



## Summary of the North Carolina Lobbying Law

Last updated: October 12, 2016

### What constitutes lobbying under this law?

- Under N.C. law, lobbying includes:
  - (i) any attempts to influence legislative or executive action through direct communication with a legislator, legislative employee, or public servant (a "designated individual") or that person's immediate family member; AND
  - (ii) developing goodwill with a designated individual for the purpose of influencing or attempting to influence legislative or executive action.
- Note: Public servants include a wide range of state executive branch officials with decision-making authority. For the full list, see <http://www.ethicscommission.nc.gov/coverage/coveredPersons.aspx>.

### Who is regulated under this law?

- **Lobbyist:** An individual who engages in direct lobbying or goodwill lobbying on behalf of an organization and who is compensated for lobbying. Any nonprofit **employee** who spends at least 5% of his or her time in any 30-day period on direct lobbying or who spends at least 5% of his or her time in any 30-day period on goodwill lobbying. Contract lobbyists hired by nonprofits must register regardless of how much they lobby. Nonprofit **volunteers** aren't required to register.
- **Principal:** The entity on whose behalf a lobbyist lobbies. Nonprofits that lobby are typically principals.
- **Solicitor:** An entity that isn't otherwise required to file reports, but which solicits members of the general public to engage in lobbying activities. To qualify as a solicitor, an entity must spend at least \$3,000 in any 90-day period on solicitation activities.

### What are the registration requirements?

- Lobbyists, principals, and solicitors must register with the N.C. Secretary of State every year.
- Lobbyists must register within one day after they begin lobbying.
- There is a \$250 annual fee for lobbyists and principals.
- Starting in 2014, these fees can no longer be waived or reduced for small nonprofits.

### What are the reporting requirements?

- Lobbyists, principals, and solicitors must file quarterly reports of their lobbying and solicitation activities.
- Quarterly reports are required even if a lobbyist or principal had no lobbying expenditures.
- **Beginning in October 2013, all reports must be filed electronically with the N.C. Secretary of State.** E-filing can be done through an e-notary or by scanning printed documents and submitting them through the Lobbying Compliance Division's web portal: <http://www.secretary.state.nc.us/Lobbyists/>.
- When the General Assembly is in session, lobbyists and principals must file additional monthly reports if they had reportable expenditures that were made for the benefit of designated individuals.
- Beginning in 2011, principals need to report total compensation paid to their lobbyists for actual lobbying and related activities once a year, on their final reports. This total includes the amount spent on:
  - Direct lobbying and goodwill lobbying;
  - Research;
  - Drafting letters and emails;
  - Monitoring legislative or executive action including time spent communicating with others in the organization about proposed or pending legislative or executive action; and
  - Time spent advising and giving opinions to others in the organization about the effect of legislative or executive action.
- Principals need to report the names of other organizations to which it "loans" its lobbyists to provide lobbying activities. However, nonprofits don't need to report when their lobbyists help members.
- In 2010, principals also had to include in their expense reports all expenses that the lobbyist would not have incurred *but for his or her lobbying activities*. This "but for" standard is no longer used.

## How does lobbying under the N.C. law differ from the definition of lobbying under federal tax law?

1. The N.C. law covers executive action as well as legislative action, whereas IRS lobbying rules apply only to legislative lobbying.
2. The N.C. rules only apply to lobbying with the N.C. state government, whereas the IRS lobbying rules apply to lobbying with federal, state, or local governments.
3. For purposes of the N.C. rules, developing goodwill with designated individuals counts as lobbying. This isn't included under IRS lobbying rules.
4. Encouraging others to take action on legislation is grassroots lobbying under IRS rules, but it isn't lobbying under the N.C. rules.

## What is the lobbyist gift ban?

- Generally, gifts from lobbyists or principals to designated individuals are banned.
- There are several important exceptions to this gift ban. These exceptions include:
  - Food and beverages for immediate consumption at certain *free* public events. For legislators, public events include those events where an entire legislative body (including a committee or subcommittee) is invited AND (i) there are at least 10 other attendees; OR (ii) all members or board members of the organization are invited. For public servants, public events include those events where at least 10 public servants are invited AND (i) the event is open to general public; OR (ii) there are at least 10 other attendees. To meet this exception, the event must have a sign indicating that it is open to the general public.
  - Reasonable expenses for educational meetings. Educational meetings are events with at least 10 or more attendees, a formal agenda, and only incidental entertainment, with notice given at least 10 days in advance.
  - Reasonable food, beverage, and transportation expense reimbursements for legislators or civil servants who are employees, board members, or contractors of a nonprofit.
  - Plaques and non-monetary mementos.

## What are other restrictions on lobbyist activities?

- Lobbyists can't make campaign contributions to state legislators or public servants or candidates for these offices.
- Lobbyists can't collect or deliver campaign contributions from multiple contributors.
- State legislators and some public servants are prohibited from registering as lobbyists for a period of time after leaving office. For more information, see N.C. General Statutes § 120C-304.
- Lobbyists are restricted from serving on certain state boards and commissions. For more information, see N.C. General Statutes § 120C-304(e).
- Nonprofits may not use state funds to pay for lobbying activities. ***Nonprofits with state grants and contracts can lobby, but they must allocate non-state funds to cover their lobbying expenses.***

## How does the law affect legislators' involvement with nonprofits?

- Legislators must file a Statement of Economic Interest with the N.C. State Ethics Commission. On this form, legislators must disclose the nonprofits for which they, or their immediate family members, serve as employees, board members, or contractors.
- ***Legislators and public officials CAN serve on nonprofit boards!***

## Where can I get more information?

- The N.C. Secretary of State: [www.sosnc.com/Lobbyists/](http://www.sosnc.com/Lobbyists/) (includes information on e-filing options)
- The State Ethics Commission: [www.ethicscommission.nc.gov](http://www.ethicscommission.nc.gov)
- David Heinen, Vice President for Public Policy & Advocacy, N.C. Center for Nonprofits, 919-790-1555, ext. 111, [dheinen@ncnonprofits.org](mailto:dheinen@ncnonprofits.org)
- For federal lobbying rules for nonprofits – Bolder Advocacy: [www.bolderadvocacy.org](http://www.bolderadvocacy.org)
- N.C. Lobbying Act (Chapter 120C of the N.C. General Statutes): [http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter\\_120C.html](http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_120C.html)
- N.C. State Government Act (Chapter 138A of the N.C. General Statutes): [http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter\\_138A.html](http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByChapter/Chapter_138A.html)