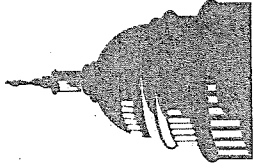


Kentucky Legislative Ethics Commission



Kentucky Legislative Ethics Commission Members in FY 2018-2019

Anthony Wilhoit, Chair
Dan Kelly, Vice-Chair

Pat Freibert
Tony Goetz
Paula Sherlock
Ken Winters (resigned 11/2018)
Elmer George (term ended 4/2019)
Alecia Webb-Edgington (resigned 6/2019)

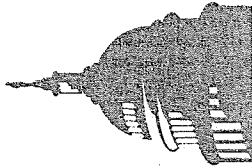
Sheldon Baugh
Phil Huddleston
Dave Nicholas

Commission Staff

John Schaaf, Executive Director
Laura Hendrix, Counsel
Donnita Crittenden, Executive Assistant
Lori Smither, Staff Assistant
Mark Brengelman, Enforcement Counsel

22 Mill Creek Park
Frankfort, Kentucky 40601-9230
Telephone: (502) 573-2863
Fax: (502) 573-2929
Web Address: <http://klec.ky.gov>

ANNUAL REPORT



FY 2018-2019

FOREWORD

I am pleased to submit the 26th Annual Report of the Kentucky Legislative Ethics Commission to the members of the Legislative Research Commission.

The past year has been a busy one for the Commission and its staff. As evidenced by the large number of requests for informal opinions from individuals, businesses, and organizations covered by the Legislative Ethics Code, there is widespread interest in complying with it.

The continued support the Commission has received from the members of the General Assembly and its leadership has been gratifying.

We respectfully submit this report of activities of the Legislative Ethics Commission as required by KRS 6.666(16).


Anthony M. Wilhoit, Chairman

Legislative Ethics Commission Member Profiles

Anthony Wilhoit – Judge Wilhoit is the Chairman of the Commission. He was appointed to the Commission by the Speaker of the House in 2016. He was Executive Director of the Legislative Ethics Commission from 1997 until he retired in 2015. In 1976, he joined the Kentucky Court of Appeals, and retired as Chief Judge in 1997. Judge Wilhoit also served as a police judge, Versailles City Attorney, Woodford County Attorney, state public defender, and deputy secretary of the Justice Cabinet. He earned an A.B. from Thomas More College, a J.D. from the University of Kentucky, and an LL.M. from the University of Virginia. In 2012, Judge Wilhoit received the COGEL Award, the highest international award given to a person working in the fields of ethics, campaign finance, and election law. He lives in Versailles.

Sheldon Baugh – Mr. Baugh was appointed to the Commission in 2017 by the President of the Senate. Mr. Baugh has an insurance agency in Russellville, and he served in the House of Representatives from 1995 to 2008. He attended Western Kentucky University, and served in the U.S. Air Force from 1962 to 1966. Mr. Baugh was a Magistrate on the Logan County Fiscal Court from 1977 to 1981, and he served as Midwest Director and two-term President of the Federation of Historical Bottle Collectors. He is a member and former President of the Russellville Rotary Club, and he and his wife Brenda have two children and live in Russellville.

Pat Freibert – Former State Representative Freibert was appointed to the Commission by the President of the Senate in 2008, and also served on the Ethics Commission from 2000-2004. She was a member of the House of Representatives from 1979 to 1993. Mrs. Freibert has a long record of involvement in political, civic, educational, and charitable affairs for which she has received local, state, and national recognition. She is also a free-lance writer for several publications. In 2004, Mrs. Freibert was appointed by the Governor to the Kentucky Commission on Women, and served as Chair of that Commission. She lives in Lexington.

Elmer George – (term ended 4/2019) Mr. George was appointed to the Commission by the Speaker of the House in 2014. He is a practicing lawyer in Marion County. He is a graduate of Bellarmine University and the University of Kentucky Law School. He and his wife, Rita Faye, reside in Lebanon.

Tony Goetz – Mr. Goetz was appointed to the Commission by the President of the Senate and the Speaker of the House in 2017. He is a native of Daviess County, and a graduate of Brescia University in Owensboro. He began his graduate work at George Peabody College for Teachers in Nashville, and completed his Master's Degree at UK in 1970. Mr. Goetz has served as Executive Director of the Owensboro Council for Retarded Children (1965-1967) and the Bluegrass Association for Mental Retardation (1967-1973). From 1973-1975, he was Executive Director of the Bluegrass Regional Health Planning Council and then served as Executive Director of the East Kentucky Health Systems Agency from 1976-1980. In 1980, he was named Associate Dean in Administration and Finance of the UK Medical School, and served in that and various other administrative positions at the University through 2003. His last position at UK was Director of Government Relations. In 2004-2005, he served as the Governor's Legislative Liaison. He and his wife, Nancy, reside in Jessamine County.

Phil Huddleston – Phil Huddleston was appointed to the Commission by the Speaker of the House in 2017. He is a native of Albany, and served more than 30 years in state government in a variety of roles, including as a legislative and policy analyst as well as chief of staff to the President of the Senate and chief of staff to the Lt. Governor. Mr. Huddleston has served on the board for the Lexington Hearing and Speech Center, the Kentucky Commission for the Deaf and Hard of Hearing, the Human Services Coordination Alliance, and the Frankfort Salvation Army. He and his wife Pat live in Frankfort and have a daughter and two grandchildren.

Dan Kelly - Former State Senator Kelly is the vice-chairman of the Commission. Former State Senator and Circuit Judge Dan Kelly was appointed to the Commission by the Senate President in December 2018. Judge Kelly served 19 years in the Senate, including four years as Minority Leader and nine years as Majority Leader, before serving five years as a Circuit Court judge. He was born in Springfield, Kentucky, but raised in the military with his father, who was activated with the Kentucky National Guard during the Korean conflict. Judge Kelly graduated from Texas A&M University, was commissioned a 2nd Lieutenant, and served four years active duty and 19 years in the active reserves with the 100th Division in Louisville, retiring as a Lieutenant Colonel. He attended the University of Louisville Brandeis School of Law while working for the Louisville and Jefferson County Planning Commission, then moved home to Springfield and practiced law for 30 years, including eight years as Springfield's city attorney. Judge Kelly and his wife Darlene live in Springfield and have five children and 13 grandchildren.

David L. Nicholas - Mr. Nicholas was appointed to the Commission by the Senate President in October, 2018. He has worked for 15 years for the General Assembly as Staff Administrator of the Administrative Regulation Review Subcommittee. Prior to that, he was Director of the Division of Occupations and Professions in the Finance Cabinet for 18 years. Mr. Nicholas has a Master's in Public Administration and a Bachelor's in Business Administration from Eastern Kentucky University. He is a member of Buck Run Baptist Church and member of the Board of Directors of the Kentucky Golf Association. He and his wife Pat live in Frankfort and have four children and five grandchildren.

Paula Sherlock – Judge Sherlock was appointed to the Commission by the Speaker Pro Tem in 2018. She served as a Family Court Judge in Jefferson County from 2005 until her retirement as Chief Judge of Family Court in 2017. She was selected as Judge of the Year by the Louisville Bar Association in 2015, the Women Lawyers Association in 2016, and the American Academy of Matrimonial Attorneys of Kentucky in 2014. In 2013, Kossair Children's Hospital selected her as Child Advocate of the Year. In 2017, Judge Sherlock was appointed by the Kentucky Supreme Court to serve on the Child Fatality and Near Fatality External Review Panel, which reviews all child deaths and near deaths due to caregiver abuse and neglect. She was on the Board of Directors of the LBA, the Domestic Violence Fatality Review Committee, the Domestic Violence Coordinating Council, and the Family Court Rules Committee. Judge Sherlock has been active in Volunteers of America, Operation Open Arms, and Dress for Success. Judge Sherlock is admitted to practice in all state and federal courts in Kentucky since 1992 and was admitted to practice before the U.S. Supreme Court in 2002. She earned her undergraduate degree at the University of Northern Colorado, a Master's at Campbell University, and her J.D. from Washington & Lee University. She and her husband Ike live in Prospect.

Alecia Webb-Edgington - (resigned 6/2019) Former State Representative Alecia Webb-Edgington was appointed to the Commission by the House Speaker in April 2019. Ms. Webb-Edgington is president of the Life Learning Center in Covington. She served in the Kentucky House of Representatives from 2008 to 2012, and was a candidate for the U.S. House of Representatives in 2012. Ms. Webb-Edgington earned a bachelor's degree from Western Kentucky University in sociology and criminology, and earned a master's degree from Eastern Kentucky University in criminal justice. She attended the 52nd Annual National Security Seminar at the U.S. Army War College and the Executive Leadership Program at the Naval Postgraduate School. Ms. Webb-Edgington worked for the Kentucky State Police as chief information officer, and for the Kentucky Office of Homeland Security, where she became the first female head of the office. She and her husband Ted live in Covington.

Ken Winters – (resigned 11/2018) Dr. Winters was appointed to the Commission by the President of the Senate in 2015. From 2005 to 2013, he served two terms in the State Senate, representing the 1st District in western Kentucky. He chaired the Senate Education Committee during his entire tenure in the General Assembly, and was the sponsor of 2009 Senate Bill 1, the bipartisan education reform bill that called for the alignment of K-12 and postsecondary education, and established Kentucky as one of the nation's leaders in the adoption and implementation of the Common Core State Standards. Dr. Winters served as the ninth president of Campbellsville University from 1988 to 1999. Prior to coming to what was then Campbellsville

College, he was dean of the College of Industry and Technology at Murray State University for many years. Dr. Winters is a graduate of Murray State University, where he received a B.S.; Indiana University, where he received an M.S.; and the University of Northern Colorado, where he earned an Ed.D. Dr. Winters and his wife, Shirley, reside in Murray.

Legislative Ethics Commission Staff Profile

John Schaaf – Executive Director - Mr. Schaaf joined the Commission in 2004. Prior to that, he was the General Counsel and staff attorney for the Legislative Research Commission for 16 years. His other employment experience includes practicing law in Louisville, and working as editor of a weekly newspaper. He received a journalism degree from the University of Kentucky and a J.D. from the University of Louisville Brandeis School of Law. From 2013 to 2017, he served on the national steering committee of COGEL, the Council on Governmental Ethics Laws.

Laura Hendrix – Counsel - Ms. Hendrix joined the Commission staff in May 2018. Before joining the Commission staff, she was the General Counsel for the Speaker of the Kentucky House of Representatives, General Counsel for the Legislative Research Commission, Committee Staff Administrator for the Elections, Constitutional Amendments and Intergovernmental Affairs Committee, and a Legislative Analyst for the Health and Welfare Committee of the LRC. Prior to her legislative service, she was the General Counsel for the Executive Branch Ethics Commission, Assistant General Counsel for the Kentucky Higher Education Assistance Authority, and clerked for Judge William L. Graham of the Franklin Circuit Court. She received a bachelor's degree in history from Washington University in St. Louis and a J.D. from the University of Kentucky College of Law. She is a 2018 Henry Toll Fellow.

Donnita B. Crittenden – Executive Assistant - Mrs. Crittenden is a graduate of Franklin County High School, and has a B.A. in Public Administration from Kentucky State University. Mrs. Crittenden joined the Commission in August 1993. Her previous experience includes a three-year internship with the Kentucky Department of Education, specifically assigned to the State Board of Education.

Lori M. Smither – Staff Assistant - Mrs. Smither is a graduate of Franklin County High School and has a degree in four areas of Interdisciplinary Early Childhood Education. In addition, Mrs. Smither has obtained certificates for the Kentucky Director's Credential, Kentucky Child Care Provider, School Age Child Care, Interdisciplinary Early Childhood Education Technical Studies, and Early Childhood Administrator. Her previous experience includes working as a Member Service Representative at a banking institution for seven years, as a Director/Teacher for 11 years, and part-time at the Ethics Commission for eight years.

Mark Brengelman – Enforcement Counsel - Mr. Brengelman graduated with both Bachelor's and Master's degrees in Philosophy from Emory University in Atlanta, and earned a J.D. from the University of Kentucky College of Law. He became an Assistant Attorney General working in the area of administrative and professional law as the assigned counsel and prosecuting attorney to numerous health profession licensure boards. He retired from state government in 2012, became certified as a hearing officer, and opened his own law practice. Mr. Brengelman is a frequent participant in continuing education having presented for multiple state and national organizations and private companies. He also represents children as Guardian ad Litem and parents as Court Appointed Counsel in confidential child abuse and neglect proceedings in family court.

**Legislative Ethics Commission
Registration of Lobbyists and Employers**

FY 2018-2019

<p>July, 2018</p> <p>August, 2018</p> <p>December, 2018</p> <p>January, 2019</p> <p>February, 2019</p> <p>March, 2019</p> <p>June, 2019</p>	<p>John Schaaf and Laura Hendrix, presentation at State Government Bar Assn. at the Kentucky Bar Assn. in Frankfort</p> <p>John Schaaf, presentation at Kentucky Accountability in Government in Frankfort</p> <p>John Schaaf and Laura Hendrix, presentation at freshman legislator orientation at the Capitol Annex in Frankfort, KY</p> <p>Current Issues Seminar for Members of the General Assembly conducted by LEC Staff</p> <p>Donnita Crittenden and Laura Hendrix, Employer and Legislative Agent Training Session</p> <p>John Schaaf and Dan Kelly, presentation at University of Kentucky Gatton College of Business and Economics</p> <p>John Schaaf, presentation at the Kentucky Science and Technology Corporation</p>
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Number of Employers: 720

Number of Legislative Agents: 581

Updated Registration Statements were filed on:

- September 15, 2018
- January 15, 2019
- February 15, 2019
- March 15, 2019
- April 15, 2019
- May 15, 2019

The Kentucky Legislative Ethics Commission (KLEC) continues to enhance its database and web site, making more information available to the public regarding legislative agents (lobbyists) and their employers.

By accessing KLEC's web site, citizens can review a variety of reports, including legislator and candidate financial disclosure forms, a list of legislative agents and their employers, legislative agent compensation, employer expenses sorted by the employer's name, and employer expenses sorted by industries, such as "gaming" or "health care."

During the fiscal year, the Commission staff:

- Provided various in-house training sessions, as requested
- Reviewed, approved, and posted (on website) 155 Financial Disclosure forms for legislators, candidates and LRC major management staff
- Issued an estimated 500 verbal and written informal advisory opinions
- Answered numerous filing and procedural questions
- E-mailed monthly Ethics Reporters to all General Assembly members, LRC staff, news media, legislative agents, and employers
- E-mailed filing notifications monthly to all employers and legislative agents; and
- E-mailed and mailed updated employers and lobbyists lists monthly to all General Assembly members and LRC staff (weekly during legislative session)

Complaints and Administrative Actions

FY July 1, 2018 - June 30, 2019

Complaints:

There were four formal complaints filed against legislators during this fiscal year. Three of the complaints were dismissed and one complaint received a confidential decision.

Administrative Fines Levied by the Commission:

Legislative Agents	\$800.00
Employers	\$2,200.00
Legislators	\$1,000.00
Candidates	\$0.00
Total Fines Collected	\$4,000.00

These fines were assessed due to failure to file statements by the designated filing deadlines, and complaints filed with the Commission.

Employers and legislative agents are cautioned that chronic late filing of forms may result in additional penalties and possible action by the Commission.

**MONEY SPENT ON LEGISLATIVE ACTIVITY SINCE THE ENACTMENT OF
THE LEGISLATIVE ETHICS CODE - September 1993**

LOBBYING EXPENSES AS REPORTED 1993 - 2019

YEAR	EMP FB	EMP AE	EMP RME	EMP EXP	LA FB	LA RME	LA EXP	LA COMP	LA TOTAL
2019	\$0	\$291,217	\$83,601	\$427,629	\$0	\$12,312	\$485,457	\$14,386,585	\$15,786,801
2018	\$0	\$478,350	\$249,972	\$992,151	\$0	\$14,909	\$1,007,980	\$20,428,445	\$23,171,807
2017	\$0	\$227,917	\$192,375	\$690,639	\$0	\$17,542	\$846,917	\$18,856,830	\$20,832,220
2016	\$0	\$299,479	\$236,495	\$660,162	\$0	\$6,027	\$888,039	\$18,692,836	\$20,783,038
2015	\$0	\$1,017,588	\$190,100	\$600,903	\$0	\$13,484	\$781,811	\$16,692,957	\$19,296,843
2014	\$149	N/A	\$185,402	\$563,386	\$0	\$8,685	\$831,507	\$16,822,398	\$18,411,527
2013	\$429	N/A	\$154,182	\$453,074	\$30	\$11,648	\$852,342	\$14,970,623	\$16,442,328
2012	\$539	N/A	\$143,154	\$858,368	\$0	\$16,407	\$945,621	\$15,813,368	\$17,777,457
2011	\$228	N/A	\$160,435	\$393,914	\$16	\$17,491	\$905,572	\$13,613,009	\$15,090,667
2010	\$530	N/A	\$189,059	\$904,378	\$0	\$28,206	\$1,188,642	\$14,382,024	\$16,692,839
2009	\$236	N/A	\$135,943	\$462,256	\$0	\$19,126	\$985,833	\$13,659,283	\$15,362,677
2008	\$434	N/A	\$248,463	\$691,801	\$82	\$35,100	\$1,196,922	\$14,729,726	\$16,902,528
2007	\$160	N/A	\$160,087	\$530,195	\$0	\$18,175	\$1,025,796	\$11,951,309	\$13,685,722
2006	\$423	N/A	\$227,190	\$803,103	\$157	\$19,631	\$1,061,624	\$13,362,476	\$15,474,604
2005	\$420	N/A	\$214,397	\$615,303	\$268	\$24,663	\$902,410	\$10,808,709	\$12,566,170
2004	\$561	N/A	\$204,701	\$819,692	\$150	\$10,003	\$713,134	\$10,836,866	\$12,085,107
2003	\$542	N/A	\$193,663	\$848,670	\$0	\$4,639	\$0*	\$8,141,073	\$9,188,587
2002	\$262	N/A	\$188,446	\$1,008,768	\$20	\$8,248	\$0*	\$9,088,595	\$10,294,339
2001	\$160	N/A	\$136,819	\$608,853	\$73	\$4,201	\$0*	\$6,132,887	\$6,882,993
2000	\$95	N/A	\$30,082	\$857,075	\$0	\$13,424	\$0*	\$8,295,998	\$9,302,624
1999	\$248	N/A	\$82,741	\$939,643	\$10	\$4,500	\$0*	\$3,989,617	\$4,433,490
1998	\$14	N/A	\$22,072	\$420,529	\$0	\$4,019	\$0*	\$3,137,175	\$3,583,809
1996	\$589	N/A	\$40,822	\$880,518	\$301	\$3,939	\$341,893	\$6,037,002	\$7,305,064
1995	\$177	N/A	\$15,692	\$318,105	\$107	\$534	\$144,098	\$2,254,114	\$2,732,827
1994	\$852	N/A	\$34,117	\$1,356,719	\$350	\$2,305	\$514,701	\$4,557,014	\$6,466,058
1993	\$81	N/A	\$1,426	\$552,648	\$3	\$108	\$0	\$986,811	\$1,541,077
Totals	\$7,149	\$2,314,551	\$3,957,468	\$18,670,465	\$1,567	\$320,888	\$15,120,299	\$299,713,784	\$340,106,171

Guide to Abbreviations:

EMP,FB (Emp. Food and Beverage)

EMP,RME (Emp. Reception, Meals & Events)

EMP,EXP (Emp. Expenses)

EMP,AE (Emp. Advertising Expense)

LA,FB (Legislative Agent Food and Beverage)

LA,RME (Legislative Agent Reception, Meals & Events)

LA,EXP (Legislative Agent Expenses)

LA,COMP (Legislative Agent Compensation)

* Employer forms were amended to delete section dealing with reimbursed expenses to legislative agents for expenses

and legislative agents were reporting these figures during the same period.

**2019 figures include totals through August 31, 2019.

2015 was first year for reporting EMP,AE

NOTE: Numbers have been rounded to the closest dollar for convenience.

Legislative Year	Money for food and beverages for legislators and their families.	Money for food and beverages at recognized events.	Total expenses/expenditures for lobbying. (Includes legislative agent salary.)
1993	\$84	\$1,534	\$1,541,077
1994	\$1,202	\$36,422	\$6,466,058
1995	\$284	\$16,226	\$2,732,827
1996	\$890	\$44,761	\$7,305,064
1997	\$14	\$26,091	\$3,583,809
1998	\$30	\$87,241	\$8,112,968
1999	\$248	\$31,644	\$4,433,490
2000	\$95	\$149,456	\$9,302,624
2001*	\$233	\$141,020	\$6,882,993
2002	\$282	\$196,694	\$10,294,339
2003	\$342	\$198,302	\$9,188,587
2004	\$711	\$214,704	\$12,085,107
2005	\$688	\$239,060	\$12,566,170
2006	\$580	\$246,821	\$15,474,604
2007	\$160	\$178,262	\$13,685,722
2008	\$516	\$283,563	\$16,902,528
2009	\$236	\$155,069	\$15,262,677
2010	\$530	\$217,265	\$16,692,839
2011	\$244	\$177,926	\$15,090,667
2012	\$539	\$159,561	\$17,777,457
2013	\$459	\$165,830	\$16,442,328
2014	\$149	\$194,087	\$18,411,527
2015	\$0	\$203,584	\$19,296,843
2016	\$0	\$242,522	\$20,783,038
2017	\$0	\$209,917	\$20,832,220
2018	\$0	\$249,972	\$23,171,807
2019**	\$0	\$183,601	\$15,786,801

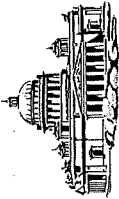
*2001 Reflects totals from the first annual session in an odd-numbered year. **2019 figures include totals through August 31, 2019.

From 1993 to August 31, 2019, \$340,106,171 was reported.

Of that figure, \$299,713,784 was attributed to salaries of legislative agents and \$40,392,387 was for other lobbying expenses.

ETHICS REPORTER July, 2018

Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
Phone: (502) 573-2863
<http://klec.ky.gov>



Record \$4.2 billion spent on state contracts. \$2 billion more approved this month



Over the past 20 years, the number of state employees has gone from more than 44,000 in 1998 to less than 35,000 today. In the same time period, money paid to contractors to perform state services has doubled, going from about \$1 billion per year to over \$2 billion per year.

In the two-year period that ended last month, Kentucky state government spent a record \$4.2 billion on personal service contracts, memoranda of agreement (MOA), and film tax incentives.

Additionally, at its July meeting, the first of the new biennium, the Legislature's Government Contract Review Committee approved over \$2 billion of state agreements. That one-month total exceeds the \$1.8 billion spent on those agreements in the entire fiscal year which ended June 30, and is the most ever approved in a single month.

Of the \$2 billion approved this month, \$1.2 billion will pay for 730 MOAs, which are contracts between the state and public or private providers that carry out government functions, and many are for the two-year biennium.

The committee also approved \$790 million in personal service contracts and increases to existing contracts. These are agreements between the state and private contractors who perform professional services for state agencies, and many are also for a two-year period. Over \$62 million in film tax incentives were also approved at the July meeting.

Some of the largest personal service contracts include: \$110 million from the Dept. of Corrections to **Correct Care Solutions** of Nashville to provide medical services for the next two years to inmates in more than 30 public and private correctional facilities; \$50 million from the Dept. of Personnel to **Cannon Cochran Management** of Louisville to administer the self-insured Workers Compensation Program for two years; \$50 million from the University of Kentucky to **Huron Consulting Services** of Chicago to provide healthcare related consulting services for two years; \$21.3 million for two years to **Res-Care** of Louisville to manage Outwood Intermediate Care Facility, an 80-bed facility in Dawson Springs; and \$14.6 million for two years from the Dept. for Medicaid Services to **Myers and Stauffer** of St. Louis to establish Medicaid rates of reimbursement.

Other large contracts include: \$10.5 million for one year from the Kentucky Lottery Corp. to **IGT Global Solutions** (formerly **GTECH**) to provide for an online gaming system; \$10 million from UK Healthcare to **Deloitte Consulting** of Omaha to provide healthcare related consulting services for two years; \$10 million from UK to **Cornett Integrated Marketing Solutions** of Lexington to provide all marketing and advertising for UK Healthcare for one year; \$7 million for six months from the Dept. of Education to **NCS Pearson** of Iowa City to provide academic content testing; and \$6.85 million for one year from the Dept. of Veterans Affairs to **Med Care Pharmacy** of Glasgow to provide pharmacy services to the Dept. of Veterans Affairs and its four veterans nursing homes.

Summer lobbying reports due by September 17



There are 585 legislative agents (lobbyists) registered in Kentucky, and they're working for 708 employers. By **Monday, September 17, 2018**, all lobbyists and employers are required to file Updated Registration Statements for the period May 1 through August 31, 2018.

Beginning September 1, the easiest and quickest way for lobbyists and employers to file is to visit the Commission's website <http://klec.ky.gov> and click "file forms online."



New lobbying registrations and a termination

Employers of lobbyists who have recently registered include: **Acree Holdings**, a New York-based owner of cannabis licenses and assets in 13 states where either medical and/or adult use of cannabis is legal; **Kentucky Affordable Housing Coalition**; and **National Football League**, which states it will lobby on issues relating to sports wagering and taxation.

Institute for Justice is the only employer to recently terminate its lobbying activity.



Ethics and lobbying news from around the U.S.A.

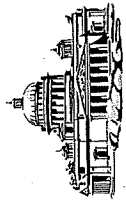
Dem and GOP agree on something: How to use PACs to fund luxury lifestyles

NATIONAL -- NBC News -- by Adav Noti and Meredith McGehee -- July 23, 2018

Democrats and Republicans on Capitol Hill seem to have few things in common these days. But together, many members of Congress of both parties have racked up a staggering tab in recent years paying for their luxurious lifestyles on donors' dimes.

A South Dakota senator spent \$403,000 at West Virginia's **Greenbrier Sports Club**. A Missouri senator spent \$117,000 at the **Disney Yacht Club Resort** in Florida. An Ohio congressman spent \$64,000 on Broadway tickets in New York City. However, some members can't quench their thirst for luxury living domestically, so they visit five-star hotels with breathtaking panoramic views over Athens, Greece.

ETHICS REPORTER August, 2018



Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
Phone: (502) 573-2863
<http://klec.ky.gov>



Ethics Commission recommends updating ethics law

Kentucky's Legislative Ethics Commission has unanimously approved several recommendations for the General Assembly to update the state's legislative ethics law. The recommendations focus on increasing transparency and effectiveness of the law, and addressing issues that have arisen in recent years.

The Commission's primary recommendation is to create a clear ethical prohibition against discrimination and harassment by legislators and legislative agents (lobbyists) against legislative employees, legislators, or lobbyists.

The Commission recommends the General Assembly enact statutory language similar to 2018 House Bill 9, which passed the House 86-7, and includes the following:

- Specifically define "discrimination", "workplace harassment", and "sexual harassment" as actions that violate either Kentucky or federal statutes, regulations, or case law; define "legislative workplace complaint".
- Prohibit legislators, lobbyists, and the LRC Director from intentionally engaging in discrimination or workplace harassment against an employee of the legislative branch, legislator, or lobbyist, and provide that a violation is ethical misconduct.
- Permit a legislative employee, legislator, or lobbyist to file a legislative workplace complaint with the Ethics Commission, and authorize the Commission to investigate and proceed upon receipt of a workplace complaint.
- Specify that the complaint process is voluntary, confidential, and is an option that is separate from any other reporting process a complainant may choose.
- Provide an expedited (30 day) process in which the Ethics Commission will determine facts and attempt to bring an immediate end to inappropriate activity, if any is found.

The second recommendation would authorize the Commission to dismiss a complaint via a teleconference call, if a complaint or preliminary inquiry is publicly disclosed by the complainant, or the complainant comments publicly about the complaint.

Implementing this recommendation would help maintain confidentiality of complaints during the confidential preliminary inquiry process, and address an issue that arises, for example, when a complaint is filed in an election campaign, and a complainant attempts to use the complaint process for political purposes.

Under its third recommendation, the Legislative Ethics Commission would have clear authority to adjudicate a complaint filed against a legislator, even if the legislator leaves office after the complaint is filed, as long as the complaint is based upon action that occurred not more than a year prior to the separation from office.

With a fourth recommendation, the Commission suggests amending legislators' financial disclosure requirements to include a listing of all out-of-state travel associated with the performance of a legislator's duties. In adopting this recommendation, the Commission said information about legislative travel should be easily available to the public.

Ethics counsel selected for CSG's Toll Fellowship

Laura Hendrix, the Ethics Commission's Counsel, was recently selected to participate in The Toll Fellowship Program, sponsored by the Council of State Governments (CSG).

The Toll Fellowship is one of the nation's premier leadership development programs for state government officials. The program selects 48 of the nation's top officials from all three branches of state government. In addition to Hendrix and Kentucky Justice and Public Safety Cabinet Secretary John Tilley, this year's class includes 35 legislators from 26 states, along with Alaska's Adjutant General, the Director of Idaho's Office of Emergency Management, Wisconsin's Medicaid Director, and the Director of Wyoming's Department of Transportation.

Toll Fellowship alumni include Oregon Governor Kate Brown; Mississippi Governor Phil Bryant; U.S. Senator Heidi Heitkamp (former North Dakota Attorney General); U.S. Representative Diane Black (former Tennessee State Senator); U.S. Representative Colleen Hanabusa (former Hawaii State Senator); U.S. Representative Bill Huizenga (former Michigan State Representative); U.S. Representative Todd Rokita (former Indiana Secretary of State); and former U.S. Secretary of Labor Hilda Solis (former California State Senator).



Sports gambling draws lobbying attention

The nation's largest professional sports organizations are registering to lobby in Kentucky, as the sports gambling issue heats up in the wake of a recent U.S. Supreme Court decision. The Court ruled that a federal gambling statute violated the U.S. Constitution because it illegally empowered the federal government to order states to disallow sports gambling. As a result, that statute is no longer enforceable.

A few weeks ago, the National Football League registered four Kentucky lobbyists, and stated it will lobby on sports wagering issues. That was followed in the last week by lobbying registrations from Major League Baseball, which registered 10 lobbyists; the National Basketball Association, which registered the same 10 lobbyists; and PGA Tour, Inc., which also registered the same 10 lobbyists.

Other recent registrants include: **Balanced Health Kentucky**; **Ellis Park Racecourse**; and **Equestrian Events**, a Lexington non-profit that will lobby on taxation and non-profit status.



Lobbying reports due by September 17

There are 587 legislative agents (lobbyists) registered in Kentucky, and they're working for 716 employers. By Friday, September 17, 2018, all lobbyists and employers are required to file Updated Registration Statements for the period May 1 through August 31, 2018.

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



Ethics and lobbying news from around the U.S.A.

After Collins indictment, House members seek to crack down on lawmakers' board service

FEDERAL -- *The Washington Post* -- by Mike DeBonis -- August 21, 2018

Washington, D.C. - A bipartisan resolution introduced in the U.S. House would ban the chamber's lawmakers from sitting on the boards of publicly traded companies, an ethics measure that responds to the criminal indictment of Rep. Chris Collins earlier this month.

Collins, N.Y., was the chairman of **Innate Immunotherapeutics**, a pharmaceutical firm based in Australia that has pursued a novel treatment for multiple sclerosis. Federal prosecutors allege that Collins leaked confidential information about the failure of a crucial drug trial to his son, allowing family members to avoid nearly \$800,000 in losses by selling their stakes before the results were made public.

Under current House rules, there is no prohibition on a lawmaker serving on a corporate board as long as the position is uncompensated.

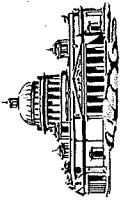
"I thought to myself, how is it even possible that he is sitting on that board?" said Rep. Kathleen Rice, N.Y. "It not only poses enormous risks for conflicts of interest, but I think it's just another example of why the public's faith in their institutions have been so undermined."

The measure, authored by Rice and Rep. Tom Reed, N.Y., would bring House rules in line with Senate restrictions dating to 1991, which bar a member of that chamber from serving on the board of any "publicly held or publicly regulated corporation, financial institution, or business entity."

While the Senate rules include a grandfather provision for members who served on corporate boards at least two years before election, the House bill makes no such exception.

"Taking them off the boards is a common-sense type of thing that most Americans I think would expect us to be doing anyway," Reed said in an interview.

ETHICS REPORTER September, 2018



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Kentucky heading for a year of record lobbying spending – to exceed \$22 million

Kentucky businesses and organizations spent a record \$16.7 million on lobbying in the first eight months of 2018, putting the state on track for a year in which lobbying spending will hit an all-time high of more than \$22 million.

During the first two-thirds of this year, 742 lobbying employers paid about 600 lobbyists more than \$14.5 million, and another \$2 million was spent on lobbying-related administrative expenses such as travel and office expenses.

So far this year, the leading spender is **Altria (Philip Morris)**, which spent \$464,872, more than twice what the company spent in the same period last year. This year's total for **Altria** includes about \$380,000 which was spent during the 2018 General Assembly.

The rest of the top 10 spenders and the amounts spent so far this year include: **Kentucky Chamber of Commerce** (\$268,734); **LG&E and KU Energy** (\$144,585); **Kentucky Hospital Association** (\$136,851); **Anthem Inc.** (\$125,564); **1-800Contacts** (\$117,147); **Foundation for a Healthy Kentucky** (\$110,766); **Kentucky Retail Federation** (\$108,599); **Kentucky League of Cities** (\$102,254); and **Kentucky Justice Association** (\$98,630).

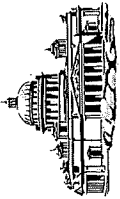
Other top spenders were: **Kentucky Medical Association** (\$96,320); **Molina Healthcare** (\$86,650); **Humana** (\$82,666); **United Healthcare Services** (\$82,259); **Greater Louisville, Inc.** (\$80,870); **RAI Services Company** (\$80,355); **Kentucky Wired Operations Co.** (\$80,000); **DXC Technology Co.** (\$80,000); **Kentucky Association of Electric Cooperatives** (\$79,595); and **Century Aluminum Co.** (\$75,180).

Recent lobbying registrations and terminations

Four businesses recently registered to lobby the Kentucky General Assembly. They are: **Amrock**, a Detroit-based title insurance business; **Caesars Enterprise Services**, a Las Vegas-based company lobbying on gaming issues; **Republic Bank & Trust Company**; and **United Rentals**.

Businesses and organizations which have terminated lobbying registrations and are no longer lobbying in Kentucky are: **Access to Justice Foundation**; **Adapt Pharma, Inc.**; **Commonwealth Credit Union**; **EKU Foundation**; **Gun Media Holdings, Inc.**; **Handy Technologies**; **Indiana/Ky./Ohio Regional Council of Carpenters**; **Institute for Justice**; **Jefferson County Attorney**; **J.G. Wentworth Co.**; **Kentucky Hotel and Lodging Association**; **Kentucky Pipe Trades Association**; **National Association of Social Workers**; **Kentucky Chapter**; **PGA of America**; **Kentucky Section**; **Physical Therapy and Training Services, Inc.**; **Teladoc, Inc.**; **Ten-Ure Organization of State Employees**; and **Woodford Forward, Inc.**

ETHICS REPORTER October, 2018



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Sen. Schickel attacks ethics law limits on lobbyist gifts: Ethics Commission defends in U.S. Court of Appeals



Cincinnati, Ohio – The Kentucky Legislative Ethics Commission went to federal court in Cincinnati last week to defend key provisions of the ethics law enacted in the wake of the BOPTR0T scandal of the early 1990's, and strengthened by the 2014 General Assembly.

Sen. John Schickel of Boone County filed a federal lawsuit in 2015, arguing that his constitutional rights are violated by the ethics law prohibition on legislators receiving campaign contributions from lobbyists, and by limits on lobbyists' gifts of meals and drinks to legislators.

In the appeal hearing, the Ethics Commission argued for the constitutionality of the laws before a three-judge panel of the U.S. Court of Appeals for the Sixth Circuit, which heard arguments from Kentucky Attorney General Andy Beshear and Sen. Schickel's attorney.

Beshear defended the ethics laws on behalf of the Ethics Commission, while Sen. Schickel's attorney attacked the laws as violations of what he claims are Sen. Schickel's First Amendment rights to receive gifts from lobbyists, and receive lobbyists' campaign contributions.

In his complaint, Sen. Schickel said he would accept campaign contributions from lobbyists if the ethics law did not prohibit those contributions. Also, he incorrectly argued that the ethics law prevents him from associating with lobbyists.

While the law prohibits lobbyists from buying meals or drinks for legislators in certain one-on-one meetings, nothing in the law limits a legislator's ability to attend lobbyist-sponsored events or meet and talk with lobbyists on any occasion.

Throughout the case, the Ethics Commission maintained that the ban on lobbyists' campaign contributions to legislators properly separates the small group of people who are paid to influence legislation from financing the campaigns of the people who vote on that legislation.

Likewise, the Ethics Commission says the limits on meals and drinks are intended to avoid the perception of corruption, and actual corruption such as that which occurred with the lobbyist-funded hospitality that was a key part of the BOPTR0T scandal.

In federal court, the Commission said that, in addition to their salary, legislators receive \$158 per day during legislative sessions and \$1,800 per month between sessions to pay expenses, including meals and beverages. Kentucky taxpayers provide that money so legislators can pay their own way, and it's unnecessary for lobbyists or others to pay for legislators' meals or drinks.

To change the way in which legislators and lobbyists interacted, the ethics laws were adopted by the 1993 General Assembly after an undercover FBI investigation resulted in 21 convictions: 15 legislators from both chambers and both parties, including two Boone County

legislators, two lobbyists, two state officials, an organization that employed lobbyists, and a racetrack owner.

In federal court trials and plea deals from 1992 to 1995, BOPTR0T defendants and witnesses described how corruption in the General Assembly grew in the 1980's and early 1990's, as Kentucky's legislative branch became more independent and equal with the executive branch.

In those years, when lobbyists were spending significantly more time and effort developing relationships with legislators, there were no ethics guidelines governing lobbyists' gifts to legislators, or how much lobbyists could spend for legislators' trips, meals, and drinks.

As a result, it was a short leap from lobbyist-funded hospitality to giving and receiving cash payoffs, illegal cash campaign contributions, or offers of employment in exchange for supporting or opposing legislation.

"Lawmakers and lobbyists here just got too cozy over the years," Rep. Joe Clarke told *The New York Times* in 1993. Clarke was the Danville lawyer elected House Speaker after the previous Speaker was indicted for extortion, racketeering, and lying to the FBI.

The General Assembly convened in special session in early 1993 and adopted the Code of Legislative Ethics, creating the independent Legislative Ethics Commission, and enacted the laws limiting lobbyist spending on hospitality, and prohibiting lobbyists from making campaign contributions to legislators and legislative candidates.

Based on legislative corruption convictions in nearby states and in Washington, D.C., the ethics code was amended in 2014, when the General Assembly adopted laws banning lobbyists from paying for legislators' out-of-state travel expenses, prohibiting lobbyists from soliciting campaign contributions for legislative campaigns, and adopting a "no cup of coffee" rule, which limits the situations in which legislators can accept meals and beverages paid for by lobbyists.

Sen. Schickel was the only legislator in either chamber to vote against the 2014 ethics law changes, and after the bill passed, he went to federal court to challenge original and amended provisions of the ethics code.

In an unusual twist in his federal lawsuit, Sen. Schickel argued that not only did he have a constitutional right to receive gifts and contributions from lobbyists, but also that lobbyists had a constitutional right to give those things to legislators. Despite no lobbyist joining his lawsuit, Sen. Schickel made constitutional arguments in favor of lobbyist gift-giving.

In fact, the only Kentucky lobbying organizations which chose to participate in Sen. Schickel's litigation opposed his position that their constitutional rights are violated by the ethics laws. Instead, they participated as "friends of the court" and supported the ethics law provisions that Sen. Schickel attacked.

The Kentucky Chamber of Commerce, Kentucky League of Cities, Kentucky Coal Association, and Kentucky Nonprofit Network filed a brief stating that "the ethics code successfully combats actual and perceived quid pro quo corruption" and "the lobbying restrictions in the ethics code are constitutional, and their invalidation threatens chaos in lobbying activities." The Court of Appeals could decide the case by the end of this year.

The three judges on the Court of Appeals panel who heard the arguments in Sen. Schickel's case are Judge Deborah L. Cook of Ohio, Judge Joan L. Larsen of Michigan, and Senior Judge Gilbert S. Merritt of Tennessee.

A recording of the oral argument is available at the following link: [Error! Hyperlink reference not valid.](#) If the link won't open, click on the Opinions and Oral Arguments link, and look for Audio Files of Completed Arguments. The case number is 17-6456 and 17-6505 *John Schickel v. Craig Dilger et al.*



Lobbying registrations and terminations

Several businesses and organizations have registered to lobby in the past month. Those include: **180 Skills LLC**, which sells on-line training courses to schools and manufacturers; **Family Scholar House**, a Louisville non-profit which serves over 3,500 single-parent families a year by providing affordable housing, academic counseling, career development, childcare, and life skills; **Fern Creek Fire Department**; **Med Center Health**, a Bowling Green-based healthcare system which serves south central Kentucky; and **Treatment Advocacy Center**, national non-profit working to eliminate barriers to treatment of severe mental illness.

Ashland, LLC terminated its lobbying registration, effective October 1. That means that for the first time since 1993, in the modern era of lobbying registration, there is no business lobbying in Kentucky under the name of "Ashland".



Ethics and lobbying news from around the U.S.A.

Alaska law says lobbyists can't fundraise for candidates. But the invitations keep coming

ALASKA – *Alaska Public Media* – by Nathaniel Herz -- October 10, 2018

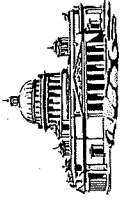
In the past year, lobbyists Ashley Reed and Jerry Mackie have emailed clients and friends invitations to political fundraisers for candidates including Gov. Bill Walker, House Speaker Bryce Edgmon and state Sens. Kevin Meyer and Lyman Hoffman, both of whom sit in Senate leadership.

That's in spite of a state law that bars lobbyists from helping with legislative and gubernatorial candidates' fundraising efforts. Penalties for violations include a fine capped at \$1,000 and up to a year in prison.

Lawmakers approved the fundraising ban in 1992 as an anti-corruption measure, according to one of the advocates for the ban, former state Rep. David Finkelstein. When lobbyists help raise money for politicians' campaigns, it can give them more leverage when they ask those politicians to vote in a particular way, Finkelstein said.

ETHICS REPORTER November, 2018

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Kentucky ranks 4th in U.S. with strong ethics laws

Washington, D.C. -- Kentucky's ethics laws are the fourth-strongest in the nation, according to an independent survey of anti-corruption laws in all 50 states. The laws have guided members of the General Assembly since 1993, and during that time, while hundreds of state legislators across the nation have been convicted of public corruption charges, not one Kentucky legislator has been convicted of misusing his or her legislative office.

The Coalition for Integrity (CFI), a non-partisan corruption watchdog, released its States With Anti-Corruption Measures for Public Officials (S.W.A.M.P.) Index, and awarded Kentucky 74%, close behind the states of Washington (78%), Rhode Island (75%) and California (75%).

CFI assessed the laws of every state and the District of Columbia related to the scope, independence, and powers of ethics agencies, as well as analyzing laws relating to the acceptance and disclosure of gifts by public officials, and client disclosures by legislators. The index uses a scale of 0 to 100, where 100 is a perfect score.

Kentucky scored particularly well on the S.W.A.M.P. Index because the state has ethics commissions in the legislative and executive branches with subpoena and sanction power, and commission members who are shielded from removal without cause.

The Kentucky ethics agencies have the authority to investigate, hold hearings, issue reprimands, and impose fines. The state also has strong gift rules that prohibit legislators from accepting anything of value from lobbyists or employers of lobbyists, and elected and appointed officials in the executive branch from taking more than \$25 in gifts in a calendar year from people or businesses that interact with state government.

The CFI study focused on the text of each state's laws, rather than on the impressions of journalists or experts, and it didn't address questions of funding of ethics agencies.

"The index is not based on perceptions, but is an objective analysis based on current state laws and regulations governing ethics and transparency," said Laurie Sherman, a CFI policy adviser.

In two states that scored very poorly on the S.W.A.M.P. Index, New Mexico (36) and North Dakota (0), voters approved ballot initiatives in the November election to create independent ethics agencies. In New Mexico, 75% of voters supported the initiative, and in North Dakota, 54% supported creating an independent commission.

The report, rankings, scoring chart, and the methodology are available at <http://swamp.coalitionforintegrity.org>.

Lobbying registrations and terminations

Several businesses and organizations recently registered to lobby in preparation for the 2019 General Assembly. Those include: **ActivStyle**, a Minnesota-based company lobbying on tax treatment for prescription medical supplies; **Aleris International**; **Best Friends Animal Society**; **Cardinal Aluminum**; **Citizens for Responsible Pet Ownership**; **Continental Transport**; **International Association of Amusement Parks and Attractions**; **Kentucky Medical Equipment Suppliers Association**; **Kentucky Organ Donor Affiliates**; **Kentucky Staffing Association**; **Logan Aluminum**; **Mortenson Dental Partners**; **Objective Growth**; **Owl's Head Alloys**; **Southern Kentucky Film Commission**, which includes representatives from seven southern Kentucky counties; and **U.S. Term Limits**, a Florida-based organization seeking an amendment to the U.S. Constitution for term limits on Congress.

The organizations that recently terminated their lobbying registrations, and are no longer lobbying in Kentucky include: **Advantage Medical**; **First Cash**; and **Kentuckians for Better Transportation**, which has been registered since the 1993 enactment of the Code of Legislative Ethics.

Ethics and lobbying news from around the U.S.A.

Former congressman Stephen Stockman gets 10 years in prison for defrauding charitable donors

NATIONAL -- *USA Today* -- by Bart Jansen -- November 7, 2018

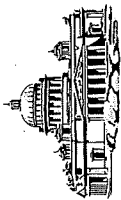
Washington, D.C. -- A former congressman was sentenced to 10 years in prison and ordered to pay \$1 million in restitution for defrauding charitable donors to pay for his personal and campaign expenses, the Justice Department announced.

Stephen Stockman, 61, a former U.S. Representative from Texas, was convicted of 23 counts of mail fraud, making false statements to the Federal Election Commission, money laundering and filing a false tax return.

"Former Rep. Stockman stole hundreds of thousands of dollars from charities, then used the money to pay personal expenses and fund his political campaigns," Assistant Attorney General Brian Benckowski said. "As this case demonstrates, the Justice Department and our law enforcement partners will aggressively pursue corrupt public officials, including those who seek to corrupt our elections for personal gain."

From May 2010 to February 2014, Stockman and his aides solicited \$1.25 million in donations from charitable organizations under false pretenses, according to evidence presented at trial. The money was then laundered through a series of sham nonprofit organizations and dozens of bank accounts before it was spent on Stockman's personal and campaign expenses, according to the Justice Department.

A newsletter was
not issued for
December, 2018.



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Lobbying spending hits all-time high... again



Kentucky lobbying spending hit an all-time high of \$23.1 million last year, blasting past the previous high of \$20.8 million set the year before.

The record spending was a ten percent increase over the previous year, and was driven by 731 lobbying businesses and organizations, the most ever registered in Kentucky.

In 2018, 590 lobbyists were paid \$20.4 million in compensation, which was about 92 percent of all employer lobbying spending. While the number of employers increased to a record high, there was a four percent drop in the number of lobbyists, indicating a further consolidation of Kentucky's lobbying industry, with about a dozen lobbying firms handling more than half of the business.

Last year's top lobbying spender was **Altria (Philip Morris and U.S. Smokeless Tobacco Co.)**, which spent \$552,103, a 43 percent increase over **Altria's** spending the year before, and more than twice as much as the company spent in 2016, the last year in which a 60-day session was held.

Kentucky Chamber of Commerce was in second place among lobbying spenders, after spending \$352,425, a 20 percent jump from the Chamber's spending in 2016.

The rest of the top five spenders include **Kentucky Hospital Association** (\$194,425); **Anthem Inc.** (\$181,564), which landed in fourth place after just moving into the top ten in 2017; and **LG&E and KU Energy** (\$162,073), which vaulted into fifth place from outside the top 20 the year before.

Others in the top 10 were **Kentucky League of Cities** (\$136,849); **Kentucky Justice Association** (\$133,774); **Kentucky Medical Association** (\$130,785); **DXC MS** (formerly **Molina Healthcare** (\$129,850); and **Kentucky Retail Federation** (\$128,172).

The rest of the top 20 spenders: **Humana** (\$124,044); **United Healthcare** (\$122,259); **1800Contacts** (\$120,346); **DXC Technology** (\$120,000); **Greater Louisville, Inc.** (\$119,795); **CSX Corp.** (\$118,590); **RAI Services** (\$112,097); **Foundation for a Healthy Kentucky** (\$110,766); **Kentucky Wired** (\$110,000); and **Home Builders Association of Kentucky** (\$105,893).



Ethics Commission will conduct training for lobbyists and employers

The Legislative Ethics Commission will conduct a training session on Monday, February 25 for new lobbyists and anyone interested in a refresher course on ethics law requirements for lobbyists and employers.

The training session will start at 11 a.m. in Room 131 in the Capitol Annex in Frankfort, and will include a review of the Commission's on-line filing system.



Commission responds to lobbyist fundraising inquiry

In 2015, the Legislative Ethics Commission discussed a question raised by a legislative agent (lobbyist), and issued an ethics advisory. A similar question was asked recently, so the advisory is reprinted here.

The question is: "If a lobbyist receives a campaign fundraising solicitation from a member of the General Assembly, may the lobbyist forward the solicitation to the lobbyist's employer?"

The short answer is a lobbyist can inform his or her employer of a fundraising effort, but forwarding information regarding the amount of money to be paid for attendance at an event, and to whom payment for attendance is to be made, would go beyond merely furnishing information and would constitute solicitation of a contribution by the lobbyist acting, in effect, as an agent for the sponsor of the event.

From the discussion at the (2015) meeting, Commission members are most concerned about members of the General Assembly (or their campaign representatives) sending political fundraising appeals to legislative agents.

Commission members referred to numerous opinions issued since the Commission's 1993 creation, in which the Commission holds that the Code of Legislative Ethics prohibits legislators from soliciting lobbyists for campaign fundraising. For example, in **OLEC 07-02**, the Commission said:

"The Commission has long held that it is improper for a legislator to solicit help from a lobbyist in obtaining funds for a campaign."

KRS 6.731(3) forbids a legislator from using his or her official position to secure advantages or treatment for himself or others in direct contravention of the public interest at large. The "public interest" is set forth at KRS 6.606, which provides that the purpose of the Code of Legislative Ethics is that a public official not use public office to obtain private benefits' and that a public official avoid action which creates the appearance of using public office to obtain a benefit."

Because of the unique nature of the relationship between a legislator and a lobbyist, it is inevitable that a legislator seeking campaign fund-raising assistance from a lobbyist would be perceived as violating KRS 6.731(3) by using his official position to secure advantages for himself or others in direct contravention of the public interest at large."

See also **OLEC 05-01**, which states: *"The Commission has consistently ruled that a legislator may not solicit the help of a lobbyist in raising campaign funds for the legislator himself or for another legislator . . . This follows logically from the KRS 6.767 prohibition against a legislator accepting a contribution from a lobbyist, as well as from the KRS 6.731(3) prohibition against a legislator using his position to secure advantages or treatment for himself, herself or others in contravention of the public interest, when the relationship between a legislator and lobbyist is taken into account."*

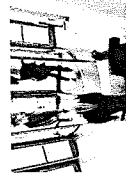
So, the immediate concern is that lobbyists may be receiving fundraising solicitations from legislators, as this raises the potential for violation of the Code of Legislative Ethics.

The Commission directed its staff to increase efforts to inform members of the General Assembly about this issue, and to caution them regarding seeking fundraising assistance from lobbyists.

Since 1993, the Commission has recognized that a lobbyist may properly provide a wide range of information to a PAC (and presumably, the lobbyist's employer) on such issues as voting records, legislative history, and political intelligence related to members and candidates for legislative office. Such activity is within the scope of responsibilities associated with the duties of a lobbyist.

However, with the 2014 enactment of KRS 6.811(5), the Code of Legislative Ethics now includes a restriction on a lobbyist's ability to "directly solicit" a campaign contribution for a legislator or candidate for election to the General Assembly.

The Commission is of the opinion that if a lobbyist's correspondence informs the recipient of the amount of money to be paid for attendance at a legislator's fundraising event and to whom payment for attendance is to be made, it would go beyond merely furnishing information and would constitute the solicitation of a contribution by the lobbyist acting, in effect, as an agent for the sponsor of the event, and that would contravene KRS 6.811(5).



Newly-registered lobbying employers & terminations

The following businesses and organizations recently registered to lobby during the 2019 General Assembly: American Association for Marriage & Family Therapy; Animal Policy Group, LLC; Associates in Pediatric Therapy; Benefitfocus.com, Inc.; Bird Rides, Inc.; BrightStar Care; Coca-Cola Bottling Co. Consolidated; Diversified Gas & Oil Corp.; Equian, LLC; Fund For the Arts; GenCanna Global; Glaxo SmithKline; Green River Alliance Group; and Home Builders Association of Lexington.

Other recent registrants are: Kentucky Academy of Audiology; Kentucky Athletic Trainers' Society; Kentucky Habitat for Humanity, Inc.; Kentucky Municipal Energy Agency (KYMEA); Kentucky Sheriffs Association; Kentucky Society of Addiction Medicine; Louisville Theatrical Association; Metro United Way; Molina Healthcare, Inc.; National Council of State Boards of Nursing; New Meridian Corp.; Novartis Services, Inc.; Partnership to Protect Patient Health; Purple Toad Winery; Rx Development Associates, Inc.; Terrace Metrics; U.S.A. Drone Port; and Zoll.

21 businesses and organizations terminated their registration, and are no longer lobbying the Kentucky General Assembly: Almost Family; American Insurance Co.; American Tort Reform; Balanced Budget Amendment; Bardenwerper, Talbott & Roberts PLLC; Check Into Cash; Christ Hospital; CTIA - The Wireless Association; Express Scripts Holding Co.; Ferring Pharmaceuticals; Full House Resorts, Inc.; Johnson Controls, Inc.; Mallinckrodt LLC; National Home Service Contract Association; Northern Kentucky University Foundation; Otsuka America Pharmaceutical, Inc.; Pew Charitable Trust; Retirement Security Initiative; Securities Industry & Financial Markets Association; TracFone Wireless, Inc.; and Verde Technologies.

Legislator and lobbying reports due by Friday, February 15

Members of the General Assembly are required to file their annual financial disclosure statements by Friday, February 15, 2019. The statements are for the 2018 calendar year.

Also, by Friday, February 15, 2019, all lobbyists and employers are required to file Updated Registration Statements for the period of January 1 through January 31, 2019.

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



Ethics & Lobbying News from around the U.S.

Former Arkansas senator charged with conspiracy in bribery scheme ARKANSAS - Associated Press -- by Andrew DeMillo -- January 12, 2019

Little Rock -- A former Arkansas lawmaker has been charged with conspiracy in an alleged bribery scheme with an ex-judge who admitted to lowering a jury's award in a negligence lawsuit in exchange for campaign contributions.

A federal indictment shows former state Sen. Gilbert Baker was also charged with bribery and wire fraud in connection to the scheme involving former Judge Michael Maggio. Maggio admitted in 2015 to accepting campaign donations from a nursing home company owner, then reducing a judgment against that company from \$5.2 million to \$1 million.

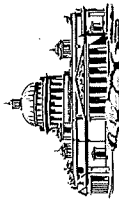
The indictment alleges Baker conspired with Maggio to direct the owner's contributions to the judge. The contributions were funneled to Maggio through eight political action committees that Baker had an attorney setup.

Baker is a former party chairman who unsuccessfully ran for the nomination for a U.S. Senate seat in 2010. Baker's attorneys said he never asked Maggio, the nursing home company owner or anyone else to do anything improper or illegal, and that no one asked him to do anything improper or illegal.

Maggio accepted the contributions during a bid for the state Court of Appeals that he abandoned three months before the election. Baker, who was a fundraiser for Maggio's bid, told the judge over the summer that the nursing home owner "was watching the civil lawsuit and would appreciate Maggio making a favorable decision," according to the indictment.

The indictment names the owner only as "Individual A," though he's previously been identified as Michael Morton. Morton has not been charged in the case and a spokesman denied he sought anything in exchange for his contributions.

ETHICS REPORTER February, 2019



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Lobbying spending at all-time high for odd-year session

Although the General Assembly met for only four days in January to begin the 2019 session, lobbying spending hit \$2.2 million and broke the spending record for the first month of an odd-year legislative session.

January's record lobbying spending comes on the heels of the all-time high \$23.1 million spent last year by businesses, organizations, and lobbyists pursuing their interests with the General Assembly.

There are 742 businesses and organizations lobbying the General Assembly, and that is a record number of employers, with 626 lobbyists working for those employers.

This year's lobbying spending is led by the **Kentucky Chamber of Commerce**, which spent \$40,972 last month, including \$5,300 on a Lexington dinner for all legislators. As lobbying priorities, the Chamber's website cites pension reform, tobacco-free schools, unemployment insurance, and sports wagering.

Altria (Philip Morris) was the second-leading spender at \$30,500; followed by **Kentucky Hospital Association** (\$28,483); **Kentucky Bankers Association** (\$21,245); and **Greater Louisville, Inc.** (\$20,785), reporting lobbying on issues including tax, tort, and pension reform.

Other top 10 lobbying spenders are: **Johnson & Johnson** (\$15,750); **Kentucky Justice Association** (\$15,676); **Kentucky Association of Electric Cooperatives** (\$14,691); **CSX Corporation** (\$12,985); and **Swedish Match North America** (\$12,718).

The rest of the spending top 20 are: **Humana** (\$12,620); **Kentucky League of Cities** (\$12,560); **Fidelity Investments** (\$12,000); **Kentucky Downs LLC** (\$12,000); **Kentucky Medical Association** (\$11,809); **Catholic Conference of Kentucky** (\$11,607); **Kentucky Credit Union League** (\$11,263); **DXC MS** (\$10,800); **Kentucky Equine Education Alliance** (\$10,566); and **Kentucky Farm Bureau Federation** (\$10,476).



Special election in Senate District 31

A special election for the office of State Senator, 31st Senatorial District, will be held in all precincts in Elliott, Lawrence, Martin, Morgan, and Pike Counties on Tuesday, March 5, 2019.

The candidates in the special election are Darrell W. Pugh and Charles "Phillip" Wheeler, Jr., and the candidates' financial disclosure statements are posted on the Legislative Ethics Commission's website, as are the newly-filed financial disclosure statements for all members of the 2019 General Assembly. To access those statements, copy and paste this link into a browser: <https://klec.ky.gov/Reports/Pages/Legislators-and-Candidates.aspx>

Newly-registered lobbying employers & terminations



Lobbying employers which have recently registered to lobby include: Alcohol Monitoring Systems, Inc.; Allstate Insurance Company; Cigna Corporate Services, LLC; Cleanse Clinic Corp.; Coalition of Ignition Interlock Manufacturers; CTIA - The Wireless Association; DraftKings, Inc.; Edison Electric Institute; FanDuel, Inc.; Good Food Institute; JACK Ohio LLC; Juul Labs; National Association for Gun Rights; Pain Management Centers of America; Spin Status Solutions; Susan B. Anthony List; Turo, Inc.; and Wallitsch, James.

Employers which have recently terminated their lobbying registrations include: Ascential Care Partners, LLC; Centerstone; CIOX Health, LLC; Gateway Health Plan of Ohio, Inc.; Goodwill Industries of Kentucky; Innovation Alliance; Polaris Industries, Inc.; Kentucky Film and Digital Entertainment Association; Kentucky Rent-A-Car Association; Kentucky Smart on Crime; Kinder Morgan Energy Partners, L.P.; Pathfinder Capital; and Transparent Business.



Ethics & Lobbying News from around the U.S.

Arkansas grapples with ethics cleanup amid federal probes ARKANSAS - Associated Press - by Andrew DeMillo -- February 24, 2019

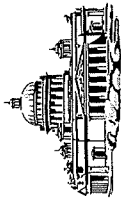
Little Rock - Arkansas has had its share of notable corruption cases over the years, including when a governor was convicted and when a state treasurer was caught accepting bribes stashed in pie boxes.

A flurry of cases in the past two years has been eye-popping, though, even for the most jaded veterans of Arkansas politics. Among those who have been charged are a nephew of the current governor, a champion of campaign finance reform, and a top county official who admitted to taking bribes funneled through the church where he was a pastor.

The recent cases have stirred fears that the Capitol is becoming better known as a hotbed of corruption than for any policy achievements, and legislative leaders are scrambling to repair that image and find ways of deterring future misdeeds.

"Let us begin the session of the General Assembly today with a determination that the culture of greed and corruption is over," Senate President Jim Hendren told colleagues on the first day of the current legislative session. "We will not participate in it, we will not ignore it and we will not tolerate those who do."

Since January 2017, seven current or former state lawmakers - none of whom are still in the Legislature - have been ensnared in corruption investigations - most in a probe that looked at state money that was going to nonprofits, including a mental health provider and a for-profit Christian college in northwestern Arkansas.



ETHICS REPORTER March, 2019

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Short session lobby spending hits record \$5 million

Lobbying spending in Kentucky continues to hit all-time highs, as a record \$5.02 million was spent in the first two months of the 30-day, odd-year session of the General Assembly. That's eight percent more than the amount spent during the same period in 2017, the most recent short session.

The robust lobbying spending follows last year's record \$23.17 million, spent by lobbying groups pursuing their interests with the General Assembly.

In the 25 years since the first full year of reporting, annual lobbying spending has increased 258%, easily outpacing inflation, and showing the growing emphasis that businesses and organizations place on having a lobbying presence in the State Capitol.

There are 741 employer businesses and organizations lobbying the General Assembly, with 624 lobbyists working for those employers.

So far in 2019, the top-spending lobbying organization is the **Kentucky Chamber of Commerce**, which has spent \$76,968, down about \$11,000 from the same period in 2017. However, other top-spending groups all boosted their spending over the last odd-year session.

For example, the second-leading spender **Altria (Philip Morris)** spent \$69,641 in the first part of 2019, an 18% increase from 2017; **Kentucky Hospital Association's** spending (\$69,615) is up 28% from two years ago; **Kentucky Bankers Association** (\$59,990) has spent 40% more this year working for a bill that could save banks \$56 million a year in taxes; and **Greater Louisville, Inc.** (\$42,470) has spent 25% more than in 2017.

The rest of the top 10 spenders are: **National Council of State Boards of Nursing** (\$38,611, including \$24,600 on advertising), which came back to Kentucky after a two-year absence to lobby for a bill allowing advanced practice registered nurses to prescribe controlled substances; **Kentucky League of Cities** (\$38,119); **Everytown for Gun Safety Action Fund** (\$38,096, including \$18,200 on advertising); **Kentucky Association of Electric Cooperatives** (\$35,574), up 27% from 2017; and **Kentucky Retail Federation** (\$36,100).

Other on the top 20 list include: **Kentucky Justice Association** (\$34,415); **Johnson & Johnson** (\$31,500); **Kentucky Farm Bureau Federation** (\$30,812); **Kentucky Medical Association** (\$30,112); **Kentucky Credit Union League** (\$29,263); **Humana** (\$27,514); **CSX Corporation** (\$26,117); **Kentucky Education Association** (\$25,913); **Home Builders Association of Kentucky** (\$25,657); and **Anthem, Inc. and Its Affiliates** (\$25,339).

Final spending reports for the 2019 General Assembly are due by the close of business on Monday, April 15. Following that, a report is due by May 15, then September 15.



Newly-registered lobbying employers & terminations

Lobbying employers which have recently registered to lobby include: **American Kennel Club**; **Astellas Pharma US**; **Financial Services Institute**; **Foundation for Individual Rights in Education**; **Home School Legal Defense Association**; **Kentucky Advocates for Representation Excellence**; **Magna Services of America**; and **Recurrent Energy, LLC**.

Employers which have recently terminated their lobbying registrations include: **180Skills, LLC**; **DXC Technology Co.**; **Edison Electric Institute**; **Emerald Energy and Exploration Land Co.**; **Kentucky Society of Interventional Pain Physicians**; **Kologik**; **Synergy Diagnostic Laboratory**; **Universal Health Services, Inc.**

Additionally, three professional sports organizations that were lobbying for sports gambling terminated their lobbying activity at the end of February. Those are: **Major League Baseball**; **National Basketball Association**; and **PGA Tour, Inc.**



Ethics and lobbying news from around the U.S.A.

AT&T peels off layer of political spending secrecy — thanks to investors and the Michael Cohen fiasco NATIONAL — *Dallas News* — by David S. Rauf — March 20, 2019

AT&T is bowing to shareholders calling for more transparency about the company's political spending, agreeing to disclose millions of dollars in previously untraceable contributions after last year's embarrassment over payments to President Donald Trump's former lawyer Michael Cohen.

For the first time, AT&T is divulging some contributions to outside groups that keep their donors secret, providing a fuller, if still incomplete, picture of the Dallas-based telecom giant's vast spending on state and federal politics. A new report released by the company details payments totaling about \$4.2 million to industry groups and think tanks that was used for lobbying during a portion of last year.

The disclosure is the product of a years-long shareholder campaign and allows AT&T to avoid a proxy fight at its April 26 annual shareholder meeting. For the past five years, AT&T had advised investors to vote against nonbinding proposals asking for a report on lobby payments to outside groups.

In regulatory filings, the company said it already made legally required information about its political activity available and called the proposals an "unnecessary line-item disclosure."



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Lobby spending hits all-time high for odd-year session



Kentucky lobbying spending continued at a record pace in the 2019 General Assembly. Reports filed after the end of the session show that \$7.55 million was spent on lobbying during the odd-year, 30-day session. That total was eight percent higher than 2017 and 2015, which both came in at \$6.9 million.

During the session, 736 businesses and organizations employed 603 lobbyists, tracking the national trend toward more state lobbying by businesses and interest groups, and more money spent to influence state-based policies.

As an illustration of that upward trend, the amount spent in the first three months of 2019 exceeds the amount spent during the entire 12 months of 2001, the first year in which Kentucky held an odd-year short session.

As it was in the 2018 session, the top spending lobbying organization this year was the **Kentucky Chamber of Commerce**, which spent \$112,740 in January, February, and March.

The second-biggest spender in the 2019 session was the **National Council of State Boards of Nursing (NCSBN)**, which has previously lobbied very little in Kentucky. In the 2019 session however, NCSBN jumped to the top of the list after spending \$103,720 lobbying on legislation to change requirements for advanced practice registered nurses to prescribe controlled substances.

The other top five spenders include: **Altria/Philip Morris** (\$98,762); **Kentucky Bankers Association** (\$98,735), which successfully lobbied to repeal the Bank Franchise Tax, saving banks \$50 million per year in state taxes; and **Kentucky Hospital Association** (\$94,596).

The rest of the top ten includes: **Greater Louisville, Inc.** (\$62,455); **Kentucky Association of Electric Cooperatives** (\$62,444); **Kentucky Credit Union League** (\$58,078); **Kentucky Retail Federation** (\$54,128); and **Kentucky League of Cities** (\$53,461).



Op-ed: In Kentucky, a bright day for ethics and the law

The Kentucky Legislative Ethics Commission (KLEC) recently addressed a case in which it recognized the constitutional authority of the General Assembly in election contests for legislative races. Here's background information on the Commission, and discussion of its decision in the case:

KLEC is the only ethics commission of its kind in the United States: a bi-partisan, citizen-run commission with jurisdiction over an ethics code that applies to legislators, lobbyists, and all businesses and organizations that employ lobbyists. In every other state, legislators are members of the ethics panels that deal with complaints against their colleagues.

KLEC's independence and its bi-partisan membership guarantee that the public has a higher level of confidence in the group's ethics decisions, as they are guided by the law, and not by political connections or legislative collegiality.

It's noteworthy that in the 26 years since Kentucky adopted the ethics law and created the independent KLEC, not one legislator has been indicted or convicted in state or federal court for misusing his or her legislative office. This stands in remarkable contrast to many other states, where legislators are regularly resigning or going to prison in the wake of serious corruption.

In the recent KLEC case of **Glenn v. Osborne**, the law was clear, and on two separate occasions (in January and again in April), KLEC Democrats and Republicans agreed, without a dissenting vote, that no violation of the ethics law occurred.

The case involved an attorney for a legislator-elect (Glenn) alleging that the House Speaker (Osborne) used legislative staff to prepare an election contest case against the legislator-elect. The attorney said such staff work was a use of public resources for partisan political campaign activity.

However, the Kentucky Constitution, statutes, and case law are crystal clear on these key points:

Election campaigns end on election day, and in the case of legislative elections in which the results are contested, each House of the General Assembly has the sole authority to determine who will be seated in that chamber; and

Therefore, any work done by legislative staff on post-election contests and recounts in the House or Senate - a constitutional responsibility specifically assigned to the House or Senate - does not violate the ethics law, as that work is done in pursuance of those constitutional responsibilities, and as authorized by state statutes.

At its January meeting, KLEC dismissed Glenn's complaint because each House of the General Assembly, and the legislators and staff working on its behalf, has exclusive and complete power over the resolution of election recounts and contests, pursuant to Section 38 of Kentucky's Constitution. In April, KLEC denied a motion to reconsider the earlier decision.

This case is similar to ethics complaints that were brought against two previous House Speakers (Greg Stumbo in 2014 and Jody Richards in 2008). In each of those cases, a complaint alleged the Speaker violated the ethics law in handling impeachment petitions filed by citizens. In those cases, as in the recent case, the complainants offered no substantive evidence beyond speculation to support their allegations.

As in the **Osborne** case, KLEC determined that Stumbo and Richards were exercising constitutional authority, so the actions of all three Speakers were "authorized by law", and were not violations of the legislative ethics law.

Interestingly, there have been a fair number of legislative election contests filed in the House and Senate since the 1891 adoption of Kentucky's Constitution.

Over the years, Kentucky courts have drawn a bright line between pre-election activities, which are "campaign activities", and actions after the election.

An election contest has been described as any action taken after an election to challenge the election's results, as courts have held that "An election contest obviously is a post-election procedure, involving an election that has been held, as distinguished from a pre-election suit to determine whether a person may be voted on as a candidate." *Fletcher v. Wilson*, 495 S.W.2d 787, 791 (Ky. 1973).

Thus, Kentucky law makes a distinction between the election, during which campaign activity occurs, and the post-election period in which an election contest or recount may be held.

In the days before the General Assembly employed many lawyers, the House and Senate approved the use of public funds for both the contestant's and contestee's legal fees, upon request of the parties, and the courts acknowledged that this is a proper use of public funds. *Mercer v. Coleman*, 14 S.W.2d 144 (Ky. 1929).

In *Hallam v. Coulter*, the court stated that "according to parliamentary custom", General Assembly appropriations could be used to pay any expenses borne by the parties to a legislative contest action, either by a successful or unsuccessful party, in a legislative contest case before the House. 73 S.W. 772, 774 (Ky. 1903).

CONCLUSION

In this case, any activities in which House leaders are alleged to have engaged involving a canvass or other pre-contest or recount processes, or actions in a recount or contest, were done pursuant to Constitutional and statutory authority, so they are "authorized by law", as allowed by the ethics code.

The actions complained of were not for "private gain" or "partisan political campaign activity", as prohibited by the ethics law. Rather, they are specifically provided for in the Kentucky Constitution and statutes for the post-general election decision of who is to be considered a properly seated member of the House.

The citizen-run, bi-partisan Legislative Ethics Commission unanimously agreed, and that makes it a bright day for ethics and the law in Kentucky.



Ethics & Lobbying News from around the U.S.

Ward: Bill allowing lobbyist gifts to officials 'dead' in his committee
ALABAMA -- *Montgomery Advertiser* -- by Brian Lyman -- April 10, 2019

It got verbal support. And then it stalled.

An Alabama Senate committee delayed a vote on a proposed ethics bill that critics say would represent a major step back from 2010 ethics laws and considerably loosen restrictions on what lobbyists can give to public officials or their family members.

ETHICS REPORTER May, 2019



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Lobby spending breaking odd-year records



Kentucky lobbying spending is continuing at a record pace. Recently-filed spending reports show that \$9.43 million was spent on lobbying during the first four months of 2019, including a 30-day legislative session. That total was nine percent higher than 2017, when \$8.6 million was spent.

Even after numerous post-session terminations, 719 businesses and organizations are registered to lobby, with 552 lobbyists, tracking the national trend toward more state lobbying by businesses and interest groups, and more money spent to influence state-based policies.

Nearing the mid-point of 2019, the top five lobbying spenders are: **Kentucky Chamber of Commerce** (\$137,113); **Altria/Philip Morris** (\$126,573); **Kentucky Bankers Association** (\$119,980); **National Council of State Boards of Nursing** (\$115,889); and **Kentucky Hospital Association** (\$109,596).

The second half of the top ten spenders includes: **Greater Louisville, Inc.** (\$75,240); **Kentucky Credit Union League** (\$63,078); **Kentucky Association of Electric Cooperatives** (\$62,444); **Kentucky Retail Federation** (\$61,680); and **Kentucky League of Cities** (\$59,261).

The rest of the top 20 spenders are: **Kentucky Justice Association** (\$58,397); **Humana** (\$55,048); **Kentucky Farm Bureau Federation** (\$53,756); **Anthem, Inc.** (\$53,589); **Johnson & Johnson** (\$53,000); **CSX Corporation** (\$52,134); **Everytown for Gun Safety Action Fund** (\$51,688); **Home Builders Association of Kentucky** (\$50,008); **Kentucky Medical Association** (\$49,930); and **Kentucky Downs LLC** (\$48,000).

New members appointed to Ethics Commission

Two former legislators were recently appointed to serve four-year terms on the Legislative Ethics Commission.

House Speaker David Osborne appointed former Rep. Alecia Webb-Edgington of Covington, and Senate President Robert Stivers appointed former Sen. Dan Kelly of Springfield to a full term after he'd served several months of an unexpired term.

Ms. Webb-Edgington is president of the Life Learning Center in Covington. She served in the Kentucky House of Representatives from 2008 to 2012, and was a candidate for the U.S. House of Representatives in 2012.

Judge Kelly served 19 years in the Senate, including four years as Minority Leader and nine years as Majority Leader, before serving five years as a Circuit Court Judge.

Other members of the Commission are: Judge Tony Wilhoit, Chair; Sheldon Baught; Pat Freibert; Tony Goetz; Phil Huddleston; Dave Nicholas; and Judge Paula Sherlock.



Ethics Code applies at summer conferences in New Orleans, Nashville and Austin

Kentucky's Code of Legislative Ethics applies to legislators, lobbyists, and employers of lobbyists who attend summer legislative conferences, or who sponsor events in conjunction with those conferences.

Legislators interested in attending an out-of-state meeting are required to obtain approval for that travel from the presiding officer of the chamber in which they serve.

Kentucky lobbyists and their employers are required to report the value of food, beverages, and other expenses contributed to events to which Kentucky legislators are invited. Lobbyists and employers are also required to report other expenses incurred in conjunction with the meetings, if the expenses are directly associated with the employer's or lobbyist's lobbying activities. These include expenses for promotional items, and conference registration and travel expenses.

The Code of Legislative Ethics prohibits lobbyists and employers from buying food and beverages for individual legislators, and prohibits lobbyists and employers from providing legislators with out-of-state lodging or transportation from Kentucky to an out-of-state location.

Legislative conferences this summer include:

- **Southern Legislative Conference Annual Meeting:** July 13 - July 17, 2019 in New Orleans, Louisiana at the Sheraton New Orleans.
- **National Conference of State Legislatures Legislative Summit:** August 5 - August 8, 2019 in Nashville, Tennessee at the Music City Center.
- **American Legislative Exchange Council Annual Meeting:** August 14 - August 16, 2019 in Austin, Texas at the J.W. Marriott Austin.

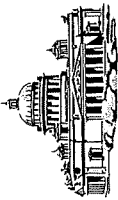


Ethics & Lobbying News from around the U.S.

Legislative 'sprinkle' adds extra half-million dollars to state senator's nonprofit, quietly doubling state payout to Lauren's Kids FLORIDA -- *FloridaBuildlog.org* -- by Francisco Alvarado -- May 22, 2019

Tallahassee -- In the waning days of the most recent Florida legislative session, it appeared the nonprofit agency founded and run by Plantation State Sen. Lauren Book would walk away with only half-a-million dollars in taxpayer funding after consecutive years of receiving seven-figure sums.

Then came the April 30th meeting of the budget conference chairs. That's when Lauren's Kids got sprinkled.



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U.S. Court of Appeals upholds Kentucky ethics law, sending strong signal to other states and Congress

The U.S. Court of Appeals for the Sixth Circuit recently put its stamp of approval on Kentucky's legislative ethics law, sending a clear signal for strong public ethics laws across the nation.

Kentucky's ethics law was challenged in a lawsuit filed by John Schickel, a state senator from Boone County.

In his lawsuit, Schickel claimed he has a right under the U.S. Constitution to accept lobbyist-funded meals, beverages, and campaign contributions, all of which are prohibited by Kentucky's ethics law, enacted 26 years ago in the wake of the BOPFROT scandal.

Schickel lost his lawsuit in a unanimous decision by a panel of judges appointed by Presidents G.W. Bush, Carter, and Trump.

The federal court ruling is an important message to the other 49 states, hundreds of cities and counties, and to the U.S. Congress, that they can adopt strong ethics laws like Kentucky's and help public officials and lobbyists avoid corruption.

To understand why Kentucky is a national leader in legislative ethics, it's helpful to know some history:

For over 80 years after the adoption of our state's 1891 Constitution, the Governor dominated state government in Frankfort. The General Assembly was a part-time afterthought, meeting for less than three months every other year.

The Governor had all the power, so lobbyists and special interests went to the Governor's office when they wanted to influence state policy. Legislators did not have a significant role in governing the Commonwealth.

Starting in the 1970's, legislators took more responsibility for making the state budget and other policies that affect their constituents. With increasing responsibility came more involvement with lobbyists.

There were very few ethics rules, so lobbyists could wine and dine legislators, take them on trips, fund their campaigns, and exert influence in ways not available to citizens and small businesses who don't have the resources to employ paid lobbyists.

In the early 1990's, when winning, dining, trips, and cash were connected to public policy decisions, legislators and lobbyists broke federal laws and the FBI investigated.

Lives and careers were ruined, people went to prison, and public confidence in the General Assembly plunged to an all-time low.

In 1993, the remaining members of the General Assembly passed the nation's strongest ethics law to change the culture in Frankfort, and help future generations of legislators, lobbyists, and citizens avoid the type of corruption that undermines the public's faith in government.

Kentucky's law bans lobbyists from giving campaign contributions to legislators and legislative candidates. That means our state's legislative elections do not include the outrageous money chasing that Washington D.C. lobbyists and members of Congress engage in on a year-round basis.

The 1993 law also created the independent Legislative Ethics Commission, which includes nine citizens and no sitting legislators. In every other state and the U.S. Congress, ethics issues are handled by committees which include members who are judging their legislative colleagues, creating a public perception that legislators are not held to a high ethical standard.

In 2014, the General Assembly strengthened the legislative ethics law to prohibit lobbyists from soliciting campaign contributions for legislators, prohibit PAC contributions during legislative sessions, and strictly prohibit lobbyists and their employers from paying for meals, beverages, and trips for individual legislators.

Schickel was the only one of 138 legislators to vote against the stronger ethics law.

When he lost that vote in the Legislature, Schickel went to federal court, claiming he has a constitutional right to take meals, beverages, and campaign contributions from lobbyists.

Schickel made this claim even though Kentucky taxpayers pay legislators a daily salary plus \$163.90 a day, seven days a week, for meals and lodging when the General Assembly is in session. Taxpayers pay so their legislators will not have to rely on outside interests to pay their legislative expenses.

During the interim between sessions, Schickel and all legislators receive a salary and are reimbursed for meals, mileage, and lodging for each day they attend a legislative meeting, plus they receive \$1,788.51 per month to pay for other legislative expenses. Also, Schickel and 137 others have won legislative elections without receiving campaign money from lobbyists who are paid to influence them on public policy.

In response to Schickel's lawsuit, Kentucky taxpayers have paid \$37,000 (and more if Schickel appeals) for the Attorney General to defend the ethics law.

Fortunately, at this point, Schickel has lost and Kentucky's ethics law is strengthened by the powerful ruling of the U.S. Court of Appeals that our state's law is consistent with the United States Constitution.

For 26 years, the ethics law has helped Kentucky avoid the legislative corruption that has plagued most other states. In those years, no Kentucky legislator has been indicted or convicted for misusing his or her public office, while dozens of legislators in other states have gone to prison.

All Kentuckians can be proud of that record. In light of the federal court ruling, the U.S. Congress and state and local governments across the country can seriously consider creating new ethics laws and strengthening their current laws to help prevent corruption.

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Legislators interested in attending an out-of-state meeting are required to obtain approval for that travel from the presiding officer of the chamber in which they serve.

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Ethics & Lobbying News from around the U.S.

Ex-Schweikert staffers describe unrest in ethics report ARIZONA - Arizona Republic - by Ronald J. Hansen -- June 12, 2019

U.S. Rep. David Schweikert of Arizona presided over a slipshod office operation with financial oversight so weak that his former chief of staff managed to take home improper, extra pay that violated House ethics rules for years, a newly released investigation found.

Oliver Schwab may have collected \$60,000 in outside pay over three years above what House rules permitted, and attended the 2015 Super Bowl in Glendale - with Schweikert - as part of a taxpayer-paid trip that was reported as official business, the report said.