

# The Ethics Reporter

MARCH 2024

KENTUCKY LEGISLATIVE ETHICS COMMISSION  
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KLEC.KY.GOV

Did you know?



The next filing date for employers' and lobbyists' spending disclosures is **Monday, April 15, 2024.**

The easiest and quickest way to file is to visit the Commission's website <http://klec.ky.gov> and click "file forms online."



*Where can I find formal Commission advisory opinions?  
Answer on page 4*

## 2024's lobbying spending sets 2 month record

Kentucky lobbying spending for the first two months of 2024 hit an all-time high of \$6,311,843. The previous record for the same period was \$5.987 million, set last year. By comparison, the total for all lobbying expenditures for the first year they were required to be reported was \$6,466,058 for all of 1994.

Also, a record 922 lobbying businesses and organizations registered to lobby in Kentucky, spending \$6.128 million. 743 lobbyists were paid \$5.480 million in compensation, and also reported \$183,542 in expenses.

The top lobbying spender for January and February was **Kentucky Chamber of Commerce** at \$105,310, the majority of this amount on lobbyist compensation. In February, the **Chamber** held its annual dinner in Lexington and spent, along with 33 sponsoring lobbying groups, \$7,347 for the event. It was the fourth-highest amount expended on receptions, meals, or events to which legislators or legislative staff were invited during February.

**American Civil Liberties Union of KY (ACLU)** was the second-highest spender, at \$95,932, mostly on lobbyist compensation. **ACLU** also spent the second-highest amount on advertising, \$29,860, for traditional and digital billboards, as well as mobile digital, radio, and social media ads on HB 5, an omnibus crime bill.

**Kentuckians for the Commonwealth**, came in third at \$58,231. **Greater Louisville, Inc.**, in fourth place, spent \$55,800 to lobby, all of which was for lobbyist compensation. **Kentucky Hospital Association** finished out the top 5, spending \$55,326.

The rest of the top 10 were: **Pharmaceutical Care Management Assn. (PCMA)** (\$51,694), which spent the most on advertising, \$35,600, regarding SB 188, a bill about pharmacy benefit managers; **KY Justice As-**

**sociation** (\$50,007); **KY League of Cities** (\$49,644); **Frankfort Plant Board** (\$49,415); **East KY Power Cooperative** (\$45,891); and **KY Retail Federation** (\$44,707).

The remainder of the top 20 were: **LG&E and KU Energy** (\$41,353); **Altria Client Services** (\$40,296); **Elevance Health and Affiliates DBA Anthem** (\$39,646); **KY Medical Association** (\$37,394); **KY Assn. of Electric Cooperatives** (\$37,051); **Save the Children Action Network** (\$36,148); **KY Primary Care Association** (\$34,694); **KY Education Association** (\$32,597); and **Duke Energy** (\$31,642).

Several lobbying interests held receptions for legislators and staff in February. The most costly was a reception hosted by **Sazerac** and lobbyist Patrick Jennings at Buffalo Trace Distillery in Frankfort, for legislators, which cost \$14,301. **KY Coal Association** and **KY Oil and Gas Association** hosted a \$12,801 reception at the Foundry in Frankfort for legislators and legislative staff. In third place, four railroad companies-**CSX, R.J. Corman, Norfolk Southern, and Paducah & Louisville Railway**-hosted a reception on rail cars in Frankfort that cost \$9,936. Rounding out the top five for reception, meals and event costs was an "Orders of the Day: Cigar Rolling & Bourbon Pouring" event at the **Kentucky Justice Association** headquarters, sponsored by that group and the **Kentucky Distillers' Association**, that cost \$6,776.

The rest of the top 5 in advertising spending this reporting period were **Family Foundation** (\$8,595), **Americans for Prosperity** (\$8,000), and **KY Center for Economic Policy** (\$6,977).

## Important reminder about legislative mailings

The Ethics Commission, in 2001, provided guidance for legislative mailings sent at public expense, so legislators and staff do not run afoul of the Ethics Code provisions against using public funds and facilities for partisan political campaign purposes. While each mailing would be judged on its own merits, under the guidelines' parameters for content, scope, and timing, legislators and staff sending out mailings should generally avoid sending them *within 60 days prior to an election*, which would be **March 22, 2024**.

The mailings should also take care to provide factual information and avoid campaign related content or overtly partisan rhetoric, and the mailing itself should generally be to constituents or others who've contacted the legislator.

Questions about particular proposed mailings should be addressed to the Ethics Commission staff, so that we can provide guidance. A copy of the guidelines are available on the Commission's website.

## Imprisoned ex-Ohio Speaker Householder hit with new charges alleging misuse of campaign funds

OHIO—MSN — by Jake Zuckerman, Cleveland Plain Dealer —March 25, 2024

Ex-Ohio House Speaker Larry Householder is once again facing charges in the ever expanding state and federal bribery cases surrounding the passage of bailout legislation in 2019.

The newest charges, announced Monday afternoon, go beyond Householder's acceptance of a bribe from FirstEnergy that landed him in federal prison for 20 years. They allege he unlawfully used campaign funds to pay his criminal defense fees in the federal case and lied on state ethics forms that require candidates and office holders to disclose their earnings, assets, and liabilities.

Ohio Attorney General Dave Yost announced the new charges Monday. Beyond acting as a backstop to the federal conviction, Yost noted a state conviction would also permanently bar Householder from ever again holding public office.

In March 2023, a jury convicted Householder of accepting a multimillion bribe from the two FirstEnergy executives — CEO Chuck Jones and top company lobbyist Mike Dowling — in exchange for passing House Bill 6, a bailout worth more than \$1 billion to the company. He is serving 20 years in federal prison.

The formal charges include one count of theft in office, two counts of aggravated theft, one count of telecommunications fraud, one count of money laundering and five counts of tampering with records, according to Yost's office. All are felonies.

Five of the 10 counts focus on what Carol

O'Brien, deputy attorney general for law enforcement, described as more than \$750,000 flowing from his campaign committee to his Cleveland criminal defense attorneys. O'Brien said Householder "stole" money from his campaign to pay his attorneys.

Campaign finance records show Householder's campaign paid \$660,000 (not counting \$300,000 that was returned) to Marein & Bradley, and \$260,000 to McCarthy, Lebit, Crystal & Liffman. Both firms represented Householder at trial. The Ohio Elections Commission has long held that candidates cannot use donors' funds to pay criminal defense attorneys.

"Mr. Householder was aware that he did not have the authority to pay for his criminal defense with his money from his supporters in his campaign account," she said.

Householder also faces charges of tampering with records. The charges are predicated in part on information Householder himself provided as a witness in his own criminal defense that detailed his legal debts, credit card debts, box seats at a World Series game, a trip on FirstEnergy's corporate jet, his business Householder Ltd., and others. Virtually none of these items, established by both sides of the case in some capacity, ever appeared in Householder's financial disclosures.

Some of these items factored into the prosecutors' theory that FirstEnergy's money funded these items as part of the bribe or in court-

ing Householder. He denied accepting a bribe, describing some of the payments as loans that would eventually be paid off. However, he never denied their existence, nor their non-appearance on his state ethics forms.

"These omissions are much more than simple mistakes," O'Brien said. "The sheer breadth and continuity of these omissions show a concerted effort by Mr. Householder to hide his obligations, his personal finances, and his business connections."

At trial, Householder repeatedly said he has an attorney fill out his ethics forms for him. After a prosecutor asked him about an extended series of apparent omissions, a question about a \$1,500 hotel stay paid by a prominent Cleveland businessman seemingly prompted Householder to throw in the towel.

"I don't have an answer for you on that," he said. "I don't know."

Earlier this year Yost filed related charges against a top Ohio regulator and two FirstEnergy executives, accusing the three of engaging in a \$4.3 million bribery scheme. Federal prosecutors have also charged the regulator, former Public Utilities of Ohio Chairman Sam Randazzo. However, only Yost has brought charges against Jones and Dowling. All three have pleaded not guilty.

*"It is true that integrity alone won't make you a leader, but without integrity you will never be one."*  
-Zig Ziglar

### National Conference of State Legislatures highlights 2023 ethics enactments NCSL.org

The National Conference of State Legislatures (NCSL) recently updated its extensive ethics information on its website to include a report on **2023 Ethics Enactments**. This report covers legislative enactments from all 50 states.

Some highlights of the report include the fact that Hawaii passed more ethics bills than any other state, with nine enactments. Hawaii, Florida, and Virginia enacted ethics training requirements for various elected officials related to lobbying, general ethics and conflicts of interest, respectively. Fourteen states passed laws related to financial disclosure requirements, including required filers and contents of the statements. The report can be found at <https://www.ncsl.org/ethics/2023-ethics-enactments>

Additionally, NCSL has an extensive **Ethics Legislation Database**, which is helpful in comparing ethics provisions from across the country. It may be found at <https://www.ncsl.org/ethics/ethics-legislation-database>

## In the Kansas House, when lobbyists ask for new laws, their names go on the bills

KANSAS— Associated Press — by John Hanna—March 26, 2024

For years, pinning down the source of a bill in the Kansas Legislature could be a chore for lawmakers' constituents. Committees sponsor almost 85% of the proposals, so finding the group or lobbyist responsible could require questioning multiple lawmakers or, in recent years, reviewing YouTube videos of meetings.

But this year, the Kansas House is making it a little easier for the state's residents to find out who wants what from its members. Besides a number and official sponsor, each bill now lists who asked for it, be it a lawmaker at someone else's request or an individual lobbyist for a specific client. The change started in January.

It's an unusual move for any state legislature. While at least a handful of states require lobbyists to list specific bills of interest to them in reports open for public inspection, the Council of State Governments knows of no other state legislative chamber that's actually listing lobbyists and groups on its bills — not even the Kansas Senate.

"I'm thrilled to see it," said Heather Ferguson, a Kansan who is director of operations for the government transparency group Common Cause. "It helps to rebuild some of the trust with the public in their elected officials and in their institutions and in the legislative process in general."

In Kansas, House Bill 2527, which would rewrite laws on how the state sets electric rates, was requested by a lobbyist for Evergy, the state's largest electricity company. A Kansas Farm Bureau lobbyist proposed HB 2691, which would require utilities seeking to use eminent domain to obtain an entire tract of private land for transmission lines and other projects to pay the owners 50% more than fair market value.

In some offices and hallways under the Kansas Statehouse's copper dome, the response to the new practice has been less enthusiastic than Ferguson's reaction, though lobbyists won't publicly criticize it. Eric Stafford, who lobbies for the Kansas Chamber of Commerce, said he doesn't care, "as long as it's consistent."

Because the extra disclosure is spelled out in the House Rules — it's No. 7.01 — the Kansas Senate isn't required to follow it.

In fact, Senate President Ty Masterson said he hadn't really thought about the idea, "but it doesn't scare me." However, he also asserted that when it comes to who is behind a bill, "People tend to know that anyway."

At least seven states — Colorado, Delaware, Maine, Massachusetts, New York, Ohio and Utah — have disclosure rules requiring lobbyists to provide information about specific measures their clients are watching, according to Common Cause. Kansas requires lobbyists to file reports on their spending six times a year, but they don't have to list individual measures.

In 2015, a California businessman who was later was a nominee for governor, John Cox, proposed a ballot initiative to require the state's elected officials to wear stickers or badges "displaying the names of their 10 highest campaign contributors" during public legislative meetings. The drive to get it on the ballot failed.

Some members like the House's greater transparency and appear willing to go even further with it.

For example, Rep. Stephanie Sawyer Clayton responded with "bring it on" when she learned of the 2015 initiative in California, though, she said, lawmakers might end up looking like servers at TGI Fridays restaurants.

"I will wear those pieces of flair all day because most of my top donors are awesome groups and even awesomer people," she said. "I'd gladly do that."

The Kansas House actually changed its rules to require more information on its bills in 2021, but House leaders and staff said it took the Legislature's technology staff three years to work out the details. The House Rules Committee member who pushed for the change, state Rep. Boog Highberger, considers it a meaningful — but small — step toward improving government transparency.

Rep. Adam Thomas said that increased transparency is good, and lawmakers can expect plenty of questions if their name is attached to a bill, whether or not an interest group also is listed.

"Now we've got to really know what a bill does and what it means and the implications of it," Thomas said. The change was adopted without discussion, and the rules had broad, bipartisan support.

In many states, most measures are sponsored by individual lawmakers, and that was the traditional practice for the Kansas Legislature. Fifty years ago, nearly 70% of bills and resolutions in Kansas were sponsored by individual lawmakers. This year, the figure was a little more than 15%, after decades of committees sponsoring an increasing percentage of bills.

Allowing such so-called "anonymous" bills was among the practices that led The Kansas City Star to declare in a 2017 series on Kansas state government that the process of passing laws in its Legislature was "among the least transparent in the country." Critics still say the public often has trouble finding out the status of bills on major issues until it is too late to stop them from passing.

But David Adkins, a former Kansas legislator who is now executive director and CEO of the **Council of State Governments**, said lawmakers may have moved to having committees sponsoring bills because it seemed to give them the same kind of credibility as a large, bipartisan group of individual sponsors. It might have been a way to help them cull bills more easily during their annual 90-day session.

And, he said, listing the group or lobbyist who requested a bill might serve the same purpose, allowing lawmakers to decide how to vote without reading the text.

"At the top of the funnel, time is your worst enemy," said Adkins, who served in the Legislature from 1993 through 2004.

But Adkins also worried that the House's practice, meant to restore trust, could lead the public to view legislating as "transactional."

"In some ways, one might argue it makes legislation resemble a NASCAR vehicle, with prominent sponsorship stickers placed on a car," he said.

MEMBERS OF THE  
LEGISLATIVE ETHICS  
COMMISSION

David Nicholas, Chair  
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Ernie Harris  
Marie Rader  
Katherine Gail Russell  
Sal Santoro  
Michael Shull  
Arnold Simpson  
Anthony M. Wilhoit

NEXT MEETING OF THE  
COMMISSION

The Kentucky Legislative Ethics Commission's next regular meeting is scheduled for Tuesday, May 14, 2024 at 9:30 a.m. Capitol Annex, Room 171 in Frankfort, Kentucky.

To watch the meeting online, click on:  
[KY LRC Meetings - YouTube](#)

## Training/Overview of the Code

Our lobbyist training video, which gives an overview of the Code and walks through the registration and online filing process step by step, is available on [klec.ky.gov](http://klec.ky.gov), and also on the LRC Capitol Connection page at <https://www.youtube.com/watch?v=nrqWW7sJDK4>

We also are happy to set up a training on request.

Our PowerPoint overview of the Legislative Ethics Code is available for reference on [klec.ky.gov](http://klec.ky.gov) and also on the LRC Capitol Connection page at <https://www.youtube.com/watch?v=I4FJvhrSoao>

## Legislators' Financial Disclosures

Kentucky legislators' required financial disclosures are now available on the KLEC website at <https://klec.ky.gov/Reports/Pages/Legislators-and-Candidates.aspx> Legislators must file their financial disclosures by February 15th, for the previous calendar year. We are pleased to report that all legislators filed timely.

Candidates for the General Assembly are also required to file a financial disclosure, and these are also at the same link.

To register as a lobbyist or employer, please email the scanned paperwork to Donnita Crittenden or Lori Smither or fax to (502) 573-2929. Blank forms may be found here:

<https://klec.ky.gov/Forms/Pages/Get-Blank-Forms.aspx>

Please contact us with any questions or concerns!

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### Trivia Answer

**All formal Commission  
advisory opinions may be  
found at:**

[https://klec.ky.gov/Advisory-Opinions/  
Pages/Summary-of-Opinions.aspx](https://klec.ky.gov/Advisory-Opinions/Pages/Summary-of-Opinions.aspx)