official position or activities in any way that could result in  
16 financial gain for himself, ~~a business with which he is associated~~ the legislator, an  
17 associated business or a member of his or her immediate household or any other  
18 person.

19 ~~"§ 120-88. When legislator to disqualify himself or submit question to Legislative~~  
20 ~~Ethics Committee. Participation in official actions,~~

21 ~~When a legislator must act on a legislative matter as to which he has an economic~~  
22 ~~interest, personal, family, or client, he shall consider whether his judgment will be~~  
23 ~~substantially influenced by the interest, and consider the need for his particular~~  
24 ~~contribution, such as special knowledge of the subject matter, to the effective~~  
25 ~~functioning of the legislature. If after considering these factors the legislator concludes~~  
26 ~~that an actual economic interest does exist which would impair his independence of~~  
27 ~~judgment, then he shall not take any action to further the economic interest, and shall~~  
28 ~~ask that he be excused, if necessary, by the presiding officer in accordance with the~~  
29 ~~rules of the respective body. If the legislator has a material doubt as to whether he~~  
30 ~~should act, he may submit the question to the Legislative Ethics Committee for an~~  
31 ~~advisory opinion in accordance with G.S. 120-104.~~

32 (a) Except as permitted by subsection (c) of this section and notwithstanding any  
33 other law, no legislator acting in that capacity, knowingly shall participate in an  
34 official action as a legislator if the legislator, a member of the legislator's immediate  
35 household, or an associated business has a pecuniary interest in or a reasonably  
36 foreseeable pecuniary benefit from the matter under consideration. A potential  
37 pecuniary benefit includes a detriment to a business competitor of the legislator, a  
38 member of the legislator's immediate household, or an associated business. It shall be  
39 presumed that a legislator has a pecuniary interest in or a reasonably foreseeable  
40 pecuniary benefit from the matter under consideration if the matter involves, directly  
41 or indirectly, any item, except those required to be listed in G.S. 120-96 (7), that the  
42 legislator has listed on the legislator's most recent statement of economic interest or  
43 which would be required to be reported if the item has been acquired since the filing  
44 of the most recent statement. Notwithstanding any other provision of this Article, if

1 the legislator has an interest that the legislator believes will substantially influence the  
2 legislator's independence of judgment or will prevent the legislator from exercising  
3 the legislator's independence of judgment, the legislator shall abstain from  
4 participation in the official action in accordance with the provisions of subsection (b)  
5 of this section.

6 (b) A legislator described by subsection (a) of this section shall abstain from  
7 participation in the official action. The legislator shall submit in writing the reasons  
8 for the abstention to the presiding officer of the legislator's legislative body. The  
9 abstention shall be recorded in the legislative body's journal.

10 (c) A legislator may participate in an official action under any of the following  
11 circumstances:

12 (1) The only pecuniary interest or reasonably foreseeable pecuniary  
13 benefit that accrues to the legislator, the legislator's immediate  
14 household or associated business, as a member of a profession,  
15 occupation, or large class, is no greater than that which could  
16 reasonably be foreseen to accrue to all members of that profession,  
17 occupation, or large class. A large class does not include a group  
18 of investors in the stock of a single issuer or a group of investors in  
19 a group of stocks not widely diversified.

20 (2) Where an official action affects or would affect the legislator's  
21 compensation and allowances as a legislator.

22 (3) Before the legislator participated in the official action, the  
23 legislator requested and received a written advisory opinion from  
24 the Committee that the legislator's pecuniary interest or reasonably  
25 foreseeable pecuniary benefit from a matter under consideration  
26 would not impair the legislator's independence of judgment or  
27 influence the legislator's participation in the official action.

28 (4) When the legislative chamber of which the legislator is a member  
29 records in its minutes that it cannot obtain a quorum in order to  
30 take the official action because members are disqualified from  
31 acting under this section. As to matters being considered in  
32 committee, a legislator disqualified to participate in an official  
33 action under this section shall not be considered as a member of  
34 the committee for quorum purposes on the matter being  
35 considered.

36 (5) A legislator may participate in deliberations and vote on an entire  
37 appropriations bill, and amendments to the appropriations bill  
38 unrelated to the matter in which the legislator would otherwise be  
39 prohibited from acting upon by subsection (a) of this section.

40 **"§ 120-88A. Violations of this Part.**

41 A violation of G.S. 120-86(a) or (b) shall be punished as a Class F felony. A  
42 violation of any other provision in this Part is not a crime but is punishable under  
43 G.S. 120-103. Nothing in this Part shall prohibit a criminal prosecution under any  
44 other provision of law."



1 Section 2. Part 2 of Article 14 of Chapter 120 reads as rewritten:

2 "Part 2. Statement of Economic Interest.

3 "**§ 120-89. Statement of economic interest by legislative certain candidates; filing**  
4 **required.**

5 Every person who files as a candidate for nomination or election to a seat in either  
6 ~~house chamber~~ of the General Assembly or as Lieutenant Governor shall file a  
7 statement of economic interest as specified in this Article within 10 days of the filing  
8 deadline for the office he seeks.

9 "**§ 120-90. Place and manner of filing.**

10 The statement of economic interest shall cover the preceding calendar year and  
11 shall be filed at the same place, and in the same manner, as the notice of candidacy  
12 which a candidate seeking party nomination for the office of State ~~Senator or~~  
13 ~~member of the State House of Representatives~~ Senator, State Representative, or  
14 Lieutenant Governor is required to file under the provisions of G.S. 163-106.

15 "**§ 120-91:** Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 3.

16 "**§ 120-92. Filing by candidates not nominated in primary elections.**

17 A person who is nominated pursuant to the provisions of G.S. 163-114 after the  
18 primary and before the general election, and a person who qualifies pursuant to the  
19 provisions of G.S. 163-122 as an independent candidate in a general election shall file  
20 with the county board of elections of each county in the senatorial or representative  
21 district a statement of economic interest. A person nominated pursuant to G.S.  
22 163-114 shall file the statement within three days following his nomination, or not  
23 later than the day preceding the general election, whichever occurs first. A person  
24 seeking to qualify as an independent candidate under G.S. 163-122 shall file the  
25 statement of economic interest with the petition filed pursuant to that section. A  
26 person who is nominated by party convention of a new political party shall file a  
27 statement of economic interest with the county board of elections within 10 days of  
28 the certification with the State Board of Elections of the new party's candidates  
29 required by G.S. 163-98.

30 "**§ 120-93. ~~County boards~~ Boards of elections to notify candidates of**  
31 **economic-interest-statement requirements.**

32 Each county board of elections shall provide for notification of the  
33 economic-interest-statement requirements of G.S. 120-89, 120-96, and 120-98 to be  
34 given to any candidate filing for nomination or election to the General Assembly at  
35 the time of his or her filing in the particular county. The State Board of Elections  
36 shall provide for notification of the economic-interest-statement requirements to  
37 candidates nominated by party convention of a new political party of G.S. 120-92.

38 "**§ 120-93.1. Certification of statements of economic interest.**

39 ~~The chairman of the county board of elections with which a statement of economic~~  
40 ~~interest is filed shall forward a certified copy of the statement to the Legislative~~  
41 ~~Services Office once the candidate is certified as elected to the General Assembly.~~  
42 The chairman of the county board of elections shall ~~also~~ forward a certified copy of  
43 each candidate's statement of economic interest, within 10 days after its filing, to the  
44 board of elections in each other county in the district the candidate seeks to



1 represent. The chairman of the county board of elections with which a statement of  
2 economic interest is filed shall forward a certified copy of the statement to the  
3 Legislative Services Office once the candidate is certified as elected to the General  
4 Assembly. The Executive Director-Secretary of the State Board of Elections shall  
5 forward a certified copy of the statement of the candidate who is certified as elected  
6 as Lieutenant Governor to the Legislative Services Office.

7 **"§ 120-94. Statements of economic interest are public records.**

8 The statements of economic interest are public records and shall be made available  
9 for inspection and copying by any person during normal business hours at the office  
10 of the various county boards of election where the statements or copies thereof are  
11 filed and at the Legislative Library after certified copies are forwarded to the  
12 Legislative Services Office. The Legislative Librarian shall attach to the statement of  
13 economic interest of any legislator designated in the filing: any lobbyist registration  
14 statement filed pursuant to G.S. 120-47.2, or any list of authorized official liaison  
15 personnel filed pursuant to G.S. 120-47.8. If a county board of elections of a county  
16 does not keep an office open during normal business hours each day, that board shall  
17 deliver a copy of all statements of economic interest filed with it to the clerk of  
18 superior court of the county, and the statements shall be available for inspection and  
19 copying by any person during normal business hours at that clerk's office.

20 **"§ 120-95: Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 3.**

21 **"§ 120-96. Contents of statement.**

22 Any statement of economic interest filed under this Article shall be on a form  
23 prescribed by the ~~Committee, and the person filing the statement shall supply the~~  
24 ~~following information:~~ Committee and sworn to by the person filing the statement.  
25 The form shall include, but not be limited to, the following information about the  
26 person filing the statement and the person's immediate household:

- 27 (1) ~~The identity, by name, of any business with which he, or any~~  
28 ~~member of his immediate household, is associated;~~
- 29 (2) ~~The character and location of all real estate of a fair market value~~  
30 ~~in excess of five thousand dollars (\$5,000), other than his personal~~  
31 ~~residence (curtilage), in the State in which he, or a member of his~~  
32 ~~immediate household, has any beneficial interest, including an~~  
33 ~~option to buy and a lease for 10 years or over;~~
- 34 (3) ~~The type of each creditor to whom he, or a member of his~~  
35 ~~immediate household, owes money, except indebtedness secured by~~  
36 ~~lien upon his personal residence only, in excess of five thousand~~  
37 ~~dollars (\$5,000);~~
- 38 (4) ~~The name of each "vested trust" in which he or a member of his~~  
39 ~~immediate household has a financial interest in excess of five~~  
40 ~~thousand dollars (\$5,000) and the nature of such interest;~~
- 41 (5) ~~The name and nature of his and his immediate household~~  
42 ~~member's respective business or profession or employer and the~~  
43 ~~types of customers and types of clientele served;~~

1           ~~(6) A list of businesses with which he is associated that do business~~  
2           ~~with the State, and a brief description of the nature of such~~  
3           ~~business; and~~

4           ~~(7) In the case of professional persons and associations, a list of~~  
5           ~~classifications of business clients which classes were charged or~~  
6           ~~paid two thousand five hundred dollars (\$2,500) or more during~~  
7           ~~the previous calendar year for professional services rendered by~~  
8           ~~him, his firm or partnership. This list need not include the name of~~  
9           ~~the client but shall list the type of the business of each such client~~  
10           ~~or class of client, and brief description of the nature of the services~~  
11           ~~rendered.~~

12           (1) The name, occupation, nature of business, and type of clients  
13           served;

14           (2) The name and address of any associated business;

15           (3) Any business listed under subdivision (2) of this section which the  
16           person knows or has reason to believe does business with or is  
17           regulated by the State;

18           (4) The character and location of all real estate, other than the  
19           personal residence of the person or of a member of the person's  
20           immediate household that:

21           a. Is located within North Carolina,

22           b. Has a fair market value of fifteen thousand dollars (\$15,000)  
23           or more, and

24           c. Of which the person or any member of the person's  
25           immediate household has any beneficial interest, including  
26           an option to buy or lease for 10 or more years; provided,  
27           however, if the person's personal residence is a part of a  
28           larger tract, the land on which the personal residence and  
29           that part of the surrounding land used for residential  
30           purposes by the household need not be listed;

31           (5) The name and address of each creditor to whom the person or a  
32           member of the person's immediate household owes more than  
33           fifteen thousand dollars (\$15,000), except for debts secured by lien  
34           upon the personal residence;

35           (6) The name of each vested trust in which the person or a member of  
36           the person's immediate household has a financial interest in excess  
37           of fifteen thousand dollars (\$15,000);

38           (7) For professional persons and associations, a list of classifications of  
39           business clients which classes were charged or paid more than  
40           seven thousand five hundred dollars (\$7,500) or more during the  
41           previous calendar year; however, individual clients need not be  
42           identified, but the type of business of the client or class of the  
43           client and a description of the nature of the services rendered must  
44           be listed.

1 "§ 120-97: Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s.3.

2 "§ 120-98. Penalty for failure to file.

3 (a) If a candidate does not file the statement of economic interest within the time  
4 required by this Article, the ~~county~~ board of elections in which the statement is  
5 required to be filed shall immediately notify the candidate by registered mail,  
6 restricted delivery to addressee only, that, if the statement is not received within 15  
7 days, the candidate shall not be certified as the nominee of his party. If the statement  
8 is not received within 15 days of notification, the board of elections authorized to  
9 certify a candidate as nominee to the office shall not certify the candidate as nominee  
10 under any circumstances, regardless of the number of candidates for the nomination  
11 and regardless of the number of votes the candidate receives in the primary. A  
12 vacancy thus created on a party's ticket shall be considered a vacancy for the  
13 purposes of G.S. 163-114, and shall be filled according to the procedures set out in  
14 G.S. 163-114.

15 (b) Repealed by Session Laws 1987 (Reg. Sess., 1988), c. 1028, s. 5."

16 Section 3. G.S. 120-102 reads as rewritten:

17 "§ 120-102. Powers and duties of Committee.

18 In addition to the other powers and duties specified in this Article, the Committee  
19 has the following powers and duties:

- 20 (1) To prescribe forms for the statements of economic interest and  
21 other reports required by this Article, ~~and~~ to furnish these forms to  
22 persons who are required to file statements or ~~reports~~; reports, to  
23 review for completeness the statements of economic interest, and  
24 inform the filer of any inadequacy in the statement forwarded to  
25 the Legislative Library.
- 26 (2) To receive and file any information voluntarily supplied that  
27 exceeds the requirements of this Article.
- 28 (3) To organize in a reasonable manner statements and reports filed  
29 with it and to make these statements and reports available for  
30 public inspection and copying during regular office hours.  
31 Copying facilities shall be made available at a charge not to exceed  
32 actual cost.
- 33 (4) To preserve statements and reports filed with the Committee for a  
34 period of 10 years from the date of receipt. At the end of the  
35 10-year period, these documents shall be destroyed.
- 36 (5) To prepare a list of ethical principles and guidelines to be used by  
37 each legislator in determining his role in supporting or opposing  
38 specific types of legislation, and to advise each General Assembly  
39 committee of specific danger areas where conflict of interest may  
40 exist and to suggest rules of conduct that should be adhered to by  
41 committee members in order to avoid conflict.
- 42 (6) To advise General Assembly members or render written opinions  
43 if so requested by the member about questions of ethics or possible

points of conflict and suggested standards of conduct of members upon ethical points raised.

(7) To propose rules of legislative ethics and conduct. The rules, when adopted by the House of Representatives and the Senate, shall be the standards adopted for that term.

(8) Upon receipt of information that a legislator owes money to the State and is delinquent in making repayment of such obligation, to investigate and dispose of the matter according to the terms of this Article."

Section 4. A new section is added to Part 3 of Article 14 of Chapter 120 of the General Statutes to read:

**"§ 120-105.1. Funding and staff of Legislative Ethics Committee.**

The Legislative Services Commission may allocate available funds to the Legislative Ethics Committee as the need arises. The Legislative Ethics Committee may hire temporary or permanent employees to aid it in its work."

Section 5. G.S. 120-106 is repealed.

Section 6. G.S. 120-47.2 reads as rewritten:

**"§ 120-47.2. Registration procedure.**

(a) A lobbyist shall file a registration statement with the Secretary of State before engaging in any lobbying. A separate registration statement is required for each lobbyist's principal.

(b) The form of the registration shall be prescribed by the Secretary of State and shall include the registrant's full name, firm, and complete address; the registrant's place of business; the full name and complete address of each person by whom the registrant is employed or retained; ~~and the name of any legislator, as defined in G.S.~~ 120-85(2a);

(1) Who is a member of or has any interest of any kind in a limited liability company, partnership, or professional corporation in which the registrant is also a member, director, officer, owner, partner, or employee; or

(2) With whom the registrant is a member of the immediate household, as defined in G.S. 120-85(2); and

a general description of the matters on which the registrant expects to act as a lobbyist.

(c) Each lobbyist shall register again with the Secretary of State no later than 10 days after any change in the information supplied in his last registration under subsection (b). Each supplementary registration shall include a complete statement of the information that has changed.

(d) Within 20 days after the convening of each session of the General Assembly, the Secretary of State shall furnish each member of the General Assembly and the State Legislative Library a list of all persons who have registered as lobbyists and whom they represent. A supplemental list shall be furnished periodically each 20 days thereafter as the session progresses.

(e) Each registration statement required under this Article shall be effective from the date of filing until January 1 of the following odd-numbered year. The lobbyist shall file a new registration statement after that date, and the applicable fee shall be due and payable.

(f) A lobbyist, who is required to report the name of a legislator under subsection (b) of this section, shall file a certified copy of the filed lobbyist registration statement with the Legislative Library within 10 days of registering as a lobbyist."

Section 7. G.S. 120-47.8 reads as rewritten:

**"§ 120-47.8. Persons exempted from provisions of Article.**

The provisions of this Article shall not be construed to apply to any of the following:

- (1) An individual, not acting as a lobbyist, solely engaged in expressing a personal opinion on legislative matters to his own legislative delegation or other members of the General Assembly.
- (2) A person appearing before a legislative committee at the invitation or request of the committee or a member thereof and who engages in no further activities as a lobbyist in connection with that or any other legislative matter.
- (3)
  - a. A duly elected or appointed official or employee of the State, the United States, a county, municipality, school district or other governmental agency, when appearing solely in connection with matters pertaining to his office and public duties.
  - b. Notwithstanding the persons exempted in this Article, the Governor, Council of State, and all appointed heads of State departments, agencies and institutions, shall designate all authorized official legislative liaison personnel and shall file and maintain current lists of designated legislative liaison personnel with the Secretary of State and shall likewise file with the Secretary of State a full and accurate accounting of all money expended on lobbying, other than the salaries of regular full-time employees, at the same times lobbyists are required to file expense reports under G.S. 120-47.6. The officer designating an authorized official legislative liaison, who is also a member of a legislator's immediate household as that term is defined by G.S. 120-85(2), shall file a certified copy of the list of authorized official liaison personnel in the Legislative Library, within 10 days of the filing of the list with the Secretary of State. The officer shall specify in writing the legislator whose immediate household includes the authorized official legislative liaison.
- (4) A person performing professional services in drafting bills or in advising and rendering opinions to clients, or to legislators on behalf of clients, as to the construction and effect of proposed or

1 pending legislation where the professional services are not  
2 otherwise, directly or indirectly, connected with legislative action.

3 (5) A person who owns, publishes or is employed by any news  
4 medium while engaged in the acquisition or dissemination of news  
5 on behalf of the news medium.

6 (6) Repealed by Session Laws 1991, c. 740, s. 1.1.

7 (7) Members of the General Assembly.

8 (8) A person responding to inquiries from a member of the General  
9 Assembly or a legislative employee, and who engages in no further  
10 activities as a lobbyist in connection with that or any other  
11 legislative matter.

12 (9) An individual giving facts or recommendations pertaining to  
13 legislative matters to his own legislative delegation only."

14 Section 8. G.S. 120-86B, 120-86C, and 120-86D, contained in Section 1  
15 of this act, become effective November 3, 1998. G.S. 120-86E, contained in Section 1  
16 of this act, becomes effective upon the convening of the 1999 General Assembly. The  
17 rest of this act becomes effective October 1, 1997.

**1997 COMMITTEE REPORT  
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Howard** for the Committee on **Ethics**.

---

☐ Committee Substitute for

H.B. 964 A BILL TO BE ENTITLED AN ACT TO REVISE AND STRENGTHEN THE  
SYSTEM OF LEGISLATIVE ETHICS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on  
☐ Appropriations ☐ Finance ☐

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the  
Committee on ☐ Appropriations ☐ Finance ☐

☒ With a favorable report as to committee substitute bill (# ), ☒ ~~which changes the title,~~  
unfavorable as to original bill (Committee Substitute Bill # ), ~~(and recommendation~~  
~~that the committee substitute bill # ) be re-referred to the Committee on .)~~

☐ With a favorable report as to House committee substitute bill (# ), ☐ which changes  
the title, unfavorable as to Senate committee substitute bill.

☐ And having received a unanimous vote in committee, is placed on the Consent Calendar.  
(PUBLIC BILLS ONLY)

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

4/24/97

MINUTES  
HOUSE STANDING COMMITTEE  
ON  
ETHICS

Thursday, August 28, 1997  
Room 1425

The HOUSE STANDING COMMITTEE ON ETHICS met during recess on Wednesday evening, August 27, 1997, in Room 1425. It was first called to order at 7:25 p.m. by Rep. Julia C. Howard, Chair, with no objection to a quorum being declared.

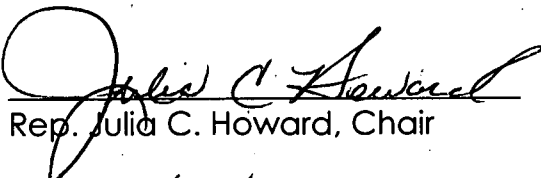
Members present were Rep. Howard, Chair; Reps. Blue, Easterling, Morgan, Neely, Russell, Sutton, and Wright. Staff present were Terry Sullivan and Walker Reagan.

The bill under consideration was SB 649, "Lobbyist Penalty," introduced by Senator Brad Miller, who was not present. A proposed House committee substitute to the Senate bill was presented and adopted for discussion. Walker Reagan explained the proposed substitute.

There was considerable discussion between committee members and Secretary of State Elaine Marshall, who was present in the audience. She explained why this bill was necessary. Rep. Neely directed staff to prepare an amendment for consideration, and Rep. Howard recessed the meeting at 7:58 p.m. in order to go back into House Session.

Rep. Howard called the meeting to order again at 10:05 p.m., after the House Session adjourned. Rep. Sutton moved to reconsider the motion by which the committee accepted the proposed committee substitute for discussion. The vote was unanimous in favor of the motion. He then moved to withdraw the proposed committee substitute from discussion. Vote was unanimous in favor of the motion. Walker Reagan explained the original bill that was before the committee and there were further discussion and questions.

Rep. Neely made a motion to give the Senate Committee Substitute for SB 649 a favorable report. Vote was unanimous for acceptance. Rep. Howard adjourned the meeting at 10:15 p.m. Rep. Sutton will be handling the bill on the House Floor.

  
Rep. Julia C. Howard, Chair

  
Mrs. Gail Stewart, Clerk

9/18/97  
Date Approved



**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
COMMITTEE MEETING NOTICE**

You are hereby notified that the House Committee on **ETHICS** will meet as follows:

**DAY & DATE:**      **Wednesday, August 27, 1997**

**TIME:**              **15 minutes after recess**

**LOCATION:**        **Room 1425**

The following bill will be considered:

**SB 649 "Lobbyist Penalty"**

Respectfully,

Representative Julia C. Howard  
Chairman

I hereby certify this notice was filed by the committee clerk at the following offices at  
**3:00 pm on August 27, 1997.**

\_\_\_ Principal Clerk  
\_\_\_ Reading Clerk - House Chamber

Gail Stewart (Committee Clerk)

**NORTH CAROLINA HOUSE OF REPRESENTATIVES  
NOTIFICATION TO BILL SPONSOR**

**BILL SPONSOR:** Senator Brad Miller

**OFFICE:** 621 LOB

**DATE:** August 27, 1997

The House Committee on **ETHICS** will meet as follows:

**DAY & DATE:** Wednesday, August 27, 1997

**TIME:** Fifteen minutes after recess

**LOCATION:** 1425 Legislative Building

Your Bill will be discussed at this time:

**SB 649 "Lobbyist Penalty"**

We would like to have you attend this meeting.

Representative Julia C. Howard  
Chairman

Gail Stewart (Committee Clerk)

*Latest*

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

S649-CSRU-002  
PROPOSED HOUSE COMMITTEE SUBSTITUTE  
SENATE BILL 649  
THIS IS A DRAFT 27-AUG-97 16:07:30  
ATTENTION: LINE NUMBERS MAY CHANGE AFTER ADOPTION

Short Title: Amend lobby listing/penalty.

(Public)

---

Sponsors:

---

Referred to:

---

April 2, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR THE REGISTRATION OF CERTAIN PERSONS AS  
3 LOBBYISTS WHO SOLICIT OTHERS TO CONTACT LEGISLATORS AND PAY THE  
4 COST OF THE COMMUNICATION, AND TO INCREASE THE PENALTY FOR LATE  
5 FILING OF REPORTS BY LOBBYIST AND PRINCIPAL.  
6 The General Assembly of North Carolina enacts:  
7 Section 1. G.S. 120-47.1 reads as rewritten:  
8 "§ 120-47.1. Definitions.  
9 For the purposes of this Article, the following terms shall  
10 have the meanings ascribed to them in this section unless the  
11 context clearly indicates a different meaning:  
12 (1) The terms "contribution," "compensation" and  
13 "expenditure" mean any advance, conveyance,  
14 deposit, payment, gift, retainer, fee, salary,  
15 honorarium, reimbursement, loan, pledge or anything  
16 of value and any contract, agreement, promise or  
17 other obligation whether or not legally  
18 enforceable, but those terms do not include prizes,  
19 awards, or compensation not exceeding one hundred  
20 dollars (\$100.00) in a calendar year.  
21 (2), (3) Repealed by Session Laws 1991, c. 740, s. 1.1.

(4) The term "legislative action" means the preparation, research, drafting, introduction, consideration, modification, amendment, approval, passage, enactment, tabling, postponement, defeat, or rejection of a bill, resolution, amendment, motion, report, nomination, appointment, or other matter by the legislature General Assembly or by a member or ~~employee of the legislature of the General Assembly~~ or a legislative officer or ~~employee~~ acting or purporting to act in an official capacity.

(5) The term "lobbying" means:

- a. Influencing or attempting to influence legislative action through direct oral or written communication with a member of the ~~General Assembly;~~ Assembly, or a legislative officer or employee; or
- b. Solicitation of others ~~by lobbyists~~ to influence legislative action.

(6) ~~The~~ Except as set forth in G.S. 120-47.1A, the term "lobbyist" means an individual who:

- a. Is employed and receives compensation, or who contracts for economic consideration, for the purpose of lobbying; or
- b. Represents another person and receives compensation for the purpose of lobbying.

The term "lobbyist" shall not include those individuals who are specifically exempted from this Article by G.S. 120-47.8. For the purpose of determining whether an individual is a lobbyist under this subdivision, reimbursement of actual travel and subsistence expenses shall not be considered compensation; provided, however, that reimbursement in the ordinary course of business of these expenses shall be considered compensation if a significant part of the individual's duties involve lobbying before the General Assembly.

(7) The terms "lobbyist's principal" and "principal" mean the entity in whose behalf the lobbyist influences or attempts to influence legislative action.

(8) The term "person" means any individual, firm, partnership, committee, association, corporation, or any other organization or group of persons.

(9) The General Assembly is in "regular session" from the date set by law or resolution that the General Assembly convenes until the General Assembly either:

a. Adjourns sine die; or

b. Recesses or adjourns for more than 10 days.

Section 2. Article 9A of Chapter 120 is amended by adding a new section to read:

"§ 120-47.1A. Soliciting communications with legislators.

(a) As used in this Article, and notwithstanding any other provision of law, the term "lobbyist" shall also include a person who, for compensation, attempts to influence legislative action through soliciting another person to communicate with a member of the General Assembly or a legislative officer or employee, when the soliciting person incurs all or a part of the transmittal expense resulting from the delivery or attempted delivery of the communication to the member of the General Assembly or a legislative officer or employee, but shall not include the employees or agents of that person if the employee or agent does not incur any part of the transmittal expense.

(b) No person acting as a lobbyist as set forth in subsection (a) of this section shall engage in lobbying without full disclosure accompanying the communication to a member of the General Assembly or a legislative officer or employee, either orally if the communication is oral, or in writing if the communication is in writing. This disclosure shall provide identification of the party soliciting the communication and identification of the principal on whose behalf the lobbyist is acting. In addition, full disclosure shall require notification to the Principal Clerks of the House and Senate prior to undertaking lobbying and a copy of the disclosure shall be filed with the Secretary of State no later than the next business day following the commencement of the lobbying activity.

(c) In addition to the requirements of this section, lobbyists engaged in lobbying activities as set forth in subsection (a) of this section, and the lobbyist's principal of a lobbyist engaged in lobbying activities as set forth in subsection (a) of this section, shall comply with all other provisions of this Article applicable to lobbyists and lobbyist's principals."

Section 3. G.S. 120-47.6(b) reads as rewritten:

"(b) Each expense report shall set forth the date of each expenditure, to whom paid, the name of any legislator who benefitted from each expenditure, and the amount of each expenditure made during the previous reporting period in

1 connection with lobbying, in each of the following categories:  
2 (1) transportation, (2) lodging, (3) entertainment, (4) food, (5)  
3 any item having a cash equivalent value of more than ~~twenty-five~~  
4 ~~dollars (\$25.00)~~ and twenty-five dollars (\$25.00), (6)  
5 contributions made, paid, incurred or promised, directly or  
6 ~~indirectly~~, indirectly, and (7) expenses incurred in lobbying by  
7 a lobbyist as set forth in G.S. 120-47.1A(a), together with  
8 related information including but not limited to the date of  
9 engagement and the number of members of the General Assembly and  
10 legislative officers and employees contacted. It shall not be  
11 necessary to report expenditures of twenty-five dollars (\$25.00)  
12 or less, nor shall it be necessary to report any expenditures  
13 made in connection with the attendance of a legislator at any  
14 fund-raising function or event sponsored by a nonprofit  
15 organization qualified under 26 U.S.C. § 501(c). When more than  
16 10 members of the General Assembly benefitted or were invited to  
17 benefit from an expenditure, the lobbyist shall not be required  
18 to report the name of any legislator, but shall be required to  
19 report the number of legislators or, with particularity, the  
20 basis for their selection."

21 Section 4. G.S. 120-47.6(d) reads as rewritten:

22 "(d) When a lobbyist fails to file a lobbying expense report  
23 as required herein, the Secretary of State shall send a certified  
24 or registered letter advising the lobbyist of the delinquency and  
25 the penalties provided by law. Within 20 days of the receipt of  
26 the letter, the lobbyist shall deliver or post by United States  
27 mail to the Secretary of State the required report and an  
28 additional late filing fee of ten dollars ~~(\$10.00)~~ (\$10.00) a  
29 day for the first 30 days the report is late and fifty dollars  
30 (\$50.00) a day for every day thereafter, not to exceed one  
31 thousand dollars (\$1,000). A lobbyist who is assessed a late  
32 filing fee under this section may appeal to the Secretary of  
33 State within 10 days of receipt of notice of the assessment  
34 seeking a waiver of the assessment for good cause shown. Good  
35 cause shall consist of excusable neglect, unavoidable delay, or  
36 impossibility of performance.

37 Filing of the required report and payment of the additional fee  
38 within the time extended shall constitute compliance with this  
39 section. Failure to file an expense report in one of the manners  
40 prescribed herein shall result in revocation of any and all  
41 registrations of a lobbyist under this Article. No lobbyist may  
42 register or reregister under this Article until he has fully  
43 complied with this section."

44 Section 5. G.S. 120-47.7(d) reads as rewritten:

1    "(d)   When a lobbyist's principal fails to file a lobbying  
2 expense report as required herein, the Secretary of State shall  
3 send a certified or registered letter advising the lobbyist's  
4 principal of the delinquency and the penalties provided by law.  
5 Within 20 days of the receipt of the letter, the lobbyist's  
6 principal shall deliver or post by United States mail to the  
7 Secretary of State the required report and a late filing fee of  
8 ten dollars ~~(\$10.00)~~ (\$10.00) a day for the first 30 days the  
9 report is late and fifty dollars (\$50.00) a day for every day  
10 thereafter, not to exceed one thousand dollars (\$1,000). A  
11 lobbyist's principal who is assessed a late filing fee under this  
12 section may appeal to the Secretary of State within 10 days of  
13 receipt of notice of the assessment seeking a waiver of the  
14 assessment for good cause shown. Good cause shall consist of  
15 excusable neglect, unavoidable delay, or impossibility of  
16 performance.

17       Filing of the required report and payment of the late fee  
18 within the time extended shall constitute compliance with this  
19 section."

20               Section 3. This act becomes effective January 1, 1998.

8/27/97

# VISITOR REGISTRATION SHEET

Ethics Committee

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
1. Ruth Sappie	NCDOT
2. Ant Williams	Arrevoir's Office
3. Debra Ross	ACLU
4. Scott Lambert	Sec State
5. GONG WANG	INBIDSA
6. John Wagner	UFO
7. Rodney Maddox	Sec of St Office
8. Elaine J. Marshall	SOS
9. K. E. [unclear]	Spide Stokops
10. Bernard Allen	Secy of State
11. J.D. [unclear]	Lt Gov. Office
22. Jim Blackburn	Friend of Zee Lamb
23. [unclear]	Bowe & Assoc -
24. Brenda Dougherty	Spirit
25. Tom Monon	Spirit
26. Andy Lomeni	N.C.L.M.
27. [unclear]	NCFA
28. [unclear]	gpa
29. _____	_____
30. _____	_____
31. _____	_____



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 649  
Finance Committee Substitute Adopted 5/20/97

Short Title: Lobbyist Penalty.

(Public)

Sponsors:

Referred to:

April 2, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE PENALTY FOR LATE FILING OF REPORTS BY  
3 LOBBYIST AND PRINCIPAL.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 120-47.6(d) reads as rewritten:

6 "(d) When a lobbyist fails to file a lobbying expense report as required herein, the  
7 Secretary of State shall send a certified or registered letter advising the lobbyist of the  
8 delinquency and the penalties provided by law. Within 20 days of the receipt of the  
9 letter, the lobbyist shall deliver or post by United States mail to the Secretary of State  
10 the required report and an additional late filing fee of ten dollars ~~(\$10.00)~~ (\$10.00) a  
11 day for the first 30 days the report is late and fifty dollars (\$50.00) a day for every  
12 day thereafter, not to exceed one thousand dollars (\$1,000). A lobbyist who is  
13 assessed a late filing fee under this section may appeal to the Secretary of State  
14 within 10 days of receipt of notice of the assessment seeking a waiver of the  
15 assessment for good cause shown. Good cause shall consist of excusable neglect,  
16 unavoidable delay, or impossibility of performance.

17 Filing of the required report and payment of the additional fee within the time  
18 extended shall constitute compliance with this section. Failure to file an expense  
19 report in one of the manners prescribed herein shall result in revocation of any and  
20 all registrations of a lobbyist under this Article. No lobbyist may register or reregister  
21 under this Article until he has fully complied with this section."

22 Section 2. G.S. 120-47.7(d) reads as rewritten:

1     "(d) When a lobbyist's principal fails to file a lobbying expense report as required  
2 herein, the Secretary of State shall send a certified or registered letter advising the  
3 lobbyist's principal of the delinquency and the penalties provided by law. Within 20  
4 days of the receipt of the letter, the lobbyist's principal shall deliver or post by  
5 United States mail to the Secretary of State the required report and a late filing fee of  
6 ten dollars ~~(\$10.00)~~ (\$10.00) a day for the first 30 days the report is late and fifty  
7 dollars (\$50.00) a day for every day thereafter, not to exceed one thousand dollars  
8 (\$1,000). A lobbyist's principal who is assessed a late filing fee under this section  
9 may appeal to the Secretary of State within 10 days of receipt of notice of the  
10 assessment seeking a waiver of the assessment for good cause shown. Good cause  
11 shall consist of excusable neglect, unavoidable delay, or impossibility of performance.  
12     Filing of the required report and payment of the late fee within the time extended  
13 shall constitute compliance with this section."

14             Section 3. This act becomes effective January 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1997

*Presented &  
discussed,  
but later  
withdrawn for  
consideration of  
original bill.*  
D

S

S649-CSRU-002  
PROPOSED HOUSE COMMITTEE SUBSTITUTE  
SENATE BILL 649  
THIS IS A DRAFT 27-AUG-97 16:07:30  
ATTENTION: LINE NUMBERS MAY CHANGE AFTER ADOPTION

Short Title: Amend lobby listing/penalty.

(Public)

Sponsors:

Referred to:

April 2, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR THE REGISTRATION OF CERTAIN PERSONS AS  
3 LOBBYISTS WHO SOLICIT OTHERS TO CONTACT LEGISLATORS AND PAY THE  
4 COST OF THE COMMUNICATION, AND TO INCREASE THE PENALTY FOR LATE  
5 FILING OF REPORTS BY LOBBYIST AND PRINCIPAL.  
6 The General Assembly of North Carolina enacts:  
7 Section 1. G.S. 120-47.1 reads as rewritten:  
8 "§ 120-47.1. Definitions.  
9 For the purposes of this Article, the following terms shall  
10 have the meanings ascribed to them in this section unless the  
11 context clearly indicates a different meaning:  
12 (1) The terms "contribution," "compensation" and  
13 "expenditure" mean any advance, conveyance,  
14 deposit, payment, gift, retainer, fee, salary,  
15 honorarium, reimbursement, loan, pledge or anything  
16 of value and any contract, agreement, promise or  
17 other obligation whether or not legally  
18 enforceable, but those terms do not include prizes,  
19 awards, or compensation not exceeding one hundred  
20 dollars (\$100.00) in a calendar year.  
21 (2), (3) Repealed by Session Laws 1991, c. 740, s. 1.1.

(4) The term "legislative action" means the preparation, research, drafting, introduction, consideration, modification, amendment, approval, passage, enactment, tabling, postponement, defeat, or rejection of a bill, resolution, amendment, motion, report, nomination, appointment, or other matter by the ~~legislature~~ General Assembly or by a member ~~or employee of the legislature of the~~ General Assembly or a legislative officer or employee acting or purporting to act in an official capacity.

(5) The term "lobbying" means:

- a. Influencing or attempting to influence legislative action through direct oral or written communication with a member of the ~~General Assembly; Assembly,~~ General Assembly or a legislative officer or employee; or
- b. Solicitation of others ~~by lobbyists~~ to influence legislative action.

(6) ~~The~~ Except as set forth in G.S. 120-47.1A, the term "lobbyist" means an individual who:

- a. Is employed and receives compensation, or who contracts for economic consideration, for the purpose of lobbying; or
- b. Represents another person and receives compensation for the purpose of lobbying.

The term "lobbyist" shall not include those individuals who are specifically exempted from this Article by G.S. 120-47.8. For the purpose of determining whether an individual is a lobbyist under this subdivision, reimbursement of actual travel and subsistence expenses shall not be considered compensation; provided, however, that reimbursement in the ordinary course of business of these expenses shall be considered compensation if a significant part of the individual's duties involve lobbying before the General Assembly.

(7) The terms "lobbyist's principal" and "principal" mean the entity in whose behalf the lobbyist influences or attempts to influence legislative action.

(8) The term "person" means any individual, firm, partnership, committee, association, corporation, or any other organization or group of persons.

(9) The General Assembly is in "regular session" from the date set by law or resolution that the General Assembly convenes until the General Assembly either:

a. Adjourns sine die; or

b. Recesses or adjourns for more than 10 days.

Section 2. Article 9A of Chapter 120 is amended by adding a new section to read:

"§ 120-47.1A. Soliciting communications with legislators.

(a) As used in this Article, and notwithstanding any other provision of law, the term "lobbyist" shall also include a person who, for compensation, attempts to influence legislative action through soliciting another person to communicate with a member of the General Assembly or a legislative officer or employee, when the soliciting person incurs all or a part of the transmittal expense resulting from the delivery or attempted delivery of the communication to the member of the General Assembly or a legislative officer or employee, but shall not include the employees or agents of that person if the employee or agent does not incur any part of the transmittal expense.

(b) No person acting as a lobbyist as set forth in subsection (a) of this section shall engage in lobbying without full disclosure accompanying the communication to a member of the General Assembly or a legislative officer or employee, either orally if the communication is oral, or in writing if the communication is in writing. This disclosure shall provide identification of the party soliciting the communication and identification of the principal on whose behalf the lobbyist is acting. In addition, full disclosure shall require notification to the Principal Clerks of the House and Senate prior to undertaking lobbying and a copy of the disclosure shall be filed with the Secretary of State no later than the next business day following the commencement of the lobbying activity.

(c) In addition to the requirements of this section, lobbyists engaged in lobbying activities as set forth in subsection (a) of this section, and the lobbyist's principal of a lobbyist engaged in lobbying activities as set forth in subsection (a) of this section, shall comply with all other provisions of this Article applicable to lobbyists and lobbyist's principals."

Section 3. G.S. 120-47.6(b) reads as rewritten:

"(b) Each expense report shall set forth the date of each expenditure, to whom paid, the name of any legislator who benefitted from each expenditure, and the amount of each expenditure made during the previous reporting period in

1 connection with lobbying, in each of the following categories:  
2 (1) transportation, (2) lodging, (3) entertainment, (4) food, (5)  
3 any item having a cash equivalent value of more than ~~twenty-five~~  
4 ~~dollars (\$25.00)~~ and twenty-five dollars (\$25.00), (6)  
5 contributions made, paid, incurred or promised, directly or  
6 ~~indirectly~~, indirectly, and (7) expenses incurred in lobbying by  
7 a lobbyist as set forth in G.S. 120-47.1A(a), together with  
8 related information including but not limited to the date of  
9 engagement and the number of members of the General Assembly and  
10 legislative officers and employees contacted. It shall not be  
11 necessary to report expenditures of twenty-five dollars (\$25.00)  
12 or less, nor shall it be necessary to report any expenditures  
13 made in connection with the attendance of a legislator at any  
14 fund-raising function or event sponsored by a nonprofit  
15 organization qualified under 26 U.S.C. § 501(c). When more than  
16 10 members of the General Assembly benefitted or were invited to  
17 benefit from an expenditure, the lobbyist shall not be required  
18 to report the name of any legislator, but shall be required to  
19 report the number of legislators or, with particularity, the  
20 basis for their selection."

21 Section 4. G.S. 120-47.6(d) reads as rewritten:

22 "(d) When a lobbyist fails to file a lobbying expense report  
23 as required herein, the Secretary of State shall send a certified  
24 or registered letter advising the lobbyist of the delinquency and  
25 the penalties provided by law. Within 20 days of the receipt of  
26 the letter, the lobbyist shall deliver or post by United States  
27 mail to the Secretary of State the required report and an  
28 additional late filing fee of ten dollars ~~(\$10.00)~~ (\$10.00) a  
29 day for the first 30 days the report is late and fifty dollars  
30 (\$50.00) a day for every day thereafter, not to exceed one  
31 thousand dollars (\$1,000). A lobbyist who is assessed a late  
32 filing fee under this section may appeal to the Secretary of  
33 State within 10 days of receipt of notice of the assessment  
34 seeking a waiver of the assessment for good cause shown. Good  
35 cause shall consist of excusable neglect, unavoidable delay, or  
36 impossibility of performance.

37 Filing of the required report and payment of the additional fee  
38 within the time extended shall constitute compliance with this  
39 section. Failure to file an expense report in one of the manners  
40 prescribed herein shall result in revocation of any and all  
41 registrations of a lobbyist under this Article. No lobbyist may  
42 register or reregister under this Article until he has fully  
43 complied with this section."

44 Section 5. G.S. 120-47.7(d) reads as rewritten:

1    "(d)   When a lobbyist's principal fails to file a lobbying  
2 expense report as required herein, the Secretary of State shall  
3 send a certified or registered letter advising the lobbyist's  
4 principal of the delinquency and the penalties provided by law.  
5 Within 20 days of the receipt of the letter, the lobbyist's  
6 principal shall deliver or post by United States mail to the  
7 Secretary of State the required report and a late filing fee of  
8 ten dollars ~~(\$10.00)~~ (\$10.00) a day for the first 30 days the  
9 report is late and fifty dollars (\$50.00) a day for every day  
10 thereafter, not to exceed one thousand dollars (\$1,000). A  
11 lobbyist's principal who is assessed a late filing fee under this  
12 section may appeal to the Secretary of State within 10 days of  
13 receipt of notice of the assessment seeking a waiver of the  
14 assessment for good cause shown. Good cause shall consist of  
15 excusable neglect, unavoidable delay, or impossibility of  
16 performance.

17    Filing of the required report and payment of the late fee  
18 within the time extended shall constitute compliance with this  
19 section."

20           Section 3. This act becomes effective January 1, 1998.

August 27, 1997

**MEMORANDUM**

**TO:** Representative Julia Howard, Chair, House Ethics Committee

**FROM:** O. Walker Reagan, Committee Co-Counsel

**RE: PROPOSED HOUSE COMMITTEE SUBSTITUTE FOR SENATE  
BILL 649 - AMEND LOBBY LISTING/PENALTY - Senator Miller.**

The Proposed House Committee Substitute for Senate Bill 649 would amend the lobbyist registration law to provide for the registration and reporting by businesses in addition to individuals that engage in soliciting others to contact members of the General Assembly for compensation, and to increase the penalties for lobbyists and lobbyist's principals who fail timely file the required lobbying expense reports. The bill is recommended by the Secretary of State's office.

Section 1 makes changes to the definitions applicable to Article 9A of Chapter 120, to clarify that lobbying legislative officers constitutes lobbying under the law.

Section 2 adds a new section to make the lobbying statutes applicable to "persons" (defined in Section 1 as individuals, firm, partnership, committee, association, corporation, or any other organization or group of persons), who for compensation attempt to influence legislative action by soliciting another person to communicate with members of the General Assembly where the soliciting person pays the expense for the communication. Under this provision, the person paying the cost of the solicitation, not the individual solicitors, would be required to register and report as a lobbyist under this section. The section requires for this type of lobbying, that the person identify the party soliciting the communication and on whose behalf the lobbyist is acting. A copy of the disclosure is required to be filed with the House and Senate Principal Clerks and the Secretary of State. A lobbyist under this section



MEMORANDUM  
August 27, 1997  
Page 2

has to register, pay the applicable fees, and make the same reports required by all other lobbyists.

Section 3 of the bill amends the expense reporting requirement to require the reporting of lobbying expenses of lobbying covered under Section 2 of the bill.

Sections 4 and 5 amend the penalties applicable to lobbyists and lobbyist's principals who fail to file their required expense reports on time. Under these sections a lobbyist or principal pay \$10 for a report which is less than 30 days late. After 30 days, the penalty increases to \$50 per day up to a maximum of \$1,000.

The bill would become effective January 1, 1998.

S649-SMUR-001

**1997 COMMITTEE REPORT  
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

Rep. Howard for the Committee on ETHICS

**(X) Committee Substitute for**

H.B. \_\_\_\_\_, S.B. 649 A BILL TO BE ENTITLED AN ACT

H.J.R. \_\_\_\_\_, S.J.R. \_\_\_\_\_ A JOINT RESOLUTION

H.R. \_\_\_\_\_ A HOUSE RESOLUTION

TO INCREASE THE PENALTY FOR LATE FILING OF REPORTS BY LOBBYIST AND PRINCIPAL.

☒ With a favorable report.

\_\_\_\_\_ With a favorable report and recommendation that the bill be re-referred to the Committee on  
( ) Appropriations ( ) Finance ( ) \_\_\_\_\_.

\_\_\_\_\_ With a favorable report, as amended.

\_\_\_\_\_ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee  
on ( ) Appropriations ( ) Finance ( ) \_\_\_\_\_.

\_\_\_\_\_ With a favorable report as to committee substitute bill (# \_\_\_\_\_), ( ) which changes the title, unfavorable as to  
original bill (Committee Substitute Bill # \_\_\_\_\_). (and recommendation that the committee substitute bill (# \_\_\_\_\_)  
be re-referred to the Committee on \_\_\_\_\_.)

\_\_\_\_\_ With a favorable report as to House committee substitute bill (# \_\_\_\_\_), ( ) which changes the title, unfavorable  
as to Senate committee substitute bill.

\_\_\_\_\_ And having received a unanimous vote in committee, is placed on the Consent Calendar.

\_\_\_\_\_ With an unfavorable report.

\_\_\_\_\_ With recommendation that the House concur.

\_\_\_\_\_ With recommendation that the House do not concur.

\_\_\_\_\_ With recommendation that the House do not concur; request conferees.

\_\_\_\_\_ With recommendation that the House concur; committee believes bill to be material.

\_\_\_\_\_ With an unfavorable report, with a Minority Report attached.

\_\_\_\_\_ Without prejudice.

\_\_\_\_\_ With an indefinite postponement report.

\_\_\_\_\_ With an indefinite postponement report, with a Minority Report attached.

\_\_\_\_\_ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

1/15/97

MINUTES

HOUSE STANDING COMMITTEE  
ON ETHICS

October 27, 1998

The House Ethics Committee met briefly during a session recess around the Chamber desk of Representative Julia Howard, Chair, on Tuesday, October 27, 1998. This was the only meeting for the 1998 Session. Representative Howard called the meeting to order.

A quorum being present, a motion was made to give the following bills an indefinite postponement report:

HB 735 "Rev. Leg. Ethics/Lobbying"  
SB 240 "Limit Fund-Raising in Session:  
SB 539 "Lobbyist Disclosure"

The motion carried, and the meeting was adjourned.

  
Rep. Julia C. Howard, Chair

  
Gail Stewart, Clerk

11.17.98  
Date approved