# GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

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# SENATE DRS35303-ST-35A (03/13)

Short Title:	Combine Lobbying and Ethics. (P	ublic)
Sponsors:	Senators Tucker and J. Davis (Primary Sponsors).	
Referred to:		
	A DILL TO DE ENTITLED	
A BILL TO BE ENTITLED		
	CONSOLIDATE THE ENFORCEMENT OF THE LOBBYING LAWS UN	IDEK
THE GOVERNANCE OF THE STATE ETHICS COMMISSION.		
The General Assembly of North Carolina enacts:		
SECTION 1. G.S. 120C-101 reads as rewritten:		
"§ 120C-101. Rules and forms.		
	ne Commission shall adopt any rules or definitions necessary to interpre	
provisions of this Chapter and adopt any rules necessary to administer the provisions of this		
Chapter, except for Articles 2, 4 and 8 of this Chapter. The Secretary of State shall adopt any		
rules, orders, and forms as are necessary to administer the provisions of Articles 2, 4 and 8 of		
this Chapter. The Secretary of State may appoint a council to advise the Secretary in adopting		
rules under this section.		
(b) With respect to the forms adopted under subsection (a) of this section, the Secretary		
of StateCommission shall adopt rules to protect from disclosure all confidential information		
under Chapter 132 of the General Statutes related to economic development initiatives or to		
industrial or business recruitment activities. The information shall remain confidential until the		
State, a unit of local government, or the business has announced a commitment by the business		
to expand or locate a specific project in this State or a final decision not to do so, and the		
business has communicated that commitment or decision to the State or local government		
agency involved with the project.		
	adopting rules under this Chapter, the Commission is exempt from	
	of Article 2A of Chapter 150B of the General Statutes, except that	
Commission shall comply with G.S. 150B-21.2(d). At least 30 business days prior to adopting a		
rule, the Commission shall:		
(1)	Publish the proposed rules in the North Carolina Register.	
(2)	Submit the rule and a notice of public hearing to the Codifier of Rules	
	the Codifier of Rules shall publish the proposed rule and the notice of p	<del>oublic</del>
	hearing on the Internet to be posted within five business days.	
(3)		-with
	G.S. 150B-21.2(d) and any other interested parties of its intent to ad	
	rule and of the public hearing.	_
(4)		days
	prior to adoption of the rule.	•
(5)		<del>days</del>



after the rule and notice have been published.

A rule adopted under this subsection becomes effective the first day of the month following the month the final rule is submitted to the Codifier of Rules for entry into the North Carolina Administrative Code, and applies prospectively. A rule adopted by the Commission that does not comply with the procedural requirements of this subsection shall be null, void, and without effect. For purposes of this subsection, a rule is any Commission regulation, standard, or statement of general applicability that interprets an enactment by the General Assembly or Congress, or a regulation adopted by a federal agency, or that describes the procedure or practice requirements of the Commission.

(d) For purposes of G.S. 150B-21.3(b2), a written objection filed by the Commission to a rule adopted by the Secretary of State pursuant to this Chapter shall be deemed written objections from 10 or more persons under that statute. Notwithstanding G.S. 150B-21.3(b2), a rule adopted by the Secretary of State pursuant to this Chapter objected to by the Commission under this subsection shall not become effective until an act of the General Assembly approving the rule has become law. If the General Assembly does not approve a rule under this subsection by the day of adjournment of the next regular session of the General Assembly that begins at least 25 days after the date the Rules Review Commission approves the rule, the permanent rule shall not become effective and any temporary rule associated with the permanent rule expires. If the General Assembly fails to approve a rule by the day of adjournment, the Secretary of State may initiate rulemaking for a new permanent rule, including by the adoption of a temporary rule."

**SECTION 2.** G.S. 120C-102 reads as rewritten:

# "§ 120C-102. Request for advice.

- (a) At the request of any person, State agency, or governmental unit affected by this Chapter, the Commission shall render advice on specific questions involving the meaning and application of this Chapter and that person's, State agency's, or any governmental unit's compliance therewith. Requests for advice and advice rendered in response to those requests shall relate to real or reasonably anticipated fact settings or circumstances.
- (a1) A request for a formal opinion under subsection (a) of this section shall be in writing, electronic or otherwise. The Commission shall issue formal advisory opinions having prospective application only. An individual, State agency, or governmental unit who relies upon the advice provided to that individual, State agency, or governmental unit on a specific matter addressed by a requested formal advisory opinion shall be immune from all of the following:
  - (1) Investigation by the Commission.
  - (2) Any adverse action by the employing entity.
  - (3) Investigation by the Secretary of State.
- (b) Staff to the Commission may issue advice, but not formal advisory opinions, under procedures adopted by the Commission.
- (c) The Commission shall publish its formal advisory opinions within 30 days of issuance, edited as necessary to protect the identities of the individuals requesting opinions.
- (d) Except as provided under subsections (c) and (d1) of this section, a request for advice, any advice provided by Commission staff, any formal advisory opinions, any supporting documents submitted or caused to be submitted to the Commission or Commission staff, and any documents prepared or collected by the Commission or the Commission staff in connection with a request for advice are confidential. The identity of the individual, State agency, or governmental unit making the request for advice, the existence of the request, and any information related to the request may not be revealed without the consent of the requestor. An individual, State agency, or governmental unit who requests advice or receives advice, including a formal advisory opinion, may authorize the release to any other person, the State, or any governmental unit of the request, the advice, or any supporting documents.

For purposes of this section, "document" is as defined in G.S. 120-129. Requests for advice, any advice, and any documents related to requests for advice are not "public records" as defined in G.S. 132-1.

- (d1) Staff to the Commission may share all information and documents related to requests under subsection (a) and (a1) of this section with staff of the Office of the Secretary of State. The information and documents in the possession of the staff of the Office of the Secretary of State shall remain confidential and not public records. The Commission shall forward an unedited copy of each formal advisory opinion under this section to the Secretary of State at the time the formal advisory opinion is issued to the requestor, and the Secretary of State shall treat that unedited advisory opinion as confidential and not a public record.
- (e) Requests for advisory opinions may be withdrawn by the requestor at any time prior to the issuance of a formal advisory opinion."

**SECTION 3.** G.S. 120C-200 reads as rewritten:

# "§ 120C-200. Lobbyist registration procedure.

- (a) A lobbyist shall file a separate registration statement for each principal the lobbyist represents with the <u>Secretary of StateCommission</u> before engaging in any lobbying. It shall be unlawful for an individual to lobby without registering within one business day of engaging in any lobbying as defined in G.S. 120C-100(9) unless exempted by this Chapter.
- (b) The form of the registration shall be prescribed by the Secretary of State Commission and shall include the registrant's full name, firm, complete address, and telephone number; the registrant's place of business; the full name, complete address, and telephone number of each principal the lobbyist represents; and a general description of the matters on which the registrant expects to act as a lobbyist.
- (c) Each lobbyist shall file an amended registration form with the Secretary of StateCommission no later than 10 business days after any change in the information supplied in the lobbyist's last registration under subsection (b) of this section. Each supplementary registration shall include a complete statement of the information that has changed.
- (d) Unless a resignation is filed under G.S. 120C-210, each registration statement of a lobbyist required under this Chapter shall be effective from the date of filing until January 1 of the following year. The lobbyist shall file a new registration statement after that date, and the applicable fee shall be due and payable.
- (e) Each lobbyist shall identify himself or herself as a lobbyist prior to engaging in lobbying communications or activities with a designated individual. The lobbyist shall also disclose the identity of the lobbyist principal connected to that lobbying communication or activity.
- (f) In addition to the information required for registration under subsection (b) of this section, former employees of a State agency who register as a lobbyist within six months after voluntary separation or separation for cause from employment with a State agency shall also indicate which State agency with which the former employee was employed."

**SECTION 4.** G.S. 120C-201 reads as rewritten:

## "§ 120C-201. Lobbyist's registration fee.

- (\$100.00) is due and payable to the <u>Secretary of StateCommission</u> at the time of each lobbyist registration. Fees so collected shall be deposited in the General Fund of the State. The <u>Secretary of StateCommission</u> shall allow fees required under this section to be paid electronically but shall not require the fees to be paid electronically.
- (b) The <u>Secretary of StateCommission</u> shall adopt rules providing for a waiver or reduction of the fees required by this section for lobbyists registering to represent persons who have been granted nonprofit status under 26 U.S.C. § 501(c)(3)."

**SECTION 5.** G.S. 120C-207 reads as rewritten:

"§ 120C-207. Lobbyist principal's fees.

- (a) Except as provided for in subsection (b) of this section, a fee of one hundred dollars (\$100.00) is due and payable to the <u>Secretary of StateCommission</u> at the time the principal's first authorization statement is filed each calendar year for a lobbyist. Fees so collected shall be deposited in the General Fund of the State. The <u>Secretary of StateCommission</u> shall allow fees required under this section to be paid electronically but shall not require the fees to be paid electronically.
- (b) The <u>Secretary of StateCommission</u> shall adopt rules providing for a waiver or reduction of the fees required by this section for lobbyist principals that have been granted nonprofit status under 26 U.S.C. § 501(c)(3)."

**SECTION 6.** G.S. 120C-210 reads as rewritten:

## "§ 120C-210. Resignation and termination.

- (a) A registration of a lobbyist under G.S. 120C-200 and the written authorization of that lobbyist principal under G.S. 120C-206 are terminated upon the filing of either a lobbyist resignation or a principal termination with the Secretary of State, Commission, whichever occurs first.
  - (b) Lobbyist resignations and lobbyist principal terminations are effective upon filing." **SECTION 7.** G.S. 120C-220 reads as rewritten:

# "§ 120C-220. Publication and availability of registrations.

- (a) The <u>Secretary of StateCommission</u> shall make available as soon as practicable the registrations of the lobbyists and liaison personnel in an electronic, searchable format.
- (b) The <u>Secretary of StateCommission</u> shall make available as soon as practicable the authorizations of the lobbyists' principals in an electronic, searchable format.
- (c) The <u>Secretary of StateCommission</u> shall make available as soon as practicable the registrations of other persons required by this Chapter to file a registration in an electronic, searchable format.
- (d) Within 20 days after the convening of each session of the General Assembly, the Secretary of StateCommission shall furnish each designated individual and the State Legislative Library a list of all persons who have registered as lobbyists and whom they represent. A supplemental list of lobbyists shall be furnished periodically every 20 days while the General Assembly is in session and every 60 days thereafter. For each special session of the General Assembly, a supplemental list of lobbyists shall be furnished to the State Legislative Library.
  - (e) All lists required by this section may be furnished electronically."

**SECTION 8.** G.S. 120C-401 reads as rewritten:

#### "§ 120C-401. Reporting generally.

- (a) Reports shall be filed whether or not reportable expenditures are made and shall be due 15 business days after the end of the reporting period.
  - (b) For reportable expenditures, each report shall set forth all of the following:
    - (1) The fair market value or face value if shown.
    - (2) The date of the reportable expenditure.
    - (3) A description of the reportable expenditure.
    - (4) The name and address of the payee or beneficiary.
    - (5) The name of any designated individual or that designated individual's immediate family member connected with the reportable expenditure.
- (b1) For purposes of subdivision (b)(5) of this section, when more than 15 designated individuals benefit from or request a reportable expenditure, no names of individuals need be reported provided that the report identifies the approximate number of designated individuals benefiting or requesting and the basis for their selection, including the name of the legislative body, committee, caucus, or other group whose membership list is a matter of public record in accordance with G.S. 132-1 or including a description of the group that clearly distinguishes its purpose or composition from the general membership of the General Assembly. The

approximate number of immediate family members of designated individuals who benefited from the reportable expenditure shall be listed separately.

- (b2) For purposes of subdivision (b)(5) of this section, when the reportable expenditure is a gift given with the intent that a designated individual be the ultimate recipient and the lobbyist or lobbyist principal does not know the name or names of the designated individuals, the lobbyist or lobbyist principal shall report a description of the designated individuals and those designated individuals' immediate family members connected with the reportable expenditure that clearly distinguishes its purpose or composition, and an approximate number, if known.
  - (c) Reportable expenditures shall be reported using the following categories:
    - (1) Transportation and lodging.
    - (2) Entertainment.
    - (3) Food and beverages.
    - (4) Meetings and events.
    - (5) Gifts.
    - (6) Other reportable expenditures.
- (d) Each report shall be in the form prescribed by the Secretary of State, Commission, which may include electronic reports.
- (e) When any report as required by this Article is not filed, the Secretary of StateCommission shall send a certified letter, return receipt requested, advising the lobbyist, lobbyist principal, or other person required to report of the delinquency and the penalties provided by law. A late filing fee of fifty dollars (\$50.00) per day, commencing on the tenth business day after the date the certified letter is received, applies to a report that is not timely filed. The cumulative late filing fee may not exceed five hundred dollars (\$500.00). Within 20 days of the receipt of the letter, the report shall be delivered or posted by United States mail to the Secretary of State together with the late filing fee. Filing of the required report and payment of the additional fee within the time extended shall constitute compliance with this section.
- (f) Failure to file a required report in one of the manners prescribed in this section shall void any and all registrations of the lobbyist, lobbyist principal, or solicitor. No lobbyist, lobbyist principal, or solicitor may register or reregister until full compliance with this section has occurred.
- (g) Appeal of a decision by the <u>Secretary of StateCommission</u> under this section shall be in accordance with Article 3 of Chapter 150B of the General Statutes.
- (h) The Secretary of State Commission may adopt rules to facilitate complete and timely disclosure of required reporting, including additional categories of information, and to protect the addresses of payees under protective order issued pursuant to Chapter 50B of the General Statutes or participating in the Address Confidentiality Program pursuant to Chapter 15C of the General Statutes. The Secretary of State Commission shall not impose any penalties or late filing fees upon a lobbyist, lobbyist principal, or solicitor for subsequent failures to comply with the requirements of this section if the Secretary of State Commission failed to provide the required notification under subsection (e) of this section.
- (i) Any reportable expenditure promptly paid for at fair market value or promptly returned to a lobbyist or lobbyist principal by a designated individual or a member of the designated individual's immediate family within the reporting period shall not be reported under G.S. 120C-402 or G.S. 120C-403, and if reported, the repayment or return of the expenditure at any time shall be reported by the lobbyist and lobbyist principal on the next report due under this Article.
- (j) The <u>Secretary of StateCommission</u> shall make available a report form that may be filed by a designated individual or a member of the designated individual's immediate family who promptly declines, returns, pays fair market value for, or donates a reportable expenditure in accordance with G.S. 138A-32(g). The <u>Secretary of StateCommission</u> shall index the filing

of this form together with the lobbyist or lobbyist principal who gave the reportable expenditure."

# **SECTION 9.** G.S. 120C-402(a) reads as rewritten:

"(a) Each lobbyist shall file quarterly reports under oath with the Secretary of StateCommission with respect to each lobbyist principal."

**SECTION 10.** G.S. 120C-403(a) reads as rewritten:

"(a) Each lobbyist principal shall file quarterly reports under oath with the Secretary of StateCommission with respect to each lobbyist principal."

**SECTION 11.** G.S. 120C-404(a) reads as rewritten:

"(a) Each solicitor shall file quarterly reports under oath with the Secretary of State.Commission."

**SECTION 12.** G.S. 120C-405(b) reads as rewritten:

"(b) The <u>Secretary of StateCommission</u> shall coordinate with the State Board of Elections to create a searchable Web-based database of reports filed under this Chapter and reports filed under Subchapter VIII of Chapter 163 of the General Statutes."

**SECTION 13.** G.S. 120C-502(c) reads as rewritten:

"(c) For purposes of publication of the registry under G.S. 120C-220, the Secretary of StateCommission shall treat individuals registered under this section as liaison personnel."

**SECTION 14.** G.S. 120C-600 is repealed.

**SECTION 15.** G.S. 120C-601 reads as rewritten:

### "§ 120C-601. Powers and duties of the Commission.

- (a) The Commission may investigate complaints of violations of this Chapter and shall refer complaints related solely toperform systematic reviews of reports required to be filed under Articles 2, 4, or 8 of this Chapter to the Secretary of State.on a regular basis to assure complete and timely disclosure of reportable expenditures.
- (b) The Commission may petition the Superior Court of Wake County for the approval to issue subpoenas and subpoenas duces tecum as necessary to conduct investigations of violations of this Chapter. The court shall authorize subpoenas under this subsection when the court determines they are necessary for the enforcement of this Chapter. Subpoenas issued under this subsection shall be enforceable by the court through contempt powers. Venue shall be with the Superior Court of Wake County for any nonresident person, or that person's agent, who makes a reportable expenditure under this Chapter, and personal jurisdiction may be asserted under G.S. 1-75.4.
- (c) Complaints of violations of this Chapter Chapter and any records accumulated in the performance of a systematic review and all other records accumulated in conjunction with the investigation of these complaints shall be considered confidential records and may be released only by order of a court of competent jurisdiction. Any information obtained by the Commission from any law enforcement agency, administrative agency, or regulatory organization on a confidential or otherwise restricted basis in the course of an investigation shall be confidential and exempt from G.S. 132-6 to the same extent that it is confidential in the possession of the providing agency or organization.
- (d) The Commission shall publish annual statistics on complaints, including the number of complaints, the number of apparent violations of this Chapter referred to a district attorney, the number of dismissals, and the number and age of complaints pending.
- (e) In addition to the publication in subsection (d) of this section, the Commission shall publish annual statistics on complaints received and systematic reviews conducted under this section, including the number of systematic reviews, the number of complaints, the number of apparent violations of this Chapter referred to a district attorney, the number of complaints dismissed, and the number and age of complaints pending. Subject to the provisions of Chapter 132 of the General Statutes, the levy of all civil fines, including the amount of the fine and the

 identity of the person or governmental unit against whom it was levied, shall be a public record as defined in G.S. 132-1(a)."

**SECTION 16.** G.S. 120C-603 reads as rewritten:

### "§ 120C-603. Enforcement by district attorney and Attorney General.

- (a) The Commission—or the Secretary of State, as appropriate, may investigate complaints of violations of this Chapter and shall report apparent violations of this Chapter to the district attorney of the prosecutorial district as defined in G.S. 7A-60 of which Wake County is a part, who shall prosecute any person or governmental unit who violates any provisions of this Chapter.
- (b) Complaints of violations of this Chapter involving the Commission or any member employee of the Commission shall be referred to the Attorney General for investigation. The Attorney General shall, upon receipt of a complaint, make an appropriate investigation thereof, and the Attorney General shall forward a copy of the investigation to the district attorney of the prosecutorial district as defined in G.S. 7A-60 of which Wake County is a part, who shall prosecute any person or governmental unit who violates any provisions of this Chapter."

### **SECTION 17.** G.S. 120C-800(f) reads as rewritten:

"(f) Within 15 business days after the end of the quarter in which the reportable expenditure was made, reports required by this section shall be filed with the Secretary of State in a manner prescribed by the Secretary of State, Commission, which may include electronic reports. If the designated individual is required to file a statement of economic interest under G.S. 138A-24, then that designated individual may opt to report any information required by this section in the statement of economic interest."

## **SECTION 18.** G.S. 150B-1(d)(16) reads as rewritten:

"(16) The State Ethics Commission with respect to Chapter 138A and Chapter 120C of the General Statutes."

# **SECTION 19.** G.S. 138A-24(e) reads as rewritten:

- "(e) The Commission shall may prepare a written evaluation of each statement of economic interest relative to conflicts of interest and potential conflicts of interest. This subsection does not apply to statements of economic interest of legislators and judicial officers. The If prepared, the Commission shall submit the evaluation to all of the following:
  - (1) The filing person who submitted the statement.
  - (2) The head of the agency in which the filing person serves.
  - (3) The Governor for gubernatorial appointees and employees in agencies under the Governor's authority.
  - (4) Repealed by Session Laws 2008-213, s. 74, effective August 15, 2008.
  - (5) The appointing or hiring authority for those public servants not under the Governor's authority.
  - (6) The State Board of Elections for those filing persons who are elected.
  - (7) Repealed by Session Laws 2008-213, s. 74, effective August 15, 2008."

### **SECTION 20.(a)** G.S. 136-202(e) reads as rewritten:

"(e) A Metropolitan Planning Organization shall be treated as a board for purposes of Chapter 138A of the General Statutes. The statement of economic interest required by Article 3 of Chapter 138A shall be completed in accordance with that Article on the forms designated by the State Ethics Commission but shall be filed with the clerk to the governing board appointing the member to service on the metropolitan planning organization."

# **SECTION 20.(b)** G.S. 136-211(e) reads as rewritten:

"(e) Ethics Requirements. – A Rural Transportation Planning Organization shall be treated as a board for purposes of Chapter 138A of the General Statutes. <u>The statement of economic interest required by Article 3 of Chapter 138A shall be completed in accordance with that Article on the forms designated by the State Ethics Commission but shall be filed with the</u>

clerk to the governing board appointing the member to service on the rural transportation planning organization."

**SECTION 21.** No action or proceeding pending on July 1, 2013, brought by or against the State Ethics Commission or the Secretary of State regarding the lobbyist registration and lobbying enforcement of the Secretary of State shall be affected by any provision of this act, but the same may be prosecuted or defended in the name of the State Ethics Commission. In these actions and proceedings, the State Ethics Commission or its Executive Director, as appropriate, shall be substituted as a party upon proper application to the courts or other administrative or quasi-judicial bodies.

Any business or other matter undertaken or commanded by any State program or office or contract transferred by this act to the State Ethics Commission pertaining to or connected with the functions, powers, obligations, and duties set forth herein, which is pending on July 1, 2013, may be conducted and completed by the State Ethics Commission in the same manner and under the same terms and conditions and with the same effect as if conducted and completed by the original program, office, or commissioners or directors thereof.

**SECTION 22.** The consolidation provided for under this act shall not affect any ongoing investigation or audit. Prosecutions for offenses or violations committed before July 1, 2013, are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

**SECTION 23.** The State Ethics Commission shall adopt all existing rules, policies, procedures, or other guidance documents in accordance with Article 2A of Chapter 150B of the General Statutes. Any existing rule, policy, procedure, or guidance document that has not been readopted by December 31, 2013, shall expire.

**SECTION 24.** The authority, powers, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the lobbying registration and lobbying enforcement functions of the Secretary of State are transferred to the State Ethics Commission. The Director of the Budget shall resolve any disputes arising out of this transfer.

**SECTION 25.** If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

**SECTION 26.** This act becomes effective July 1, 2013.