

# LLC Campaign Finance Registration Requirement with the MEC

## House Bill 2400

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In 2022, the Missouri General Assembly passed HB 2400, which added § 130.029.4, RSMo, requiring certain limited liability companies (LLCs) to register with the Missouri Ethics Commission before contributing to **any** Missouri campaign finance committees. This law will take effect August 28, 2022.

The law now reads:

### § 130.029.4, RSMo

- (1) Any limited liability company that is duly registered pursuant to chapter 347, and that has not elected to be classified as a corporation under the federal tax code may make contributions to any committee if the limited liability company has:
  - (a) Been in existence for at least one year prior to such contribution; and
  - (b) Electronically filed with the Missouri ethics commission indicating that the limited liability company is a legitimate business with a legitimate business interest and is not created for the sole purpose of making campaign contributions.
- (2) The Missouri ethics commission shall develop a method for limited liability companies to use for purposes of paragraph (b) of subdivision (1) of this subsection. The commission shall post all information submitted pursuant to this subdivision on its website on a public page in a searchable format.

## HB 2400 – Frequently Asked Questions

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### What is an LLC?

In Missouri, a limited liability company (LLC) is authorized under chapter 347 of the Missouri Revised Statutes. LLCs register with the Missouri Secretary of State.

- **Domestic LLC:** an LLC that is organized and existing under Missouri law.
- **Foreign LLC:** an LLC that is formed under the laws of any jurisdiction other than the state of Missouri. Foreign corporations that do not have the authority to transact business in this state may not contribute to Missouri campaign finance committees.

### **Which LLCs must register with the MEC?**

Under § 130.029.4, RSMo, LLCs that wish to make contributions to campaign finance committees in Missouri must register with the MEC prior to making contributions. This law applies to LLCs registered in Missouri which have **not** elected to be classified as a corporation under the federal tax code. Furthermore, the LLC must exist for at least one year before contributing to any Missouri committee. See FAQ "*Does this requirement apply to foreign LLCs registered in Missouri?*" for more information.

### **What are the requirements for an LLC to register with the MEC?**

- The LLC must be registered with the Missouri Secretary of State and must not be classified as a corporation with the IRS.
- The LLC must have existed for at least one year prior to making a contribution to a Missouri campaign finance committee.
- The LLC must be a legitimate business with a legitimate business interest. It must not be created for the sole purpose of making campaign contributions.

### **Who registers with the MEC on behalf of the LLC?**

While the LLC may designate/authorize registration, only a member or manager, according to its articles of organization, may attest the required information to the MEC.

### **Does this requirement apply to foreign LLCs registered in Missouri?**

Foreign LLCs that are not classified as a corporation with the IRS must be registered with the Missouri Secretary of State's office and the MEC before they can make a contribution to a campaign finance committee. The foreign LLC must be in existence for at least one year prior to making a contribution.

### **How will LLCs register with the MEC?**

The MEC is developing an electronic registration system for LLCs. Once available, the MEC will provide specific instructions for registration on its website, [mec.mo.gov](http://mec.mo.gov).

### **What Missouri committees are impacted by the LLC campaign finance registration requirement?**

This law requires LLCs to register with the MEC prior to making contributions to **any** Missouri campaign finance committee, including candidate committees, continuing committees (PACs), political party committees, campaign committees, debt service committees, or exploratory committees.

## What are the rules for LLCs to contribute to committees?

This law and the Missouri Constitution outline the following rules for LLCs to contribute to Missouri committees. Registration requirements and contribution restrictions differ depending on the tax status of the LLC or the type of campaign finance committee. Consider the following:

Candidate Committees	LLCs without corporate tax status: <ul style="list-style-type: none"><li>• Must exist for at least one year, and</li><li>• Must register with the MEC prior to making contributions to Missouri candidate committees.</li></ul> LLCs with corporate tax status may not contribute to candidate committees, see <a href="#">MEC Advisory Opinion No. 2017.02.CF.005.</a>
Other committees (continuing (PACs), campaign (ballot issue), and political party committees):	LLCs may contribute, regardless of tax status, with the following requirements: <ul style="list-style-type: none"><li>• LLCs without corporate tax status:<ul style="list-style-type: none"><li>○ Must exist for at least one year, and</li><li>○ Must register with the MEC prior to making a contribution.</li></ul></li><li>• LLCs with a corporate tax status have no requirement to register with the MEC, and do not need to exist for any length of time prior to making a contribution.</li></ul> When receiving a contribution, do not assume that an LLC that is not registered with the MEC has a corporate tax status. We recommend verifying this information with the LLC.

## What is the responsibility of a Missouri campaign finance committee?

The MEC recommends that all committees communicate this requirement in any fundraising solicitations or communications. If required, LLC campaign finance registration must occur **before** the LLC may make a contribution.

For any contribution received on or after August 28, 2022, the committee should check to see if the LLC has registered with the MEC. The MEC is developing a search to assist committees in checking an LLC's registration status.

When receiving a contribution, do not assume that an LLC that is not registered with the MEC has a corporate tax status. We recommend verifying tax status information with the LLC. The MEC does not possess corporate tax documentation. See FAQ "*How does this law affect LLC contributions to Missouri campaign finance committees?*"

Committees can reject a contribution within 10 business days and return the contribution to the donor. Any contribution not returned within this time period is considered accepted and must be reported.