

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 12

Committee Substitute Favorable 5/4/95

Third Edition Engrossed 5/9/95

Senate Judiciary I/Constitution Committee Substitute Adopted 6/12/95

Senate Appropriations Committee Substitute No. 2 Adopted 6/26/95

Short Title: Term Limits/Election Reform.

(Public)

Sponsors:

Referred to:

January 26, 1995

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CONSTITUTION OF NORTH CAROLINA TO PROVIDE FOR TERM LIMITS FOR MEMBERS OF THE GENERAL ASSEMBLY, TO PROVIDE INCENTIVES FOR CANDIDATES FOR THE GENERAL ASSEMBLY TO LIMIT THEIR CAMPAIGN EXPENDITURES, AND TO ESTABLISH NORTH CAROLINIANS FOR POSITIVE CAMPAIGNS AND MAKE RELATED CHANGES.

The General Assembly of North Carolina enacts:

Section 1. Article II of the Constitution of North Carolina is amended by adding a new section to read:

"Sec. 25. Limitation of consecutive terms.

(1) No person shall be eligible for election to more than six consecutive terms of office as a member of the General Assembly. For the purpose of this section, a member of the General Assembly is a member of either the Senate or the House of Representatives. If a person is not elected to a full term, service caused by filling of a vacancy shall not be considered as election to a term for the purpose of this section.

1 (2) Effectiveness. Terms of office commencing prior to January 1, 1996, shall be
2 considered for the purpose of this section except that this sentence shall not forbid any
3 person in office on that date from completing that term of office.

4 (3) Filling of vacancy. A person disqualified by this section from election to the
5 next succeeding term as a member of the General Assembly may not fill a vacancy in that
6 succeeding term."

7 Sec. 2. The amendment set out in Section 1 of this act shall be submitted to the
8 qualified voters of the State at a statewide election on November 7, 1995, which election
9 shall be conducted under the laws then governing elections in the State. Ballots, voting
10 systems, or both may be used in accordance with Chapter 163 of the General Statutes.
11 The question to be used in the voting systems and ballots shall be:

12 **"[] FOR [] AGAINST**

13 Constitutional amendments limiting members to six consecutive terms in the
14 General Assembly."

15 Sec. 3. If a majority of votes cast on the question are in favor of the
16 amendment set out in Section 1 of this act, the State Board of Elections shall certify the
17 amendments to the Secretary of State. The constitutional amendments shall become
18 effective January 1, 1996. The Secretary of State shall enroll the amendments so certified
19 among the permanent records of that office.

20 –CANDIDATES FOR GENERAL ASSEMBLY: N.C. FAIR CAMPAIGN ACT.

21 Sec. 4. Chapter 163 of the General Statutes is amended by adding a new
22 Article to read:

23 **"ARTICLE 22D.**

24 **"NORTH CAROLINA FAIR CAMPAIGN ACT.**

25 **"§ 163-278.58. Purpose.**

26 The General Assembly finds that exorbitant campaign costs threaten valued traditions
27 of North Carolina: a citizen legislature, equal opportunity for access to the General
28 Assembly, and public trust in the institution of the General Assembly. The purpose of
29 the North Carolina Fair Campaign Act is to encourage candidates for the General
30 Assembly of North Carolina to limit their campaign expenditures by providing public
31 benefits as incentives to those candidates and to their supporters.

32 **"§ 163-278.59. Eligibility for public benefits: application, certification, and**
33 **decertification.**

34 (a) Eligibility. – The public benefits provided in G.S. 163-278.61 shall be made
35 available for an election cycle only with regard to an eligible candidate for the General
36 Assembly in that election cycle. For the purpose of this Article, an 'eligible candidate for
37 the General Assembly' for an election cycle is a candidate for the General Assembly who:

38 (1) Is certified for that election cycle by the State Board of Elections in
39 accordance with subsection (c) of this section to have agreed to abide by
40 the expenditure limits set out in G.S. 163-278.60; and

41 (2) Has not been determined by the State Board of Elections to have
42 violated the expenditure limits set out in G.S. 163-278.60 or withdrawn

1 application under G.S. 163-278.62 and therefore been decertified for
2 that election cycle in accordance with subsection (d) of this section.

3 For purposes of this Article, an 'election cycle' begins on January 1 of the year before the
4 year in which the general election shall be held for the office, and ends on December 31
5 next after that general election. For purposes of this Article, a first primary in which the
6 candidate is on the ballot, a second primary in which the candidate is on the ballot, and a
7 general election in which the candidate is on the ballot constitute a separate 'election'.

8 (b) Application. – Each individual who seeks to be an eligible candidate for the
9 General Assembly for an election cycle shall file an application on forms prescribed by
10 the State Board of Elections within 15 days of the filing of the initial organizational
11 report of that person's campaign for the office.

12 (c) Certification. – The State Board of Elections shall approve the application of
13 any individual who complies with subdivision (a)(1) of this section and shall certify that
14 individual as an eligible candidate for the General Assembly in that election cycle.

15 (d) Decertification. – If the State Board of Elections determines that an individual
16 certified under this section has violated the expenditure limits under G.S. 163-278.60 or if
17 the candidate withdraws application under G.S. 163-278.62, the State Board of Elections
18 shall decertify that candidate for that election cycle, and the public benefits set out in G.S.
19 163-278.61 shall not be provided to any person whose receipt of those benefits derives
20 from the eligibility of that candidate under this Article in that election cycle, except as
21 provided in G.S. 163-278.61(b)(1).

22 **"§ 163-278.60. Expenditure limits.**

23 (a) Limits for an Election. – Any eligible candidate for the General Assembly in
24 an election cycle shall limit total expenditures in the elections in that cycle as follows:

25 (1) For any general election that occurs after the candidate has been
26 certified under G.S. 163-278.59(c):

27 a. Sixty thousand dollars (\$60,000) for any one-seat Senate district
28 and seventy-five thousand dollars (\$75,000) for any two-seat
29 Senate district; and

30 b. Forty-five thousand dollars (\$45,000) for any one-seat House
31 district, sixty thousand dollars (\$60,000) for any two-seat House
32 district, and seventy-five thousand dollars (\$75,000) for any
33 three-seat House district.

34 (2) For any primary election that occurs after the candidate has been
35 certified under G.S. 163-278.59(c):

36 a. Forty-five thousand dollars (\$45,000) for any one-seat Senate
37 district and sixty thousand dollars (\$60,000) for any two-seat
38 Senate district; and

39 b. Thirty thousand dollars (\$30,000) for any one-seat House district,
40 forty thousand dollars (\$40,000) for any two-seat House district,
41 and fifty thousand dollars (\$50,000) for any three-seat House
42 district,

1 provided that the limit for a second primary in any of the categories in
2 this subdivision shall be one-half the amount shown in sub-subdivisions
3 a. and b. of this subdivision.

4 A candidate's expenditure limit for an election cycle includes the additional amount for a
5 primary only if a primary is held in the race and the candidate's name is on the ballot.

6 (b) Rules for Computing Expenditures, Cost-of-Election Index. – The State Board
7 of Elections shall promulgate rules for computing the total expenditures for an election,
8 using for guidance rules promulgated by the Federal Election Commission in the
9 enforcement of the Federal Election Campaign Laws. The State Board of Elections shall
10 formulate a 'cost-of-election' index rate, which takes into account changes in the State's
11 population, actual spending in previous legislative elections, and the consumer price
12 index for North Carolina. Beginning with the 2000 elections and every four years
13 thereafter, the State Board of Elections shall increase or decrease the expenditure limits in
14 subsection (a) of this section according to the cost-of-election index, rounding the limit
15 amount to the nearest one thousand dollars (\$1,000). The State Board of Elections shall
16 publish the adjusted rates pertaining to each election race at least 18 months before the
17 day of that election.

18 **"§ 163-278.61. Public benefits.**

19 (a) Availability of Public Benefits. – If a candidate is certified under G.S. 163-
20 278.59(c) as an eligible candidate for the General Assembly, the following public
21 benefits shall be made available:

- 22 (1) An individual income tax credit as provided under G.S. 105-151.25 for
23 the taxpayer who makes a contribution to that candidate for that election
24 cycle;
25 (2) Notwithstanding the provisions of G.S. 163-278.13, a contribution limit
26 of two thousand dollars (\$2,000) for any election while the candidate is
27 certified; and
28 (3) A conspicuous designation of that candidate's name on the ballot that
29 indicates to the voter that the candidate has agreed to abide by
30 expenditure limitations. The State Board of Elections shall promulgate
31 rules to ensure that this designation is executed in a manner that is
32 desirable for the candidate.

33 (b) Consequences of Decertification. – If an individual who was certified as an
34 eligible candidate for the General Assembly for an election cycle is decertified for that
35 election cycle under G.S. 163-278.59(d) before the end of that election cycle, the benefits
36 of subsection (a) of this section that derive from that candidate's eligibility in that election
37 cycle shall not be available to any person. Accordingly, if a candidate certified for an
38 election cycle is decertified before the end of that election cycle:

- 39 (1) An individual shall not receive a tax credit for a contribution to the
40 campaign of the candidate for that election cycle, although the
41 individual made the contribution while the candidate was certified for
42 that election. The candidate shall be personally liable to reimburse up to
43 seventy-five dollars (\$75.00) each individual who contributed to the

1 candidate's campaign during the time that the candidate was certified.
2 The candidate shall notify all contributors and pay the required
3 reimbursement to each individual contributor within five days of the
4 candidate's decertification. If an individual validly claims a tax credit
5 for a contribution made to a certified candidate who is not decertified
6 before the end of that election cycle but the candidate is discovered after
7 that date to have exceeded the spending limits, then the individual shall
8 receive the tax credit and the decertified candidate shall be subject to the
9 civil penalties provided in G.S. 163-278.64(c).

10 (2) A contribution shall not be permitted for an election during that election
11 cycle in an amount exceeding five hundred dollars (\$500.00) in
12 accordance with G.S. 163-278.13(b1) although the contribution was
13 made while the candidate was certified for that election cycle. To the
14 extent that the contribution in the previous sentence does not exceed two
15 thousand dollars (\$2,000), no criminal prosecution shall be brought
16 against a contributor, and the candidate's treasurer shall be required to
17 refund the excess to the contributor within five days of the candidate's
18 decertification. If the candidate remains certified through the end of that
19 election cycle, but the candidate is discovered after that date to have
20 exceeded the expenditure limits, the candidate's treasurer shall be
21 required to refund the excess to the contributor within five days of a
22 final judgment that the limits were exceeded.

23 If an eligible candidate is decertified before the ballot is printed for the election, the
24 board of elections responsible for the ballot shall not mark that candidate's name with the
25 designation required by subdivision (a)(3) of this section. If an eligible candidate is
26 decertified after the ballot is printed for the election, the board of elections responsible
27 for the ballot shall make a corrected designation of the candidate's name on the ballot
28 according to rules which shall be promulgated by the State Board of Elections.

29 **"§ 163-278.62. Withdrawal of application.**

30 A candidate, by written notice to the State Board of Elections not more than 70 days
31 before an election, may withdraw application for certification as an eligible candidate for
32 the General Assembly. If the candidate has been certified under G.S. 163-278.59(c)
33 before making the withdrawal request, the State Board of Elections shall
34 decertify the candidate under G.S. 163-278.59(d), noting on the decertification document
35 that the decertification was made because of a withdrawal.

36 **"§ 163-278.63. Reporting.**

37 In addition to the reports required by G.S. 163-278.9, the treasurer of any eligible
38 candidate for the General Assembly shall file under verification with the State Board of
39 Elections a report prior to the printing of the ballot for any election during the election
40 cycle. The State Board of Elections shall establish by February 1 of every election year a
41 schedule for all the reports required by this section for that year. In establishing the
42 schedule, the State Board of Elections shall require that a report be filed at the latest

1 reasonable date prior to the printing of the ballot that will enable the proper boards of
2 elections to complete their duties under this Article.

3 **"§ 163-278.63A. Reporting of election influence activities.**

4 In addition to the reports required by G.S. 163-278.9 and G.S. 163-278.63, the
5 treasurer of any eligible candidate for the General Assembly shall file under verification
6 with the State Board of Elections a report at the time set by law for the filing of the
7 postprimary report(s) and annual reports setting forth the name and address of any
8 person, group, or association who received any amount of money or any thing of value
9 paid, given, or transferred for the purpose of encouraging or influencing or attempting to
10 encourage or influence voters to support or oppose any candidate or to otherwise
11 influence the outcome of an election. For each person or group reported, the report shall
12 specify the amount of money or fairly and accurately describe the thing of value paid,
13 given, or transferred for the purposes specified in this section.

14 **"§ 163-278.64. Penalties.**

15 (a) Decertification Due to Withdrawal. – If an eligible candidate for the General
16 Assembly is decertified for an election due to timely withdrawal, no criminal penalty
17 shall attach to exceeding the expenditure limits of G.S. 163-278.60 after the candidate
18 gives written notice of withdrawal under G.S. 163-278.62.

19 (b) Misdemeanor Penalty. – Any eligible candidate for the General Assembly or
20 treasurer of that candidate's committee who willfully or wantonly exceeds the
21 expenditure limits of G.S. 163-278.60 for an election while the candidate is certified for
22 that election under G.S. 163-278.59 is guilty of a Class 2 misdemeanor.

23 (b1) No individual, candidate, or political committee may give or receive any
24 money or thing of value on the day of any primary, special, or general election for
25 purposes specified in G.S. 163-278.63A.

26 (b2) It shall be unlawful for any person to coerce, threaten, intimidate, or otherwise
27 oppress any voter with the intent to influence the voter to vote or refrain from voting for
28 any candidate in any primary, special, or general election or to otherwise discourage any
29 voter from exercising the lawful right to vote. A violation of this subsection is a Class 2
30 misdemeanor.

31 (b3) It shall be unlawful for any person, directly or indirectly, to seek, give, or
32 receive any money or the promise of money or any other thing of value in exchange for
33 an agreement to vote for any candidate. A violation of this subsection shall be a Class I
34 felony.

35 (c) Civil Penalty. – Any eligible candidate for the General Assembly or treasurer
36 of that candidate's committee who exceeds the expenditure limits of G.S. 163-278.60 for
37 an election while the candidate is certified for that election under G.S. 163-278.59 shall
38 pay a civil penalty equal to three times the amount that the expenditure limit was
39 exceeded. In addition, in the event that the discovery that a candidate exceeded the
40 expenditure limit is not made until after the election cycle, then the candidate shall pay a
41 civil penalty of up to fifty percent (50%) of that candidate's total contributions received
42 during the election cycle. All civil penalties paid under this subsection shall be deposited
43 in the General Fund.

1 **"§ 163-278.65. Enforcement.**

2 (a) Rules. – The State Board of Elections shall promulgate rules to enforce this
3 Article. The rules shall include a procedure for monitoring compliance based on the
4 reports under G.S. 163-278.63. The State Board of Elections and the Department of
5 Revenue shall jointly promulgate rules to enforce the tax credit provided under this
6 Article and under G.S. 105-151.25.

7 (b) Rights of Action. – The Attorney General shall bring civil actions in the
8 Superior Court of Wake County for such relief as is necessary to enforce this Article,
9 including the payment of reimbursements required by G.S. 163-278.61(b) and of civil
10 penalties required by G.S. 163-278.64(c). The Attorney General and the State Board of
11 Elections shall jointly promulgate rules to enforce the collection of reimbursements and
12 civil penalties under this Article. Any individual contributor may bring an action for
13 reimbursement under G.S. 163-278.61(b) in a court of competent jurisdiction."

14 Sec. 5. Division II of Article 4 of Chapter 105 of the General Statutes is
15 amended by adding a new section to read:

16 **"§ 105-151.25. Credit for making political contribution to an eligible candidate for**
17 **the General Assembly.**

18 (a) Credit. – An individual who makes a political contribution to an eligible
19 candidate for the General Assembly during an election cycle is allowed as a credit against
20 the tax imposed by this Division, for the taxpayer's taxable year beginning in the second
21 year of that election cycle, an amount equal to seventy-five percent (75%) of the
22 contribution. The credit allowed under this section may not exceed seventy-five dollars
23 (\$75.00) for each eligible candidate to whom the taxpayer made a political contribution
24 and may not exceed a total of three hundred seventy-five dollars (\$375.00) for the
25 election cycle. The credit allowed under this section may not exceed the amount of tax
26 imposed by this Division for the taxable year reduced by the sum of all credits allowed,
27 except payments of tax made by or on behalf of the taxpayer.

28 (b) Definitions. – The following definitions apply in this section:

29 (1) Election cycle. – The two-year period ending December 31 following a
30 general election for members of the General Assembly.

31 (2) Eligible candidate. – A candidate for the General Assembly who was
32 certified for an election cycle under G.S. 163-278.59 and was not
33 decertified for that election cycle under G.S. 163-278.59."

34 Sec. 6. G.S. 163-278.13 reads as rewritten:

35 **"§ 163-278.13. Limitation on contributions.**

36 (a) No individual or political committee shall contribute to any candidate or other
37 political committee any money or make any other contribution in any election in excess
38 of ~~four two~~ thousand dollars (~~\$4,000~~)-(\$2,000) for that election.

39 (b) No candidate or political committee shall accept or solicit any contribution
40 from any individual or other political committee of any money or any other contribution
41 in any election in excess of ~~four two~~ thousand dollars (~~\$4,000~~)-(\$2,000) for that election.

42 (b1) Notwithstanding the provisions of subsections (a), (b), and (c) of this section
43 and except as provided by Article 22D of this Chapter, no individual or political

1 committee shall contribute to any candidate for the General Assembly in any election in
2 excess of five hundred dollars (\$500.00) for that election, and no candidate for the
3 General Assembly shall accept or solicit any contribution in any election in excess of five
4 hundred dollars (\$500.00) for that election.

5 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, it
6 shall be lawful for a candidate or a candidate's spouse, parents, brothers and sisters to
7 make a contribution to the candidate or to the candidate's treasurer of any amount of
8 money or to make any other contribution in any election in excess of ~~four~~ two thousand
9 dollars ~~(\$4,000)~~ (\$2,000) for that election.

10 (d) For the purposes of this section, the term "an election" means any primary,
11 second primary, or general election in which the candidate or political committee may be
12 involved, without regard to whether the candidate is opposed or unopposed in the
13 election.

14 (e) This section shall ~~not~~ apply to any ~~national, State, district or county~~ district,
15 county, precinct, or other executive committee ~~committees~~ of any political party. The
16 limitation in this section on contributions to or from political party executive committees
17 shall apply collectively to all executive committees of the same political party nationally
18 or within the State. For the purposes of this section only, the term "political party" means only
19 those political parties officially recognized under G.S. 163-96. Contributions by political party
20 executive committees under G.S. 163-278.42 are subject to the limitations of this section.

21 (e1) No referendum committee which received any contribution from a corporation,
22 labor union, insurance company, business entity, or professional association may make
23 any contribution to another referendum committee, to a candidate or to a political
24 committee.

25 (f) Any individual, candidate, political committee, or referendum committee who
26 violates the provisions of this section is guilty of a Class 2 misdemeanor."

27 ~~–CANDIDATES FOR GOVERNOR AND LIEUTENANT GOVERNOR.~~

28 Sec. 7. Article 22C of Chapter 163 is repealed.

29 Sec. 8. Chapter 163 of the General Statutes is amended to add Article 22E to
30 read as follows:

31 **"ARTICLE 22E.**

32 **"NORTH CAROLINIANS FOR POSITIVE CAMPAIGNS.**

33 **"§ 163-278.70. Definitions.**

34 (1) 'Board' means the Board of Directors for North Carolinians for Positive
35 Campaigns.

36 (2) 'Candidate' means that as defined in G.S. 163-278.6(4).

37 (3) 'Communications media' means that as defined in G.S. 163-278.6(5).

38 (4) 'Competitive election' means a contested election for a political office in
39 North Carolina in which two or more candidates received in excess of
40 twenty-five percent (25%) of the votes cast in that election.

41 (5) 'Contribute' and 'contribution' means those as defined in G.S. 163-
42 278.6(6).

43 (6) 'Fund' means the Fund of North Carolinians for Positive Campaigns.

- 1 (7) 'NCPC' means North Carolinians for Positive Campaigns, Inc.
2 (8) 'Participating candidate' means a candidate who signs the affidavit and
3 the 'standard of conduct' pledge in G.S. 163-278.73(b) and G.S. 163-
4 278.74(b).
5 (9) 'Public office' means that as defined in G.S. 163-278.6(18).
6 (10) 'Qualifying candidate' means a participating candidate who meets the
7 requirements for public financing in a primary election in accordance
8 with G.S. 163-278.74 or in a general election in accordance with G.S.
9 163-278.73.
10 (11) 'Refusing candidate' means a candidate who refuses to follow the
11 campaign finance practices in G.S. 163-278.74.

12 **"§ 163-278.71. North Carolinians for Positive Campaigns; conditions.**

13 (a) Contracting With Corporation. – The State Board of Elections shall contract
14 with a privately chartered, not-for-profit corporation governed by a Board of Directors.
15 The corporation shall be called North Carolinians for Positive Campaigns, Inc.

16 (b) Eligibility for Contract. – In order to be awarded a contract with the State
17 Board of Elections and to receive State funds under this Article, NCPC shall meet the
18 following conditions:

- 19 (1) The Board shall consist of 12 members appointed as follows:
20 a. Three members appointed by the Majority Leader of the House
21 of Representatives, of whom one member must be registered
22 'unaffiliated'.
23 b. Three members appointed by the Minority Leader of the House
24 of Representatives, of whom one member must be registered
25 'unaffiliated'.
26 c. Three members appointed by the Majority Leader of the Senate,
27 of whom one member must be registered 'unaffiliated.
28 d. Three members appointed by the Minority Leader of the Senate,
29 of whom one member must be registered 'unaffiliated'.

30 (2) Members of the Board shall serve four-year terms, except in the case of
31 initial terms as follows:

- 32 a. Terms of two members appointed by the Majority Leader of the
33 House of Representatives, two members appointed by the
34 Minority Leader of the Senate, one member appointed by the
35 Minority Leader of the House of Representatives, and one
36 member appointed by the Majority Leader of the Senate, shall
37 expire July 1, 1997.
38 b. Terms of two members appointed by the Minority Leader of the
39 House of Representatives, two members appointed by the
40 Majority Leader of the Senate, one member appointed by the
41 Majority Leader of the House of Representatives, and one
42 member appointed by the Minority Leader of the Senate, shall
43 expire July 1, 1999.

- 1 (3) At the end of a term, a member of the Board shall continue to serve until
2 a successor is appointed. A member who is appointed after a term has
3 begun serves only for the remainder of the term and until a successor is
4 appointed. A member who serves two consecutive full four-year terms
5 shall not be reappointed until four years after completion of those terms.
6 A vacancy in a legislative appointment shall be filled in accordance with
7 G.S. 120-122.
- 8 (4) The Board shall elect officers biennially. Officers shall serve no more
9 than two consecutive terms in an office.
- 10 (5) The Board shall appoint an executive director who shall serve at the
11 pleasure of the Board. The executive director shall administer the
12 affairs of the Board. The executive director may employ and direct staff
13 necessary to carry out the provisions of this Article.
- 14 (6) The Board shall meet as needed at the times and places it determines. A
15 majority of the fully authorized membership of the Board is a quorum.
- 16 (7) The Board shall agree to adopt procedures for its operations that are
17 comparable to those of the North Carolina Open Meetings Law, Article
18 33C of Chapter 143 of the General Statutes, and the Public Records
19 Law, Chapter 132 of the General Statutes, and to provide for
20 enforcement by the State Board of Elections.
- 21 (8) An individual shall not be eligible to serve on the Board if the
22 individual or the individual's spouse:
- 23 a. Has contributed more than two hundred fifty dollars (\$250.00) to
24 a single candidate for political office in North Carolina or any
25 political action committee in North Carolina for a period of five
26 years preceding the date of his or her appointment;
- 27 b. Filed as a candidate for public office during the 10 years prior to
28 appointment to the Board; or
- 29 c. Is an employee of the federal or State government or any local
30 government in North Carolina.
- 31 (9) Any Board member who files for public office or publicly declares an
32 intent to run for public office shall resign or be removed from the
33 Board.
- 34 (10) NCPC shall be subject to audit and review by the State Auditor under
35 Article 5A of Chapter 147 of the General Statutes. The State Auditor
36 shall conduct annual financial and compliance audits of NCPC.

37 **"§ 163-278.72. Candidate participation requirements in a primary election.**

38 (a) Affidavit and Pledge. – Any person who wants to qualify for the benefits of
39 public financing provided by NCPC in a primary election shall establish willingness to
40 participate by signing and submitting, within 15 days after that person's campaign's initial
41 organizational report is filed with the State Board of Elections, the following two
42 documents:

1 (1) An affidavit prepared by the State Board of Elections, stating that the
2 candidate agrees to follow the campaign finance practices established
3 under G.S. 163-278.77 in exchange for receiving the media access
4 services provided by the NCPC. The affidavit shall be sworn and
5 subscribed to by the candidate and notarized.

6 (2) A 'standard of conduct' pledge which shall read as follows:
7 'I will neither engage in or condone advertising or public statement that
8 personally attacks my opponent. If such is promulgated by my
9 supporters, I will promptly and publicly disavow it.'

10 The pledge will recognize that it is a moral obligation, and its terms are
11 not legally enforceable. The pledge will also make the assumption that
12 the candidate's opponent will follow the same standard of conduct.

13 Candidates who have existing campaign committees for public office shall be notified
14 of the requirements of qualifying for the benefits of public financing provided by NCPC
15 in a manner prescribed by the State Board of Elections.

16 (b) Threshold Showing of Support. – A participating candidate will be qualified to
17 receive the benefits of public financing provided by the Board if the candidate:

18 (1) Presents proof to the State Board of Elections, on or before the ninetieth
19 day preceding the primary election day for the office, that he or she has
20 met the threshold of raising ten percent (10%) of the expenditure limit
21 for that office during the primary election from no less than 1,000
22 individual residents of North Carolina. Only the first two hundred fifty
23 dollars (\$250.00) of a contribution shall be applicable for the purposes
24 of meeting this threshold. Contributions from out-of-state residents,
25 political committees, or any other person or entity besides an individual
26 resident of North Carolina shall not count toward the purposes of
27 meeting this threshold, or

28 (2) Demonstrates substantial popular support by filing with the Board of
29 Elections, on or before the ninetieth day before the primary election day
30 for the office, an officially authorized petition containing the signatures
31 of registered voters in the State of the party holding the primary totaling
32 no less than ten percent (10%) of the number of votes cast in the last
33 competitive primary election for the office.

34 **"§ 163-278.73. Candidate participation requirements in a general election.**

35 (a) Affidavit and Pledge. – All candidates who desire to qualify for the benefits of
36 public financing provided by NCPC in a general election shall establish their willingness
37 to participate by signing and submitting, at the same time that their campaign's initial
38 organizational report is filed with the State Board of Elections, the following two
39 documents:

40 (1) An affidavit prepared by the State Board of Elections, stating that the
41 candidate agrees to follow the campaign finance practices established
42 under G.S. 163-278.75 in exchange for receiving the media access

1 services provided by NCPC. The affidavit shall be sworn and
2 subscribed to by the candidate and notarized.

3 (2) A 'standard of conduct' pledge which shall read as follows:

4 'I will neither engage in or condone advertising or public statement that
5 personally attacks my opponent. If such is promulgated by my
6 supporters, I will promptly and publicly disavow it.'

7 The pledge will recognize that it is a moral obligation, and its terms are
8 not legally enforceable. The pledge will also make the assumption that
9 the candidate's opponent will follow the same standard of conduct.

10 Candidates who have existing campaign committees for public office shall be notified
11 of the requirements of qualifying for the benefits of public financing provided by NCPC
12 in a manner prescribed by the State Board of Elections.

13 (b) Threshold Showing of Support. – A participating candidate will be qualified to
14 receive the benefits of public financing provided by the Board if the candidate:

15 (1) Is the nominee of a party whose nominee in the last gubernatorial
16 election won at least thirty percent (30%) of the votes cast and agreed to
17 participate in accordance with G.S. 163-278.74; or

18 (2) Demonstrates substantial popular support by filing with the State Board
19 of Elections, on or before the ninetieth day before the general election
20 day for the office, an officially authorized petition containing the
21 signatures of registered voters in the State totaling no less than ten
22 percent (10%) of the number of votes cast in the last competitive
23 general election for the office.

24 **"§ 163-278.74. Designation of qualifying candidates.**

25 Within 15 days of the receipt of a participating candidate's contribution report or
26 petitions pursuant to G.S. 163-278.72 or G.S. 163-278.73, the State Board of Elections
27 shall review and, upon determining the report or petitions fulfill the appropriate
28 requirement, shall designate such a candidate as qualified for NCPC benefits.

29 **"§ 163-278.75. Campaign finance practices of participating candidates.**

30 (a) Applicability to Election Races. – The provisions of this section pertaining to
31 election races for Governor and Lieutenant Governor shall apply beginning in the year
32 2000.

33 (b) Campaign Expenditures. –

34 (1) A participating candidate in a gubernatorial election (primary, second
35 primary, or general election) shall agree to expend a base amount
36 maximum equal to one dollar (\$1.00) per the total number of votes cast
37 in the same type of election pertaining to that office which occurred
38 most recently in time and qualifies as a competitive election. The base
39 amount maximum shall be computed in the same way for races
40 pertaining to the Office of Lieutenant Governor, except the per voter
41 rate shall be fifty cents (50¢). A candidate's expenditure limit for an
42 election cycle includes the additional amount for a primary only if a
43 primary is held in the race and the candidate's name is on the ballot.

1 The State Board of Elections shall promulgate rules for computing the total
2 expenditures for an election, using for guidance rules promulgated by the Federal
3 Election Commission in the enforcement of the Federal Election Campaign Laws.

4 (2) In addition to the base amount maximum, the actual maximum amount
5 for the campaign of a participating candidate in an election race
6 pertaining to the Governor or Lieutenant Governor shall be increased by
7 a 'cost-of-election' index rate, which takes into account changes in the
8 State's population, the actual maximum amount for previous elections
9 and the consumer price index for North Carolina. The State Board of
10 Elections shall be responsible for formulating this cost-of-election index
11 and establishing the actual maximum amount for each election race,
12 which shall be rounded to the nearest one thousand dollars (\$1,000).
13 The State Board of Elections shall publish this maximum amount
14 pertaining to each election race at least two years before the day of that
15 election.

16 (c) Contribution Amounts. –

17 (1) A participating candidate shall agree that that candidate's campaign will
18 accept a total of no more than two thousand dollars (\$2,000) per election
19 in money or in-kind contributions from any individual (including
20 members of the candidate's family, other than the candidate's spouse) or
21 political committee, including a political party committee. Refusing
22 candidates may not exceed contributions limits beyond those established
23 in G.S. 163-278.13.

24 (2) Participating candidates shall agree to contribute or loan a total of no
25 more than thirty thousand dollars (\$30,000) per election in money or in-
26 kind contributions to their own campaign.

27 **"§ 163-278.76. Reporting requirements.**

28 In order to fulfill the purposes of this act regarding expenditure and contribution
29 practices in G.S. 163-278.75, the State Board of Elections shall promulgate rules
30 regarding disclosure to the Board, State Board of Elections, and the public of
31 contributions and expenditures, including special reporting during the final 15 days
32 before an election.

33 **"§ 163-278.77. Financing.**

34 (a) Receipt of Monies. –

35 (1) The Fund is authorized to accept funds received through grants, private
36 contributions, General Fund appropriations made by the General
37 Assembly, General Fund monies earmarked by taxpayers as provided in
38 G.S. 105-159.2, contributions made as provided in G.S. 105-269.6, and
39 through other appropriate and lawful means.

40 (2) The Fund may accept grants or other contributions in any amount from
41 corporations, labor unions, foundations, or any other person.

42 (3) The State Board of Elections shall promulgate rules requiring on a
43 periodic basis the Fund's disclosure of the source and amount of each

1 grant and private contribution, in excess of one hundred dollars
2 (\$100.00).

3 (b) Expenditure of Monies. –

4 (1) In the 1996 general election for Governor, NCPC is authorized to
5 expend all monies transferred to the Fund from the North Carolina
6 Candidates Financing Fund pursuant to G.S. 105-269.6 and monies that
7 the Fund otherwise receives up to a maximum of five hundred thousand
8 dollars (\$500,000) from its media account in order to sponsor debate
9 according to the rules set out in G.S. 163-278.78(c).

10 (2) In elections for Governor and Lieutenant Governor after 1996, NCPC is
11 authorized to expend monies from its media account to purchase media
12 access for participating candidates in the forms established pursuant to
13 G.S. 163-278.73 and G.S. 163-278.74 according to the following order
14 of priority:

15 a. The first two million dollars (\$2,000,000) in the general election
16 cycle for Governor;

17 b. The next four hundred thousand dollars (\$400,000) in the second
18 primary for Governor if there are at least two second primary
19 contests which both include one or more participating candidates,
20 or two hundred thousand dollars (\$200,000) if there is only a
21 single second primary including one or more participating
22 candidates;

23 c. The next one million dollars (\$1,000,000) in the primary cycle
24 for Governor;

25 d. The next one million dollars (\$1,000,000) in the general election
26 cycle for Lieutenant Governor;

27 e. The next two hundred thousand dollars (\$200,000) in the second
28 primary for Lieutenant Governor if there are at least two second
29 primary contests which both include one or more participating
30 candidates, or one hundred thousand dollars (\$100,000) if there is
31 only a single second primary including one or more participating
32 candidates; and

33 f. The next five hundred thousand dollars (\$500,000) in the primary
34 election cycle for Lieutenant Governor.

35 (3) In each of the primary and general elections listed in subdivision (2) of
36 this subsection, NCPC shall allocate money value to all participating
37 candidates for an office in equal proportions.

38 (4) None of the money value that NCPC allocates to participating
39 candidates shall be included in the expenditure limits under G.S. 163-
40 278.75(b).

41 (5) In addition to its media account, NCPC shall establish a separate
42 administrative account for all monies to be used for operation of the
43 NCPC. The amount of money placed in the administrative account shall

1 not exceed two hundred fifty thousand dollars (\$250,000) in the
2 aggregate during a calendar year through 1999. In the year 2000, the
3 Board may vote to increase this maximum amount up to five hundred
4 thousand dollars (\$500,000). No taxpayer money allocated to the Fund
5 under G.S. 105-269.6 and G.S. 105-159.2 nor any appropriations from
6 the General Fund shall be placed in the administrative account.

7 (6) Upon request by NCPC after 2000, the State Board of Elections shall
8 recommend to the General Assembly an expansion of the elections for
9 offices in which NCPC should provide media access for eligible
10 candidates. The recommendations of the State Board of Elections shall
11 specify the offices, the base amount maximum, the maximum
12 expenditure amount, and each office's position in NCPC's spending
13 priority.

14 (7) In any election cycle for an office listed in subdivision (2) of this
15 subsection, NCPC shall expend at least one-half of the spending
16 maximum or forego spending any monies in that election cycle for the
17 office.

18 (8) For the election cycle in the year 2000, NCPC shall disclose to the State
19 Board of Elections by July 1, 1999, the elections for office and the
20 specific amounts in which it shall provide media access services for
21 participating candidates pursuant to subdivision (2) of this subsection.
22 At the same time, the NCPC shall also establish its financial capacity to
23 expend these amounts by demonstrating that its media account contains
24 at least one hundred fifty percent (150%) of the total amount to be
25 expended pursuant to subdivision (2) of this subsection. The State
26 Board of Elections shall establish a reasonable date for these same
27 disclosures by NCPC in subsequent election cycles.

28 **"§ 163-278.78. NCPC sponsored activities.**

29 (a) 1996 General Election for Governor. – NCPC shall purchase or otherwise
30 negotiate access to television time for a one-hour debate involving candidates for
31 Governor during the 1996 general election. The format and other aspects of the debate
32 shall follow the rules established in subsection (c) of this section.

33 (b) Elections After 1996. –

34 (1) NCPC shall concentrate its purchase of media access or other negotiated
35 access for qualifying candidates for Governor and Lieutenant Governor
36 exclusively during the last 30 calendar days preceding the day of
37 election.

38 (2) NCPC shall purchase or otherwise negotiate access to television time
39 for two one-hour debates involving all qualifying candidates in the
40 general election for Lieutenant Governor, and one debate between the
41 eligible candidates in each primary for Governor and Lieutenant
42 Governor.

- 1 (3) Regarding any subsequent election for any other office that the General
2 Assembly authorizes money value to be allocated, NCPC shall purchase
3 or otherwise negotiate access for one debate per each primary and
4 general election contest involving qualifying candidates.
- 5 (4) The format of the debates as well as positive advertisements, the
6 purchase and placement of the debates, and other aspects will follow the
7 rules established in subsections (c) and (d) of this section.
- 8 (c) Debate Rules. –
- 9 (1) NCPC may cosponsor any election debate with any nonprofit
10 organization that it deems to be appropriate.
- 11 (2) During each debate, it shall be announced to the television audience that
12 each candidate has been requested to refrain from mentioning an
13 opponent's name or engage in any critical reference to an opponent.
14 This information shall be announced at the beginning and end of each
15 debate as well as at least two additional times during each debate.
- 16 (3) NCPC shall make its best effort to gain live television coverage of each
17 debate on the affiliate of at least one national television network in
18 every television market in the State. NCPC shall seek negotiations with
19 all such network affiliates and other television stations to carry live
20 coverage of each debate at the least possible rate of change.
- 21 (4) NCPC may decide to announce the names of particular financial
22 supporters of the funding for any debate.
- 23 (5) Qualifying candidates are not precluded from participating in a debate
24 other than one not sponsored by NCPC.
- 25 (6) For recommendations regarding debate format, NCPC shall seek to
26 appoint an advisory committee composed of two designees of the
27 president of the North Carolina Association of Broadcasters (NCAB),
28 and two designees of the North Carolina Press Association (NCPA). If
29 the President of either organization fails to make such designations, the
30 Board shall make its own designations from members of these
31 organizations. NCPC shall either accept or reject a recommended
32 debate format of the advisory committee in total. NCPC shall adopt
33 format(s) for debates between candidates in the 1996 general election
34 for Governor within 10 calendar days of the date of the primary
35 election. NCPC shall request the Presidents of NCAB and NCPA on
36 October 1, 1995, to designate members of the 1996 advisory committee.
37 For subsequent election cycles, NCPC shall adopt debate formats for
38 elections at least two years in advance of the date of the general election
39 for that election cycle.
- 40 (7) Regarding any election for which NCPC allocates money value to
41 qualifying candidates, and which contains only one qualifying
42 candidate, NCPC shall forego the format of a debate and purchase or

1 otherwise negotiate access for the qualifying candidate to obtain two 30-
2 minute advertising segments.

3 (d) Positive Issue Advertisement Rules. –

4 (1) The advertisements for which NCPC purchases or otherwise negotiates
5 access shall be one minute in length. Such advertisements shall contain
6 the following:

7 a. An introduction lasting up to 10 seconds in which an issue
8 question shall be posed to a candidate and it shall be announced
9 that the candidate has been requested to answer the question
10 without mentioning an opponent or otherwise making any critical
11 reference to an opponent or an opponent's supporter;

12 b. A middle segment lasting at least 30 seconds casting a
13 candidate's answer whose content and format shall be produced
14 according to the candidate's discretion; and

15 c. A conclusion lasting up to five seconds in which the issue
16 question is repeated and it is announced again that the candidate
17 was requested to avoid any criticism of an opponent or an
18 opponent's supporters.

19 (2) The advisory committee designated to recommend debate rules shall
20 also recommend the content of the questions and other specific aspects
21 of the format outlined above in subdivision (1) of this subsection.

22 (3) NCPC shall contract with a single corporate organization experienced in
23 purchasing access for advertisements on television in North Carolina.
24 The contracting process shall occur on an open and competitive basis.
25 The selected organization shall prepare a plan which will recommend a
26 statewide schedule for the broadcast of the positive-issue advertisements
27 in each election. NCPC shall accept or reject a recommended plan in
28 total. A plan recommended by the selection organization and adopted
29 by the Board shall require the placement of some but not all positive-
30 issue advertisements featuring an eligible candidate in particular time
31 periods and in particular media markets. The plan shall provide some
32 options so that the campaigns of qualifying candidates can choose some
33 time slots in particular markets for certain positive issue advertisements.

34 **"§ 163-278.79. Withdrawal.**

35 (a) Early Withdrawal. – Participating and qualifying candidates may withdraw
36 from participation without penalty within 10 days of the candidate filing period. Any
37 contributions received in excess of five hundred dollars (\$500.00) from individuals or
38 political committees shall be returned within 25 days of the candidate's withdrawal.

39 (b) Withdrawal by Participating Candidates. – A participating candidate who has
40 not qualified for NCPC benefits may withdraw from participation by filing a notice of
41 withdrawal with the State Board of Elections, provided no violations of G.S. 163-278.75
42 have occurred. Any contributions received in excess of five hundred dollars (\$500.00)
43 from individuals or political committees shall be returned to the State Board of Elections

1 for distributions within 24 hours of the candidate's withdrawal with a complete listing of
2 contributors who would receive the refunded contributions.

3 (c) Withdrawal by Qualifying Candidates. – A qualifying candidate may withdraw
4 from participation by filing a notice of withdrawal with the State Board of Elections,
5 provided no violations of G.S. 163-278.75 have occurred. Any contributions received in
6 excess of five hundred dollars (\$500.00) from individuals or political committees shall be
7 returned to the State Board of Elections for distributions within 24 hours of the
8 candidate's withdrawal with a complete listing of contributors who would receive the
9 refunded contributions. In the event benefits were received by the candidate from the
10 Fund, the State Board shall determine the monetary value of those benefits. Following
11 determination of the cost of these benefits, the candidate shall submit to the Board a
12 cashier's check for three times the amount determined by the State Board within 24 hours
13 of the Board's determination. The State Board shall transfer the check to NCPC for
14 deposit in its Fund.

15 **"§ 163-278.80. Enforcement.**

16 (a) Criminal Penalties. – For candidates and campaign committees that sign an
17 affidavit as outlined in G.S. 163-278.74, any individual, person, candidate, political
18 committee, or treasurer who willfully and intentionally violates any of the provisions of
19 this Article shall be guilty of a Class I felony.

20 (b) Civil Penalties. – A participating or qualifying candidate who exceeds the
21 spending limits of G.S. 163-278.75 without having withdrawn pursuant to G.S. 163-
22 278.79 shall be liable for civil penalties equal to three times the amount spent beyond the
23 limit. The penalty shall be paid into the Fund of NCPC.

24 (c) Rights of Action. – The Attorney General shall bring civil actions in the
25 Superior Court of Wake County for such relief as is necessary to enforce this Article,
26 including the payment of reimbursements required by G.S. 163-278.79 and civil penalties
27 required by subsection (b) of this section. Any individual contributor may bring an action
28 for reimbursement under G.S. 163-278.79 in a court of competent jurisdiction."

29 Sec. 9. (a) G.S. 105-269.6 reads as rewritten:

30 **"§ 105-269.6. Contribution of individual income tax refund to ~~Candidates Financing~~**
31 **Fund, ~~the Fund of North Carolinians for Positive Campaigns.~~**

32 An individual entitled to a refund of income taxes under Division II of Article 4 of
33 this Chapter may elect to contribute all or part of the refund to the ~~North Carolina~~
34 ~~Candidates Financing Fund~~ for the use of political campaigns as provided in Article 22C of
35 ~~Chapter 163 of the General Statutes.~~ Fund of North Carolinians for Positive Campaigns
36 created in Article 22E of Chapter 163 of the General Statutes. The Secretary of Revenue
37 shall provide appropriate language and space on the individual income tax form in which
38 to make the election. The election becomes irrevocable upon filing the individual's
39 income tax return for the taxable year. The Secretary of Revenue shall, on a quarterly
40 basis, transmit the contributions made pursuant to this section to the State Treasurer for
41 credit to the ~~North Carolina Candidates Financing Fund.~~ Fund of North Carolinians for
42 Positive Campaigns. Any interest earned on funds so credited shall be credited to the
43 Fund."

1 (b) The Secretary of Revenue shall transfer to the Fund of North Carolinians for
2 Positive Campaigns any funds contributed to the North Carolina Candidates Financing
3 Fund pursuant to G.S. 105-269.6 before its amendment by this section but not yet
4 transferred to that Fund.

5 Sec. 10. Division II of Article 4 of Chapter 105 of the General Statutes is
6 amended by adding a new section to read:

7 **"§ 105-159.2. Designation of tax by individual to the Fund of North Carolinians for**
8 **Positive Campaigns.**

9 (a) Every individual whose income tax liability for the taxable year, above any
10 amount designated pursuant to G.S. 105-159.1, is five dollars (\$5.00) or more may
11 designate on his or her income tax return that five dollars (\$5.00) of the tax shall be
12 credited to the Fund of North Carolinians for Positive Campaigns created in Article 22E
13 of Chapter 163 of the General Statutes. In the case of a married couple filing a joint
14 return whose income tax liability for the taxable year, above any amount designated
15 pursuant to G.S. 105-159.1, is ten dollars (\$10.00) or more, each spouse may designate
16 on the income tax return that five dollars (\$5.00) of the tax shall be credited to the Fund
17 of North Carolinians for Positive Campaigns.

18 (b) Amounts designated under subsection (a) of this section shall be credited to the
19 Fund of North Carolinians for Positive Campaigns on a quarterly basis. Interest earned
20 by the Fund shall be credited to the Fund. The Board of Directors of North Carolinians
21 for Positive Campaigns, which administers the Fund, shall make a quarterly report to the
22 State Board of Elections and the Joint Legislative Commission on Governmental
23 Operations stating the amount of funds received by the Fund for that quarter, the
24 cumulative total of funds received to date for the year, and an estimate of the probable
25 total amount to be received for that calendar year.

26 (c) The Secretary shall amend the income tax return in order that all taxpayers
27 desiring to make the political contributions authorized in this section may do so by
28 designating on the front face of the tax return. The line of authorization for the
29 designation shall be color contrasted with the color scheme of the remainder of the
30 income tax return. The return or its accompanying explanatory instruction shall readily
31 indicate that any such designations neither increase nor decrease an individual's tax
32 liability.

33 (d) A paid preparer of tax returns may not designate on a return that the taxpayer
34 does or does not desire to make the political contribution authorized in this section unless
35 the taxpayer or the taxpayer's spouse has consented to the designation."

36 Sec. 11. G.S. 163-278.13 reads as rewritten:

37 **"§ 163-278.13. Limitation on contributions.**

38 (a) No individual or political committee shall contribute to any candidate or other
39 political committee any money or make any other contribution in any election in excess
40 of ~~four thousand five hundred~~ dollars (~~\$4,000~~)-(\$500.00) for that election.

41 (b) No candidate or political committee shall accept or solicit any contribution
42 from any individual or other political committee of any money or any other contribution

1 in any election in excess of ~~four thousand five hundred~~ dollars (\$4,000)-(\$500.00) for that
2 election.

3 (b1) Notwithstanding the provisions of subsections (a), (b), and (c) of this section,
4 the contribution limit from a contributor to a participating candidate for Governor or
5 Lieutenant Governor, as defined in G.S. 163-278.70(8), or for an eligible candidate for
6 the General Assembly, as provided in Article 22D of this Chapter, is two thousand dollars
7 (\$2,000) for that election.

8 (c) Notwithstanding the provisions of subsections (a) and (b) of this section, it
9 shall be lawful for a candidate or a candidate's ~~spouse, parents, brothers and sisters~~ spouse
10 to make a contribution to the candidate or to the candidate's treasurer of any amount of
11 money or to make any other contribution in any election in excess of ~~four thousand five~~
12 hundred dollars (\$4,000)-(\$500.00) for that election.

13 (c1) Notwithstanding the provisions of subsection (c) of this section, the limit for a
14 contribution by a participating candidate as defined in G.S. 163-278.70(8) or participating
15 candidate's spouse to the candidate or to the candidate's treasurer is thirty thousand
16 dollars (\$30,000) for that election.

17 (d) For the purposes of this section, the term 'an election' means any primary,
18 second primary, or general election in which the candidate or political committee may be
19 involved, without regard to whether the candidate is opposed or unopposed in the
20 election.

21 (e) This section shall ~~not apply to any national, State, district or county~~ district,
22 county, precinct, or other executive committee ~~committees~~ of any political party. The
23 limitation in this section on contributions to or from political party executive committees
24 shall apply collectively to all executive committees of the same political party nationally
25 or within the State. For the purposes of this section only, the term "political party" means only
26 those political parties officially recognized under G.S. 163-96. Contributions by political party
27 executive committees under G.S. 163-278.42 are subject to the limitations of this section.

28 (e1) No referendum committee which received any contribution from a corporation,
29 labor union, insurance company, business entity, or professional association may make
30 any contribution to another referendum committee, to a candidate or to a political
31 committee.

32 (f) Any individual, candidate, political committee, or referendum committee who
33 violates the provisions of this section is guilty of a Class 2 misdemeanor."

34 Sec. 12. Sections 4, 6, 7, and 8 of this act become effective January 1, 1996,
35 and apply to all primaries and elections held on or after that date, except that the State
36 Board of Elections shall adopt procedures to allow candidates who have already filed
37 organizational reports before January 1, 1996, to apply for certification under G.S. 163-
38 278.59 as enacted by Section 4 of this act. Section 11 of this act becomes effective
39 January 1, 1997. Sections 9 and 10 of this act are effective for taxable years beginning
40 on or after January 1, 1995. Section 5 of this act becomes effective for taxable years
41 beginning on or after January 1, 1996. All remaining sections of this act are effective
42 upon ratification.