

LEGAL UPDATES

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New Law Expands Authority of Missouri Ethics Commission and Restricts Fundraising for Political Action Committees

The Missouri Ethics Commission's authority to investigate suspected violations of campaign finance laws and directly impose monetary penalties equal to twice the amount of funds involved are two significant changes contained in new legislation that will take effect on August 28, 2010. In addition, the law prohibits state political action committees (PAC) from receiving contributions from other state political action committees.

During the 2010 legislative session, the Missouri General Assembly enacted Senate Bill 844, which increases the Missouri Ethics Commission's enforcement authority, prohibits state PACs from receiving contributions from other state PACs, and increases electronic reporting requirements. The Governor approved the bill on July 14, 2010, and the law takes effect on August 28, 2010.

Senate Bill 844 authorizes the Ethics Commission to initiate investigations against suspected violators of campaign finance rules based on the unanimous recommendation of the Ethics Commissioners. Previously, the Ethics Commission only had express authority to initiate investigations in response to a complaint. The change allows the Ethics Commission to initiate investigations on its own and to expand the scope of complaint investigations to include issues not specifically raised in a complaint.

The new law further empowers the Ethics Commission to order violators to pay monetary penalties equal to twice the amount involved in the violation. Previously, the Ethics Commission could only order money penalties through a settlement agreement or by initiating a civil action in court. The new law

streamlines the Ethics Commission's enforcement authority and allows it to directly order money penalties against violators.

While broadening the Ethics Commission's powers, Senate Bill 844 substantially narrows fundraising rules for political action committees. Previously, a generic political committee was known as a continuing committee in Missouri. The new law renames continuing committees to be known as political action committees.

Next, the new law limits donors to a state PAC to individuals, unions, federal PACs, and corporations, associations, and partnerships formed under Chapters 347 to 360 of Missouri's Revised Statutes. PACs cannot receive contributions from other state PACs, candidate committees, political party committees, campaign/ballot measure committees, exploratory committees or debt service committees. The only PACs that are excepted are one committee for the House and one committee for the Senate per political party.

Political party committees and candidate committees are not prohibited from receiving contributions from PACs, but they cannot donate to PACs. The law narrows the definition of political party committee to the state committees and congressional district committees of the political parties. Other types of committees that formerly qualified as political party committees will be required to reclassify themselves. These committees may qualify as generic PACs, but they will be subject to the PAC fundraising restriction. For example, senatorial, legislative, county and judicial district committees will not qualify as political party committees under the new law and will be subject to the new PAC fundraising restrictions if they organize as a PAC.

Finally, the law strengthens electronic reporting requirements. All committees that file reports with the Ethics Commission will be required to file electronic reports effective January 1, 2011. Legislative candidates and office holders who accept contributions exceeding \$500 during the legislative session must electronically report those contributions within 48 hours.

Senate Bill 844 makes other changes to the campaign finance laws as well. Businesses, candidates, and political committees should review their existing policies and practices to make sure they comply with the new law.

What This Means to You

Businesses and individuals need to be aware of the Missouri Ethics Commission's enhanced and streamlined authority to proactively investigate violations and impose penalties for campaign finance violations in amounts equal to twice the amount of money involved. State political action committees should assess how their fundraising plans and activities will be affected by the new PAC fundraising restrictions.

Contact Info

Should you have any questions about this law or its application, please contact your Husch Blackwell Sanders attorney.

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