

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1111*
Committee Substitute Favorable 5/17/07
Senate Select Committee on Government and Election Reform Committee Report
Adopted 7/31/07

Short Title: Clarify State Government Ethics Act.

(Public)

Sponsors:

Referred to:

March 28, 2007

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING CHANGES TO THE STATE GOVERNMENT
ETHICS ACT, THE LEGISLATIVE ETHICS ACT, AND THE LOBBYING
LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 120-102(5) reads as rewritten:

"(5) Prepare a list of ethical principles and guidelines to be used by
legislators and legislative employees to identify potential conflicts of
interest and prohibited behavior, prepare advisory memoranda to
legislators and legislative employees on specific ethical concerns, and
~~to~~ suggest rules of conduct that shall be adhered to by legislators and
legislative employees."

SECTION 2. G.S. 120-103.1(a) reads as rewritten:

"§ 120-103.1. Investigations by the Committee.

(a) Institution of Proceedings. – On its own motion, or upon receipt of a referral
of a complaint from the State Ethics Commission under Chapter 138A of the General
Statutes, the Committee shall conduct an investigation into any of the following:

- (1) The application or alleged violation of Chapter 138A of the General
Statutes and ~~Part 1~~ of this Article.
- (2) ~~The application or alleged violation of rules adopted in accordance~~
~~with G.S. 120-102.~~
- (3) The alleged violation of the criminal law by a legislator while acting in
the legislator's official capacity as a participant in the lawmaking
process."

SECTION 2.5. G.S. 120-103.1(h) reads as rewritten:

"(h) Notice. – If at the end of its preliminary inquiry, the Committee determines
that probable cause exists to proceed with further investigation into the conduct of a

1 legislator, the Committee shall provide written notice to the individual who filed the
2 complaint and the legislator as to the fact of the investigation and the charges against
3 the legislator. The legislator shall be given an opportunity to file a written response with
4 the Committee."

5 **SECTION 3.** G.S. 120-103.1(i)(3) reads as rewritten:

6 "(3) At any hearing held by the Committee:

- 7 a. Oral evidence shall be taken only on oath or affirmation.
8 b. The hearing shall be ~~held in closed session unless the public~~
9 ~~servant requests that the hearing be held in open session open to~~
10 ~~the public, except for matters that could otherwise be~~
11 ~~considered in closed session under G.S. 143-318.11, matters~~
12 ~~involving minors, or matters involving a personnel record. In~~
13 any event, the deliberations by the Commission on a complaint
14 may be held in closed session.
15 c. The legislator being investigated shall have the right to present
16 evidence, call and examine witnesses, cross-examine witnesses,
17 introduce exhibits, and be represented by counsel."

18 **SECTION 4.** G.S. 120-103.1(l) reads as rewritten:

19 "(l) Confidentiality. – Except as provided under subsection (k) of this section, the
20 complaint, response, records, and findings of the Committee connected to an inquiry
21 under this section shall be confidential and not matters of public record, except as
22 otherwise provided in this section or when the legislator under inquiry requests in
23 writing that the complaint, response, records, and findings be made public prior to the
24 time the Committee recommends sanctions public. Once a hearing under this section
25 commences the complaint, response, Committee's report to the house, and all other
26 documents offered at the hearing in conjunction with the complaint, not otherwise
27 privileged or confidential under law, shall be public records. ~~At~~ If no hearing is held, at
28 such time as the Committee recommends sanctions to the house of which the legislator
29 is a member, the complaint, response, and Committee's report to the house shall be
30 made public."

31 **SECTION 5.** G.S. 120-104(f) reads as rewritten:

32 "(f) The Committee shall submit its formal advisory opinions to the State Ethics
33 Commission, and the State Ethics Commission shall publish the Committee's opinions
34 under G.S. 138A-13(d). The Committee shall edit for publication purposes as necessary
35 to protect the identities of the individuals requesting opinions prior to submission to the
36 State Ethics Commission. The Committee may distribute the edited formal advisory
37 opinion to members of the General Assembly prior to publication by the State Ethics
38 Commission."

39 **SECTION 6.** G.S. 120-104 is amended by adding a new subsection to read:

40 "(h) Requests for advisory opinions may be withdrawn by the requestor at any
41 time prior to the issuance of an advisory opinion."

42 **SECTION 7.** G.S. 120C-100(a)(6) reads as rewritten:

43 "(6) Legislative employee. – Employees and officers of the General
44 Assembly, consultants and counsel to committees of either house of

1 the General Assembly or of legislative commissions, who are paid by
2 State funds, but not including legislators, members of the Council of
3 State, nonsupervisory employees of the Administrative Division's
4 Facility Maintenance and Food Services staff, or pages."

5 **SECTION 8.(a)** G.S. 120C-100(a)(10)a. is repealed.

6 **SECTION 8.(b)** G.S. 120C-100(a)(10)d. reads as rewritten:

7 "d. Is employed by a person and a significant part of that
8 employee's duties include lobbying. In no case shall an
9 employee be considered a lobbyist if less than five percent (5%)
10 of that employee's actual duties in any 30-day period include
11 engaging in lobbying as defined in subdivision (9)a. of this
12 ~~section~~section or if less than five percent (5%) of that
13 employee's actual duties in any 30-day period include engaging
14 in lobbying as defined in subdivision (9)b. of this section.

15 The term "lobbyist" shall not include individuals who are
16 specifically exempted from this Chapter by G.S. 120C-700 or
17 registered as liaison personnel under Article 5 of this Chapter."

18 **SECTION 9.(a)** G.S. 120C-101 reads as rewritten:

19 **"§ 120C-101. Rules and forms.**

20 (a) The Commission shall adopt any rules necessary to interpret and carry out the
21 provisions of this Chapter. The Secretary of State shall adopt ~~any rules, orders, forms,~~
22 ~~and definitions as are the forms~~ necessary to carry out the provisions of Articles 2, 4,
23 and 8 of this Chapter. ~~The Secretary of State may appoint a council to advise the~~
24 ~~Secretary in adopting rules under this section.~~

25 (b) With respect to the forms adopted under subsection (a) of this section, the
26 ~~Secretary of State~~ Commission shall adopt rules to protect from disclosure all
27 confidential information under Chapter 132 of the General Statutes related to economic
28 development initiatives or to industrial or business recruitment activities. The
29 information shall remain confidential until the State, a unit of local government, or the
30 business has announced a commitment by the business to expand or locate a specific
31 project in this State or a final decision not to do so, and the business has communicated
32 that commitment or decision to the State or local government agency involved with the
33 project.

34 (c) In adopting rules under this Chapter, the Commission is exempt from the
35 requirements of Article 2A of Chapter 150B of the General Statutes, except that the
36 Commission shall maintain a mailing list of interested persons as provided in
37 G.S. 150B-21.2(d). At least 30 business days prior to adopting a rule, the Commission
38 shall:

- 39 (1) Publish the proposed rules in the North Carolina Register.
40 (2) Submit the rule and a notice of public hearing to the Codifier of Rules,
41 and the Codifier of Rules shall publish the proposed rule and the notice
42 of public hearing on the Internet to be posted within five business
43 days.

- 1 (3) Notify persons on the mailing list maintained in accordance with
- 2 G.S. 150B-21.2(d) and any other interested parties of its intent to adopt
- 3 a rule and of the public hearing.
- 4 (4) Accept written comments on the proposed rule for at least 15 business
- 5 days prior to adoption of the rule.
- 6 (5) Hold at least one public hearing on the proposed rule no less than five
- 7 days after the rule and notice have been published.

8 A rule adopted under this ~~section~~ subsection becomes effective the first day of the
9 month following the month the final rule is submitted to the Codifier of Rules for entry
10 into the North Carolina Administrative Code."

11 **SECTION 9.(b)** G.S. 120C-201(b) reads as rewritten:

12 "(b) The ~~Secretary of State~~ Commission shall adopt rules providing for a waiver
13 or reduction of the fees required by this section for lobbyists registering to represent
14 persons who have been granted nonprofit status under 26 U.S.C. § 501(c)(3)."

15 **SECTION 9.(c)** G.S. 120C-207(b) reads as rewritten:

16 "(b) The ~~Secretary of State~~ Commission shall adopt rules providing for a waiver
17 or reduction of the fees required by this section for lobbyist's principals that have been
18 granted nonprofit status under 26 U.S.C. § 501(c)(3)."

19 **SECTION 9.(d)** G.S. 120C-401(h) reads as rewritten:

20 "(h) The ~~Secretary of State~~ Commission may adopt rules to facilitate complete and
21 timely disclosure of required reporting, including additional categories of information,
22 and to protect the addresses of payees under protective order issued pursuant to Chapter
23 50B of the General Statutes or participating in the Address Confidentiality Program
24 pursuant to Chapter 15C of the General Statutes. The Secretary of State shall not impose
25 any penalties or late filing fees upon a lobbyist, lobbyist's principal, or solicitor for
26 subsequent failures to comply with the requirements of this section if the Secretary of
27 State failed to provide the required notification under subsection (e) of this section."

28 **SECTION 10.** G.S. 120C-102 reads as rewritten:

29 **"§ 120C-102. Advisory opinions.**

30 (a) At the request of any person affected by this Chapter, the Commission shall
31 render advisory opinions on specific questions involving the meaning and application of
32 this Chapter and that person's compliance therewith. The request shall be in writing and
33 relate to real or reasonably anticipated fact settings or circumstances. The Commission
34 shall issue advisory opinions having prospective application only. ~~Reliance~~ Good faith
35 reliance upon a requested written advisory opinion on a specific matter shall immunize
36 the designated individual, lobbyist, lobbyist's principal, or other person requesting that
37 written advisory opinion from ~~both~~ all of the following:

- 38 (1) Investigation by the Commission.
- 39 (2) Any adverse action by the employing entity.
- 40 (3) Investigation by the Secretary of State.

41 (b) Staff to the Commission may issue advisory opinions under procedures
42 adopted by the Commission.

43 (c) The Commission shall publish its advisory opinions at least once a year,
44 edited as necessary to protect the identities of the individuals requesting opinions.

1 (d) Except as provided under subsection (c) of this section, requests for advisory
2 opinions and advisory opinions issued pursuant to this section are confidential and not
3 matters of public record. The Commission shall forward an unedited copy of each
4 advisory opinion under this section to the Secretary of State at the time the advisory
5 opinion is issued to the requestor, and the Secretary of State shall treat that unedited
6 advisory opinion as confidential and not a public record.

7 (e) Requests for advisory opinions may be withdrawn by the requestor at any
8 time prior to the issuance of an advisory opinion."

9 **SECTION 11.** G.S. 120C-215 is amended by adding a new subsection to
10 read:

11 "(d) For purposes of this section, "incur" means the point at which a binding
12 obligation arises."

13 **SECTION 12.(a)** G.S. 120C-303(a) reads as rewritten:

14 "(a) Except as provided in subsection (b) of this section, no lobbyist or lobbyist's
15 principal may ~~directly or indirectly~~ do any of the following:

16 (1) Knowingly give a gift to a designated individual.

17 (2) Knowingly give a gift to a third party with the intent that a designated
18 individual be the ultimate recipient."

19 **SECTION 12.(b)** G.S. 120C-303 is amended by adding new subsections to
20 read:

21 "(d) Gifts made to a state, regional, national, or international legislative
22 organization of which the General Assembly is a member or a legislator or legislative
23 employee is a member or participant of by virtue of that person's public position, or to
24 an affiliated organization of that state, regional, national, or international organization,
25 shall not constitute a violation of subdivision (a)(2) of this section or of
26 G.S. 138A-32(c)(2).

27 (e) Gifts made to a state, regional, national, or international organization of
28 which a public servant's agency is a member or a public servant is a member or
29 participant of by virtue of that person's public position, or to an affiliated organization
30 of that state, regional, national, or international organization, shall not constitute a
31 violation of subdivision (a)(2) of this section or of G.S. 138A-32(c)(2)."

32 **SECTION 12.(c)** This section becomes effective December 1, 2007, and
33 applies to offenses committed on or after that date.

34 **SECTION 13.(a)** G.S. 120C-304(a)(2) reads as rewritten:

35 "(2) Before the later of the close of ~~the~~ session as set forth in
36 G.S. 120C-100(a)(4)b.1 in which the legislator served or six months
37 after leaving office."

38 **SECTION 13.(b)** This section becomes effective December 1, 2007, and
39 applies to offenses committed on or after that date.

40 **SECTION 14.** G.S. 120C-400 reads as rewritten:

41 "**§ 120C-400. Reporting of reportable expenditures.**

42 (a) For purposes of this Chapter, all reportable expenditures made for the purpose
43 of lobbying shall be reported, including the following:

- 1 (1) Reportable expenditures benefiting or made on behalf of a designated
2 individual, or those persons' immediate family members, in the regular
3 course of that individual's employment.
- 4 (2) Contractual arrangements or direct business relationships between a
5 lobbyist or lobbyist's principal and a designated individual, or that
6 person's immediate family member, in effect during the reporting
7 period or the previous 12 months.
- 8 (3) Reportable expenditures reimbursed to a lobbyist in the ordinary
9 course of business by the lobbyist's principal or other employer.

10 (b) This section shall not apply to any reportable expenditure made directly to a
11 State agency and that agency maintains an accounting of the reportable expenditure that
12 is a public record."

13 **SECTION 15.(a)** G.S. 120C-401 is amended by adding two new subsections
14 to read:

15 "(i) Any reportable expenditure paid for at fair market value or returned to a
16 lobbyist or lobbyist's principal by a designated individual or a member of the designated
17 individual's immediate family within the reporting period shall not be reported under
18 G.S. 120C-402 or G.S. 120C-403, and if reported, the repayment or return of the
19 expenditure at any time shall be reported by the lobbyist and lobbyist's principal on the
20 next report due under this Article.

21 (j) The Secretary of State shall make available a report form that may be filed by
22 a designated individual or a member of the designated individual's immediate family
23 who declines, promptly returns, pays fair market value for, or donates a reportable
24 expenditure in accordance with G.S. 138A-32(g). The Secretary of State shall index the
25 filing of this form together with the lobbyist or lobbyist's principal who gave the
26 reportable expenditure."

27 **SECTION 15.(b)** G.S. 138A-32(g) reads as rewritten:

28 "(g) A prohibited gift shall ~~be~~ be, and a permissible gift may be, declined,
29 promptly returned, paid for at fair market value, or donated immediately to charity or
30 the State."

31 **SECTION 17.** G.S. 120C-700 reads as rewritten:

32 **"§ 120C-700. Persons exempted from this Chapter.**

33 Except as otherwise provided in Article 8, the provisions of this Chapter shall not be
34 construed to apply to any of the following:

- 35 (1) An individual solely engaged in expressing a personal opinion or
36 stating facts or recommendations on legislative action or executive
37 action to a designated individual and not acting as a lobbyist.
- 38 (2) A person appearing before a committee, commission, board, council,
39 or other collective body whose membership includes one or more
40 designated individuals at the invitation or request of the committee or a
41 member thereof and who ~~engages in no~~ does not act in any further
42 activities as a lobbyist with respect to the legislative or executive
43 action for which that person appeared.

- 1 (3) A duly elected or appointed official or employee of the State, the
2 United States, a county, municipality, school district, or other
3 governmental agency, when ~~appearing~~acting solely in connection with
4 matters pertaining to the office and public duties, except for a person
5 designated as liaison personnel under G.S. 120C-500. For purposes of
6 this subdivision, an individual appointed as a county or city attorney
7 under Part 7 of Article 5 of Chapter 153A of the General Statutes or
8 Part 6 of Article 7 of Chapter 160A of the General Statutes,
9 respectively, shall be considered an employee of the county or city.
- 10 (4) A person performing professional services in drafting bills, or in
11 advising and rendering opinions to clients, or to designated individuals
12 on behalf of clients, as to the construction and effect of proposed or
13 pending legislative or executive action where the professional services
14 are not otherwise connected with the legislative or executive action.
- 15 (5) A person who owns, publishes, or is an employee of any recognized
16 news medium, while engaged in the acquisition and publication of
17 news or news and commentary on behalf of that recognized news
18 medium.
- 19 (6) Designated individuals while acting in their official capacity.
- 20 (7) A person responding to inquiries from a designated individual and who
21 ~~engages in no~~ does not act in any further activities as a lobbyist in
22 connection with that inquiry.
- 23 (8) A person who is a political committee as defined in
24 G.S. 163-278.6(14), that person's employee, or that person's contracted
25 service provider."

26 **SECTION 18.** G.S. 120C-800(c) reads as rewritten:

27 "(c) If a designated individual accepts a scholarship related to that person's public
28 service or position valued over two hundred dollars (\$200.00) from a person, or group
29 of persons, acting together, exempted or not covered by this Chapter, the person, or
30 group of persons, granting the scholarship shall report the date of the scholarship, a
31 description of the event involved, the name and address of the person, or group of
32 persons, granting the scholarship, the name of the designated individual accepting the
33 scholarship, and the estimated fair market value."

34 **SECTION 19.** G.S. 133-32(d) reads as rewritten:

35 "(d) This section is not intended to prevent a gift a public servant would be
36 permitted to accept under G.S. 138A-32, or the gift and receipt of honorariums for
37 participating in meetings, advertising items or souvenirs of nominal value, or meals
38 furnished at banquets. This section is not intended to prevent any contractor,
39 subcontractor, or supplier from making donations to professional organizations to
40 defray meeting expenses where governmental employees are members of such
41 professional organizations, nor is it intended to prevent governmental employees who
42 are members of professional organizations from participation in all scheduled meeting
43 functions available to all members of the professional organization attending the
44 meeting. This section is also not intended to prohibit customary gifts or favors between

1 employees or officers and their friends and relatives or the friends and relatives of their
2 spouses, minor children, or members of their household where it is clear that it is that
3 relationship rather than the business of the individual concerned which is the motivating
4 factor for the gift or favor. However, all such gifts knowingly made or received are
5 required to be reported by the donee to the agency head if the gifts are made by a
6 contractor, subcontractor, or supplier doing business directly or indirectly with the
7 governmental agency employing the recipient of such a gift."

8 **SECTION 20.** G.S. 138A-3(1) reads as rewritten:

9 "(1) Blind trust. – A trust established by or for the benefit of a covered
10 person or a member of the covered person's immediate family for the
11 purpose of divestiture of all control and knowledge of assets. A trust
12 qualifies as a blind trust under this subdivision if the covered person or
13 a member of the covered person's immediate family has no knowledge
14 of the holdings and sources of income of the trust, the trustee of the
15 trust is independent of and not associated with or employed by the
16 covered person or a member of the covered person's immediate family
17 and is not a relative of the covered person or a member of the covered
18 person's immediate family, and the trustee has sole discretion as to the
19 management of the trust assets.

20 ~~(1)~~(1c) Board. – Any State board, commission, council, committee, task force,
21 authority, or similar public body, however denominated, created by
22 statute or executive order, as determined and designated by the
23 Commission, except for those public bodies that have only advisory
24 authority."

25 **SECTION 21.** G.S. 138A-3(3) reads as rewritten:

26 "(3) Business with which associated. – A business in which the person or
27 any member of the person's immediate family does any of the
28 following:

- 29 a. Is an employee.
30 b. Holds a position as a director, officer, partner, proprietor, or
31 member or manager of a limited liability company, irrespective
32 of the amount of compensation received or the amount of the
33 interest owned.
34 c. Owns a legal, equitable, or beneficial interest of ten thousand
35 dollars (\$10,000) or more in the business or five percent (5%)
36 of the business, whichever is less, other than as a trustee on a
37 deed of trust.
38 d. Is a lobbyist registered under Chapter 120C of the General
39 Statutes.

40 For purposes of this subdivision, the term 'business' shall not
41 include a widely held investment fund, including a mutual fund,
42 regulated investment company, or pension or deferred compensation
43 plan, if all of the following apply:

- 1 a. The person or a member of the person's immediate family
2 neither exercises nor has the ability to exercise control over the
3 financial interests held by the fund.
4 b. The fund is publicly traded, or the fund's assets are widely
5 diversified."

6 **SECTION 22.** G.S. 138A-3(15) reads as rewritten:

7 "(15) Gift. – Anything of monetary value given or received without valuable
8 consideration by or from a lobbyist, lobbyist principal, liaison
9 personnel, or a person described under G.S. 138A-32(d)(1), (2), or (3).

10 The following shall not be considered gifts under this subdivision:

- 11 a. Anything for which fair market value, or face value if shown, is
12 paid by the covered person or legislative employee.
13 b. Commercially available loans made on terms not more
14 favorable than generally available to the general public in the
15 normal course of business if not made for the purpose of
16 lobbying.
17 c. Contractual arrangements or commercial relationships or
18 arrangements made in the normal course of business if not
19 made for the purpose of lobbying.
20 d. Academic or athletic scholarships based on the same criteria as
21 applied to the public.
22 e. Campaign contributions properly received and reported as
23 required under Article 22A of Chapter 163 of the General
24 Statutes.
25 f. Expressions of condolence related to a death of an individual,
26 sent within a reasonable time of the death, if the expression is
27 one of the following:
28 1. A sympathy card, letter, or note.
29 2. Flowers.
30 3. Food or beverages for immediate consumption.
31 4. Donations to a religious organization, charity, the State
32 or a political subdivision of the State, not to exceed a
33 total of two hundred dollars (\$200.00) per death per
34 donor."

35 **SECTION 23.** G.S. 138A-3 is amended by adding a new subdivision to

36 read:

37 "(26c) Permanent designee. – An individual designated by a public servant to
38 serve and vote in the absence of the public servant on a regular basis
39 on a board on which the public servant serves."

40 **SECTION 24.** G.S. 138A-3(27) reads as rewritten:

41 "(27) Person. – Any individual, firm, partnership, committee, association,
42 corporation, business, or any other organization or group of persons
43 acting together. The term "person" does not include the State, a
44 political subdivision of the State, a board, or any other entity or

1 organization created by the State or a political subdivision of the
2 State."

3 **SECTION 25.** G.S. 138A-3(29) reads as rewritten:

4 "(29) Public event. – Any of the following:

5 a. ~~For legislators and legislative employees:~~

6 1. An organized gathering of persons open to the general
7 public to which all legislators or legislative employees
8 are invited to attend.

9 b.2. An organized gathering of a person to which a legislator or
10 legislative employee is invited along with the entire
11 membership of the House of Representatives, Senate, a
12 committee, a standing subcommittee, a county legislative
13 delegation, a municipal legislative delegation, a joint
14 committee, a joint commission, or a recognized legislative
15 caucus with regular meetings other than meetings with one or
16 more lobbyists, and one of the following apply:

17 1.1. At least 10 individuals associated with the person
18 actually attend, other than the legislator or legislative
19 employee, or the immediate family of the legislator or
20 legislative employee.

21 2.1. All shareholders, employees, board members, officers,
22 members, or subscribers of the person located in North
23 Carolina are notified and invited to attend.

24 3.1. The person is a governmental body and the gathering is
25 subject to the open meetings law.

26 b.c. ~~For public servants:~~

27 1. An organized gathering of individuals open to the
28 general public to which at least 10 public servants are
29 invited to attend.

30 d.2. An organized gathering of a governmental body, the gathering
31 of which is subject to the open meetings law, and to which the
32 entire board of which the public servant is a member or at least
33 10 public servants are invited to attend.

34 e.3. An organized gathering of a person to which at least 10 public
35 servants are invited to attend and to which at least 10
36 individuals, other than the public servant, or the public servant's
37 immediate family, actually attend, or to which all shareholders,
38 employees, board members, officers, members, or subscribers
39 of the person who are located in a specific North Carolina office
40 or county are notified and invited to attend."

41 **SECTION 26.** G.S. 138A-3(30)i. reads as rewritten:

42 "i. All voting members of boards, including ex officio ~~members~~
43 members, permanent designees of any voting member, and

1 members serving by executive, legislative, or judicial branch
2 appointment."

3 **SECTION 27.** G.S. 138A-3(31) reads as rewritten:

4 "(31) Vested trust. – A trust, annuity, or other funds held by a trustee or
5 other third party for the benefit of the covered person or a member of
6 the covered person's immediate ~~family~~ family, except a blind trust. A
7 vested trust shall not include a widely held investment fund, including
8 a mutual fund, regulated investment company, or pension or deferred
9 compensation plan, if:

- 10 a. The covered person or a member of the covered person's
11 immediate family neither exercises nor has the ability to
12 exercise control over the financial interests held by the fund;
13 and
14 b. The fund is publicly traded, or the fund's assets are widely
15 diversified."

16 **SECTION 28.** G.S. 138A-12(f) reads as rewritten:

17 "(f) Dismissal of Complaint After Preliminary Inquiry. – If the Commission
18 determines at the end of its preliminary inquiry that (i) the individual who is the subject
19 of the complaint is not a covered person or legislative employee subject to the
20 Commission's jurisdiction and authority under this Chapter, or (ii) the complaint does
21 not allege facts sufficient to constitute a violation ~~of this Chapter~~, within the jurisdiction
22 of the Commission under subsection (b) if this section, the Commission shall dismiss
23 the complaint."

24 **SECTION 29.** G.S. 138A-12(i)(4) reads as rewritten:

25 "(4) At any hearing held by the Commission:

- 26 a. Oral evidence shall be taken only on oath or affirmation.
27 b. The hearing shall be ~~held in closed session unless the public~~
28 ~~servant requests that the hearing be held in open session.~~ open to
29 the public, except for matters involving minors, personnel
30 records, or matters that could otherwise be considered in closed
31 session under G.S. 143-318.11. In any event, the deliberations
32 by the Commission on a complaint may be held in closed
33 session.
34 c. The public servant being investigated shall have the right to
35 present evidence, call and examine witnesses, cross-examine
36 witnesses, introduce exhibits, and be represented by counsel."

37 **SECTION 29.5.** G.S. 138A-12(k)(3)e. reads as rewritten:

38 "(3) If the Commission finds that the alleged violation of this Chapter is
39 established by clear and convincing evidence, the Commission shall do
40 one or more of the following:

41 ...

- 42 e. Refer the matter for appropriate action to the principal clerk of
43 the house of the General Assembly that elected the public

1 servant for members of the Board of ~~Governors~~. Governors and
2 the State Board of Community Colleges."

3 **SECTION 30.** G.S. 138A-12(n) reads as rewritten:

4 "(n) Confidentiality. – Complaints and responses filed with the Commission and
5 reports and other investigative documents and records of the Commission connected to
6 an inquiry under this section shall be confidential and not matters of public record,
7 except as otherwise provided in this section or when the covered person or legislative
8 employee under inquiry requests in writing that the ~~records and~~ complaint, response,
9 and findings be made public prior to the time the employing entity imposes public
10 sanctions. public. At such time as public sanctions are imposed on a covered
11 person. Once a hearing under this section commences, the complaint, response, and
12 Commission's report to the employing entity shall be made public. all other documents
13 offered at the hearing in conjunction with the complaint, not otherwise privileged or
14 confidential under law, shall be public records. If no hearing is held at such time as the
15 Commission reports to the employing entity a recommendation of sanctions, the
16 complaint and response shall be made public."

17 **SECTION 31.** G.S. 138A-12(o) reads as rewritten:

18 "(o) Recommendations of Sanctions. – After referring a matter under subsection
19 (k) of this section, if requested by the entity to which the matter was referred, the
20 Commission may recommend sanctions or issue rulings as it deems necessary or
21 appropriate to protect the public interest and ensure compliance with this Chapter. In
22 recommending appropriate sanctions, the Commission may consider the following
23 factors:

- 24 (1) The public servant's prior experience in an agency or on a board and
25 prior opportunities to learn the ethical standards for a public servant as
26 set forth in Article 4 of this Chapter, including those dealing with
27 conflicts of interest.
- 28 (2) The number of ethics violations.
- 29 (3) The severity of the ethics violations.
- 30 (4) Whether the ethics violations involve the public servant's financial
31 ~~interests or arise from an appearance of conflict of interest.~~
- 32 (5) Whether the ethics violations were inadvertent or intentional.
- 33 (6) Whether the public servant knew or should have known that the
34 improper conduct was a violation of this Chapter.
- 35 (7) Whether the public servant has previously been advised or warned by
36 the Commission.
- 37 (8) Whether the conduct or situation giving rise to the ethics violation was
38 pointed out to the public servant in the Commission's Statement of
39 Economic Interest evaluation letter issued under G.S. 138A-24(e).
- 40 (9) The public servant's motivation or reason for the improper conduct or
41 action, including whether the action was for personal financial gain
42 versus protection of the public interest.

43 In making recommendations under this subsection, if the Commission determines,
44 after proper review and investigation, that sanctions are appropriate, the Commission

1 may recommend any action it deems necessary to properly address and rectify any
2 violation of this Chapter by a public servant, including removal of the public servant
3 from the public servant's State position. Nothing in this subsection is intended, and shall
4 not be construed, to give the Commission any independent civil, criminal, or
5 administrative investigative or enforcement authority over covered persons, or other
6 State employees or appointees."

7 **SECTION 32.** G.S. 138A-13 reads as rewritten:

8 "**§ 138A-13. Advisory opinions.**

9 (a) At the request of any public servant or legislative employee, any individual
10 who is responsible for the supervision or appointment of a person who is a public
11 servant or legislative employee, legal counsel for any public servant, any ethics liaison
12 under G.S. 138A-14, or any member of the Commission, the Commission shall render
13 advisory opinions on specific questions involving the meaning and application of this
14 Chapter and the public servant's or legislative employee's compliance therewith. The
15 request shall be in writing, electronic or otherwise, and relate prospectively to real or
16 reasonably anticipated fact settings or circumstances. On its own motion, the
17 Commission may render advisory opinions on specific questions involving the meaning
18 and application of this Chapter. The Commission shall issue advisory opinions having
19 prospective application only. Reliance upon a requested written advisory opinion on a
20 specific matter shall immunize the public servant or legislative employee, on that
21 matter, from ~~both~~ all of the following:

- 22 (1) Investigation by the ~~Commission~~ Commission, except for an inquiry
23 under G.S. 138A-12(b)(3).
24 (2) Any adverse action by the employing entity.
25 (3) Investigation by the Secretary of State.

26 (b) At the request of a legislator, the Commission shall render recommended
27 advisory opinions on specific questions involving the meaning and application of this
28 Chapter and Part 1 of Article 14 of Chapter 120 of the General Statutes, and the
29 legislator's compliance therewith. The request shall be in writing, electronic or
30 otherwise, and relate prospectively to real or reasonably anticipated fact settings or
31 circumstances. The Commission shall issue advisory opinions having prospective
32 application only. Until action is taken by the Committee under G.S. 120-104, reliance
33 upon a requested written advisory opinion on a specific matter shall immunize the
34 legislator, on that matter, from ~~both~~ all of the following:

- 35 (1) Investigation by the Committee or ~~Commission~~ Commission, except
36 for an inquiry under G.S. 138A-12(b)(3).
37 (2) Any adverse action by the house of which the legislator is a member.
38 (3) Investigation by the Secretary of State.

39 Any advisory opinion issued to a legislator under this subsection shall immediately be
40 delivered to the chairs of the ~~Committee~~ Committee, together with a copy of the request.
41 Except for the Lieutenant Governor, the immunity granted under this subsection shall
42 not apply after the time the Committee modifies or overturns the advisory opinion of the
43 Commission in accordance with G.S. 120-104.

1 (c) Staff to the Commission may issue advisory opinions under procedures
2 adopted by the Commission.

3 (d) The Commission shall publish its advisory opinions at least once a year.
4 These advisory opinions shall be edited for publication purposes as necessary to protect
5 the identities of the individuals requesting opinions. When the Commission issues a
6 recommended opinion to a legislator under subsection (b) of this section, the
7 Commission shall publish only the formal advisory opinion of the Committee upon its
8 submission to the Commission.

9 (e) Except as provided under subsection (d) of this section, requests for advisory
10 opinions, and advisory opinions issued under this section, are confidential and not
11 public records. Staff to the Commission may share all information related to requests
12 made under subsection (b) of this section with staff to the Committee, and staff to the
13 Committee shall treat that information as confidential and not a public record.

14 (f) ~~This section shall not apply to judicial officers.~~

15 (g) Requests for advisory opinions may be withdrawn by the requestor at any
16 time prior to the issuance of an advisory opinion."

17 **SECTION 33.** G.S. 138A-22(a) reads as rewritten:

18 "(a) Every covered person subject to this Chapter who is elected, appointed, or
19 employed, including one appointed to fill a vacancy in elective office, except for public
20 servants included under G.S. 138A-3(30)b., e., f., or g. whose annual compensation
21 from the State is less than sixty thousand dollars (\$60,000), shall file a statement of
22 economic interest with the Commission prior to the covered person's initial
23 appointment, election, or employment and no later than ~~March 15th~~ April 15 of every
24 year thereafter, except as otherwise filed under ~~subsections~~ subsections (c1) and (d) of
25 this section. A prospective covered person required to file a statement under this
26 Chapter shall not be appointed, employed, or receive a certificate of election, prior to
27 submission by the Commission of the Commission's evaluation of the statement in
28 accordance with this Article. The requirement for an annual filing under this subsection
29 also shall apply to covered persons whose terms have expired but who continue to serve
30 until the person's replacement is appointed. Once a statement of economic interest is
31 properly completed and filed under this Article, the statement of economic interest does
32 not need to be supplemented or refiled prior to the next due date set forth in this
33 subsection."

34 **SECTION 34.** G.S. 138A-22 is amended by adding a new subsection to
35 read:

36 "(c1) A public servant reappointed to a board between January 1 and April 15 shall
37 file a current statement of economic interest prior to the reappointment."

38 **SECTION 35.** G.S. 138A-24 reads as rewritten:

39 "**§ 138A-24. Contents of statement.**

40 (a) Any statement of economic interest filed under this Article shall be on a form
41 prescribed by the Commission and sworn to by the filing person. Answers must be
42 provided to all questions. The form shall include the following information about the
43 filing person and the filing person's immediate family:

- 1 (1) Except as otherwise provided in this subdivision, the name, ~~home~~
2 ~~address,~~ current mailing address, occupation, employer, and business
3 of the person. Any person holding or seeking elected office for which
4 residence is a qualification for office shall include a home address. A
5 judicial officer may use a ~~business~~ current mailing address instead of
6 the home address on the form required in this subsection. The judicial
7 officer may also use the initials instead of the name of any
8 unemancipated child of the judicial officer who also resides in the
9 household of the judicial officer. If the judicial officer ~~provides a~~
10 ~~business address or~~ provides the initials of an unemancipated child, the
11 judicial officer shall concurrently provide a ~~home address and~~ the
12 name of the unemancipated child to the Commission. The ~~home~~
13 ~~address and~~ the name of an unemancipated child provided by the
14 judicial officer to the Commission shall not be a public record under
15 Chapter 132 of the General Statutes and is privileged and confidential.
- 16 (2) A list of each asset and liability included in this subdivision of
17 whatever nature (including legal, equitable, or beneficial interest) with
18 a value of at least ten thousand dollars (\$10,000) owned by the filing
19 person and the filing person's immediate ~~family.~~ family, except assets
20 or liabilities held in a blind trust. This list shall include the following:
- 21 a. All real estate located in the State owned wholly or in part by
22 the filing person or the filing person's immediate family,
23 including descriptions adequate to determine the location by
24 city and county of each parcel.
- 25 b. Real estate that is currently leased or rented to or from the State.
- 26 c. Personal property sold to or bought from the State within the
27 preceding two years.
- 28 d. Personal property currently leased or rented to or from the
29 State.
- 30 e. The name of each publicly owned company. For purposes of
31 this sub-subdivision, the term 'publicly owned company' shall
32 not include a widely held investment fund, including a mutual
33 fund, regulated investment company, or pension or deferred
34 compensation plan, if all of the following apply:
- 35 1. The filing person or a member of the filing person's
36 immediate family neither exercises nor has the ability to
37 exercise control over the financial interests held by the
38 fund.
- 39 2. The fund is publicly traded, or the fund's assets are
40 widely diversified.
- 41 f. The name of each nonpublicly owned company or business
42 entity, including interests in partnerships, limited partnerships,
43 joint ventures, limited liability companies, limited liability
44 partnerships, and closely held corporations.

- 1 g. For each company or business entity listed under
2 sub-subdivision f. of this subdivision, if known, a list of any
3 other companies or business entities in which the company or
4 business entity owns securities or equity interests exceeding a
5 value of ten thousand dollars (\$10,000).
- 6 h. A list of all nonpublicly owned businesses of which the person
7 is an officer, employee, director, partner, owner, or member or
8 manager of a limited liability company.
- 9 i. For any company or business entity listed under
10 sub-subdivisions f., g., and h. of this subdivision, if known, any
11 company or business entity that has any material business
12 dealings, contracts, or other involvement with the State, or is
13 regulated by the State, including a brief description of the
14 business activity.
- 15 j. For a vested trust created, established, or controlled by the
16 filing person of which the filing person or the members of the
17 filing person's immediate family are the beneficiaries, excluding
18 a blind trust, the name and address of the trustee, a description
19 of the trust, and the filing person's relationship to the trust.
- 20 k. A list of all liabilities, excluding indebtedness on the filing
21 person's primary personal residence, by type of creditor and
22 debtor.
- 23 ~~l. A list of any public or private enterprise, incorporated or~~
24 ~~otherwise, that is organized or operating in the State primarily~~
25 ~~for religious, charitable, scientific, literary, public health and~~
26 ~~safety, or educational purposes and of which the person or any~~
27 ~~member of the person's immediate family is a director, officer,~~
28 ~~governing board member, employee, or independent contractor~~
29 ~~as of December 31 of the preceding year, including a list of~~
30 ~~which of those nonprofit corporations or organizations do~~
31 ~~business with the State or receive State funds, if known, and a~~
32 ~~brief description of the nature of the business, or which with~~
33 ~~due diligence could reasonably be known.~~
- 34 m. A list of all stock options in a company or business not
35 otherwise disclosed on this statement.
- 36 (3) ~~A list~~ The name of each source (not specific amounts) of income of
37 more than five thousand dollars (\$5,000) received during the previous
38 year by business or industry type, ~~including salary or wages,~~
39 ~~professional fees, honoraria, interest, dividends, capital gains, and~~
40 ~~business income.~~ if that source is not listed under subdivision (2) of
41 this section. Income shall include salary, wages, professional fees,
42 honoraria, interest, dividends, rental income, and business income
43 from any source other than capital gains, federal government
44 retirement, military retirement, or social security income.

- 1 (4) If the filing person is a practicing attorney, an indication of whether
2 the filing person, or the law firm with which the filing person is
3 affiliated, earned legal fees during the past year in excess of ten
4 thousand dollars (\$10,000) from any of the following categories of
5 legal representation:
6 a. Administrative law.
7 b. Admiralty law.
8 c. Corporate law.
9 d. Criminal law.
10 e. Decedents' estates law.
11 f. Environmental law.
12 g. Insurance law.
13 h. Labor law.
14 i. Local government law.
15 j. Negligence or other tort litigation law.
16 k. Real property law.
17 l. Securities law.
18 m. Taxation law.
19 n. Utilities regulation law.
- 20 (5) Except for a filing person in compliance under subdivision (4) of this
21 subsection, if the filing person is a licensed professional or provides
22 consulting services, either individually or as a member of a
23 professional association, a list of categories of business and the nature
24 of services rendered, for which payment for services were charged or
25 paid during the past year in excess of ten thousand dollars (\$10,000).
- 26 (6) An indication of whether the filing person, the filing person's
27 employer, a member of the filing person's immediate family, or the
28 immediate family member's employer is licensed or regulated by, or
29 has a business relationship with, the board or employing entity with
30 which the filing person is or will be associated. This subdivision does
31 not apply to a legislator or a judicial officer.
- 32 (7) A list of ~~the public servant's or the public servant's immediate family's~~
33 ~~memberships or other affiliations with, including offices held in,~~
34 societies, organizations, or advocacy groups, pertaining to subject
35 matter areas over which the public servant's agency or board may have
36 jurisdiction. ~~jurisdiction, in which the public servant or a member of~~
37 the public servant's immediate family is a director, officer, or
38 governing board member. This subdivision does not apply to a
39 legislator, a judicial officer, or that person's immediate family.
- 40 (8) A list of all things ~~of monetary with a total value greater than~~ of over
41 two hundred dollars (\$200.00) per calendar quarter given and received
42 without valuable consideration and under circumstances that a
43 reasonable person would conclude that the thing was given for the
44 purpose of lobbying, if such things ~~where~~ were given by a person not

1 required to report under Chapter 120C of the General Statutes, ~~or from~~
2 excluding things given by a member of the person's extended family.
3 The list shall include only those things received during the 12 months
4 preceding the reporting period under subsection (d) of this section, and
5 shall include the source of those things. The list required by this
6 subdivision shall not apply to things of monetary value received by the
7 filing person prior to the time the person filed or was nominated as a
8 candidate for office, as described in G.S. 138A-22, or was appointed or
9 employed as a covered person.

10 (9) A list of any felony convictions of the filing ~~person-person,~~ excluding
11 any felony convictions for which a pardon of innocence or order of
12 expungement has been granted.

13 (10) Any other economic or financial information that is necessary either to
14 carry out the purposes of this Chapter or to fully disclose any conflict
15 of interest or potential conflict of interest. If the filing person believes
16 a potential for conflict exists, the filing person has a duty to inquire of
17 the Commission as to that potential conflict. If a filing person is
18 uncertain of whether particular information is necessary, then the filing
19 person shall consult the Commission for guidance.

20 (11) A list of any nonprofit corporation or organization with which
21 associated during the preceding calendar year, including a list of which
22 of those nonprofit corporations or organizations with which associated
23 do business with the State or receive State funds and a brief
24 description of the nature of the business, if known or with which due
25 diligence could reasonably be known.

26 (12) A statement of whether the filing person or the filing person's
27 immediate family is or has been a lobbyist or lobbyist principal
28 registered under Chapter 120C of the General Statutes within the
29 preceding 12 months.

30 (b) The Supreme Court, the Committee, constitutional officers of the State, heads
31 of principal departments, the Board of Governors of The University of North Carolina,
32 the State Board of Community Colleges, other boards, and the appointing authority or
33 employing entity may require a filing person to file supplemental information in
34 conjunction with the filing of that person's statement of economic interest. These
35 supplemental filings requirements shall be filed with the Commission and included on
36 the forms to be filed with the Commission. The Commission shall evaluate the
37 supplemental forms as part of the statement of economic interest. The failure to file
38 supplemental forms shall be subject to the provisions of G.S. 138A-25.

39 (c) Each statement of economic interest shall contain sworn certification by the
40 filing person that the filing person has read the statement and that, to the best of the
41 filing person's knowledge and belief, the statement is true, correct, and complete. The
42 filing person's sworn certification also shall provide that the filing person has not
43 transferred, and will not transfer, any asset, interest, or other property for the purpose of
44 concealing it from disclosure while retaining an equitable interest therein.

1 (d) All information provided in the statement of economic interest shall be
2 current as of the last day of December of the year preceding the date the statement of
3 economic interest was due.

4 (e) The Commission shall prepare a written evaluation of each statement of
5 economic interest relative to conflicts of interest and potential conflicts of interest. The
6 Commission shall submit the evaluation to all of the following:

- 7 (1) The filing person who submitted the statement.
- 8 (2) The head of the agency in which the filing person serves.
- 9 (3) The Governor for gubernatorial appointees and employees in agencies
10 under the Governor's authority.
- 11 (4) The Chief Justice for judicial officers and judicial employees.
- 12 (5) The appointing or hiring authority for those public servants not under
13 the Governor's authority.
- 14 (6) The State Board of Elections for those filing persons who are elected.
- 15 (7) The Committee, together with a copy of the statement of economic
16 interest, for legislators."

17 **SECTION 36.** G.S. 138A-32(c) reads as rewritten:

18 "(c) No public servant, legislator, or legislative employee shall knowingly accept
19 a ~~gift, directly or indirectly,~~ gift from a lobbyist or lobbyist principal registered under
20 Chapter 120C of the General Statutes, as defined in G.S. 120C-100. No public servant,
21 legislator, or legislative employee shall accept a gift from a third party knowing all of
22 the following:

- 23 (1) The third party obtained the gift from a lobbyist or lobbyist principal
24 registered under Chapter 120C of the General Statutes.
- 25 (2) The lobbyist or lobbyist principal registered under Chapter 120C of the
26 General Statutes intended for the ultimate recipient of the gift to be a
27 public servant, legislator, or legislative employee as required by
28 G.S. 120C-303(a)(2)."

29 **SECTION 37.** G.S. 138A-32(d) reads as rewritten:

30 "(d) No public servant shall knowingly accept a ~~gift, directly or indirectly,~~ gift
31 from a person whom the public servant knows or has reason to know any of the
32 following:

- 33 (1) Is doing or is seeking to do business of any kind with the public
34 servant's employing entity.
- 35 (2) Is engaged in activities that are regulated or controlled by the public
36 servant's employing entity.
- 37 (3) Has financial interests that may be substantially and materially
38 affected, in a manner distinguishable from the public generally, by the
39 performance or nonperformance of the public servant's official duties."

40 **SECTION 38.** G.S. 138A-32 is amended by adding a new subsection to
41 read:

42 "(d1) No public servant shall accept a gift from a third party knowing all of the
43 following:

- 1 (1) The third party obtained the gift from a person described under
 2 subdivisions (d)(1), (2), and (3) of this section.
 3 (2) The person described under subdivisions (d)(1), (2), and (3) of this
 4 section intended for the gift to benefit the public servant."

5 **SECTION 38.5.** G.S. 138A-32(e) reads as rewritten:

6 "(e) ~~Subsections (e) and (d)(c), (d), and (d1)~~ of this section shall not apply to any
 7 of the following:

8 "

9 **SECTION 39.** G.S. 138A-32(e)(3) reads as rewritten:

- 10 "(3) Reasonable actual expenditures of the ~~covered person~~ legislator, public
 11 servant, or legislative employee for food, beverages, registration,
 12 travel, lodging, other incidental items of nominal value, and
 13 entertainment, in connection with (i) a ~~covered person's~~ legislator's,
 14 public servant's, or legislative employee's attendance at an educational
 15 meeting for purposes primarily related to the public duties and
 16 responsibilities of the ~~covered person~~ legislator, public servant, or
 17 legislative ~~employee,~~ employee; (ii) a legislator's, public servant's, or
 18 legislative employee's ~~or in order for the covered person or legislative~~
 19 ~~employee to participate~~ participation as a speaker or member of a
 20 ~~panel;~~ panel at a meeting; ~~(ii)(iii)~~ (iii) a legislator's or legislative employee's
 21 attendance and participation in meetings of a state, regional, national,
 22 or international legislative organization of which the General
 23 Assembly is a member or that the legislator or legislative employee is
 24 a member or participant of by virtue of that person's public position, or
 25 as a member of a board, agency, or committee of such organization; or
 26 ~~(iii)(iv)~~ (iv) a public servant's attendance and participation in meetings as a
 27 member of a board, agency, or committee of a state, regional, national,
 28 or international ~~legislative~~ organization of which the public servant's
 29 agency is a member or the public servant is a member by virtue of that
 30 person's public position, provided the following conditions are met:
 31 a. The reasonable actual expenditures shall be made by a
 32 lobbyist's principal, and not a lobbyist.
 33 b. Any ~~educational~~ meeting must be attended by at least 10 or
 34 more participants, have a formal agenda, and notice of the
 35 meeting has been given at least 10 days in advance.
 36 c. Any food, beverages, transportation, or entertainment must be
 37 provided to all attendees or defined groups of 10 or more
 38 ~~attendees.~~ attendees as part of the meeting or in conjunction with
 39 the meeting.
 40 d. Any entertainment must be incidental to the principal agenda of
 41 the ~~educational~~ meeting.
 42 e. If the legislator, public servant, or legislative employee is
 43 participating as a speaker or member of a panel, then that

1 legislator, public servant, or legislative employee must be a
2 bona fide speaker or participant."

3 **SECTION 40.** G.S. 138A-32(e)(6) reads as rewritten:

4 "(6) Anything generally made available or distributed to the general public
5 or all other State employees by lobbyists or lobbyist's ~~principals.~~
6 principals, or persons described in subdivisions (d)(1), (2), or (3) of
7 this section."

8 **SECTION 41.** G.S. 138A-32(e)(10) reads as rewritten:

9 "(10) Gifts given or received as part of a business, civic, religious, fraternal,
10 personal, or commercial relationship provided all of the following
11 conditions are met:

12 a. The relationship is not related to the person's public service or
13 position and position.

14 b. The gift is made under circumstances that a reasonable person
15 would conclude that the gift was not given for the purpose of
16 lobbying."

17 **SECTION 42.(a)** G.S. 138A-32(e) is amended by adding a new subdivision

18 to read:

19 "(11) Food and beverages for immediate consumption and related
20 transportation provided all of the following conditions are met:

21 a. The food, beverage, or transportation is given by a lobbyist
22 principal and not a lobbyist.

23 b. The food, beverage, or transportation is provided during a
24 conference, meeting, or similar event and is available to all
25 attendees of the same class as the recipient.

26 c. The recipient of the food, beverage, or transportation is a
27 director, officer, governing board member, employee, or
28 independent contractor of one of the following:

29 1. The lobbyist principal giving the food, beverage, or
30 transportation.

31 2. A third party that received the funds to purchase the
32 food, beverage, or transportation."

33 **SECTION 42.(b)** G.S. 120C-402(b)(4) reads as rewritten:

34 "(4) All reportable expenditures for gifts given under
35 ~~G.S. 138A-32(e)(1)-(9)~~ G.S. 138A-32(e)(1)-(9), 138A-32(e)(11), and
36 all gifts given under ~~G.S. 138A-32(e)(10)~~ G.S. 138A-32(e)(10) with a
37 value of more than ten dollars (\$10.00)."

38 **SECTION 42.(c)** G.S. 120C-403(b)(5) reads as rewritten:

39 "(5) All reportable expenditures for gifts given under
40 ~~G.S. 138A-32(e)(1)-(9)~~ G.S. 138A-32(e)(1)-(9), 138A-32(e)(11), and
41 all gifts given under G.S. 138A-32(e)(10) with a value of more than
42 two hundred dollars (\$200.00)."

43 **SECTION 43.** G.S. 138A-36 is amended by adding a new subsection to

44 read:

1 "(e) This section shall not allow participation in an official action prohibited by
2 G.S. 14-234."

3 **SECTION 44.** G.S. 138A-38(1) reads as rewritten:

4 "(1) The only interest or reasonably foreseeable benefit that accrues to the
5 covered person, the covered person's extended family, nonprofit with
6 which the covered person is associated, or business with which the
7 covered person is associated as a member of a profession, occupation,
8 or general class is no greater than that which could reasonably be
9 foreseen to accrue to all members of that profession, occupation, or
10 general class."

11 **SECTION 45.** G.S. 160A-480.3 is amended by adding a new subsection to
12 read:

13 "(h) Any authority created under this Part shall be treated as a board for purposes
14 of Chapter 138A of the General Statutes."

15 **SECTION 46.** Except as otherwise provided in this act, this act becomes
16 effective October 1, 2007. Any rules adopted by the Secretary of State pursuant to
17 G.S. 120C-101, 120C-201(b), 120C-207(b) or 120C-401(h) that become effective prior
18 to October 1, 2007, are repealed on the effective date of a final rule replacing a rule
19 adopted by the Secretary of State submitted to the Codifier of Rules by the State Ethics
20 Commission pursuant to G.S. 120C-101, as amended by Section 9 of this act. The State
21 Ethics Commission shall notify the Codifier of Rules of existing rules repealed by virtue
22 of the rules of the State Ethics Commission becoming effective.