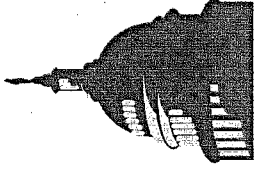


Kentucky Legislative Ethics Commission



Kentucky Legislative Ethics

Commission Members

George Troutman, Chair
Pat Freibert, Vice Chair

Bob Fulkerson
Ann Henn
Rebecca Tomblinson*
Deborah Jo Durr

Paul Gudgel
Norma Scott
Ray B. White
David Barber**

*Term expired April 2011

**Appointed in May 2011

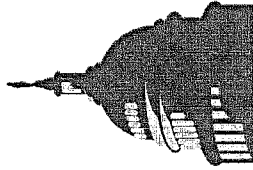
Commission Staff

Anthony Wilhoit, Executive Director

John Schaaf, Assistant Director
Donnita Crittender, Principal Assistant
Connie Evans, Staff Assistant
Michael Malone, Enforcement Counsel

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

ANNUAL REPORT



FY 2010-2011

FOREWORD

I am pleased to submit the 18th 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. The number of requests for informal opinions from all of those covered by the Legislative Ethics Code reflects their willingness to abide by it.

The continued support we have 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).



GEORGE C. TROUTMAN, Chairman

Legislative Ethics Commission Member Profile

George C. Troutman - Mr. Troutman is the Chairman of the Commission. The Speaker of the House appointed him to the Commission in 1994. Mr. Troutman graduated from St. Xavier High School and Bellarmine University where he majored in accounting. He is currently self-employed as a Certified Public Accountant, a member of the American and Kentucky Society of CPAs and the American Board of Forensic Accounting. Mr. Troutman served on the Registry of Election Finance from 1992 to April of 1994. He and his wife, Mary, reside in Louisville.

Pat Freibert - Mrs. Freibert was appointed to the Commission by President of the Senate in November 2008, and she serves as Vice-Chair. Mrs. Freibert also served on the Ethics Commission from 2000-2004. She is a former member of the House of Representatives. 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 Gov. Ernie Fletcher to the Kentucky Commission on Women, and served as Chair of that Commission. She and her husband, David, reside in Lexington, Kentucky.

Ann B. Henn - Mrs. Henn was appointed to the Commission by the President of the Senate in 1997, and in 2009, she accepted the Legislative Research Commission's appointment to the Commission. Mrs. Henn was an attorney for the Court of Appeals for nine years. She received a B.S. from Northern Kentucky University and graduated from the University of Kentucky College of Law. She is licensed to practice law in Kentucky and Ohio and is a member of the state and local bar associations. She and her husband, Bob, reside in Edgewood.

Judge Paul D. Gudgel - Judge Gudgel was appointed by the Speaker of the House in 2002. Judge Gudgel received his BA and LLB degrees from the University of Kentucky. After practicing law in Lexington, he entered judicial service in 1970, serving as a trial commissioner in the municipal and quarterly courts, and as Chief District Judge. In 1979, he was appointed to the Court of Appeals and served on that court until 2002, including five years as Chief Judge. He retired from the Court in November 2002. Judge Gudgel earned a Master of Laws degree from the University of Virginia, and served as a member of the Judicial Conduct Commission for 22 years. He and his wife, Katherine, reside in Lexington.

Bob Fulkerson - Mr. Fulkerson was appointed to the Commission by the President of the Senate in 2004. He is a graduate of Owensboro Senior High School and attended Southwestern College in Dallas, Texas. He is a retired manager of General Electric Appliance Park in Louisville. Currently, he devotes his time to community service and religious activities. In the past, he was an active participant in politics, both as a candidate for elected office and party official. He and his wife, Edna, reside in Louisville.

Norma Scott - Mrs. Scott was appointed to the Commission by the President of the Senate in 2005. She graduated from Earlington High School and Western Kentucky University, where she received a B.A. in Elementary Education. A former school teacher, Mrs. Scott was the president of Fugate Lumber Co., which has locations in Madisonville, Eddyville, and Powderly. She and her husband, Gerald, reside in Madisonville.

Deborah Jo Durr - Ms. Durr was appointed to the Commission by the Speaker of the House in July, 2009. She is President of Richwood Manor, a horse farm in northern Kentucky. Ms. Durr has an extensive record of civic and educational service, including serving on the Gateway Community & Technical College Board of Directors, Boone County Education Foundation, Kentucky Commission on Volunteerism, and as President of the Northern Kentucky District of the Parent/Teacher Association. She earned a Master's degree in Career Counseling from Morehead State University, and a B.S. in Biology from Northern Kentucky University. She resides in Richwood, Kentucky.

Ray B. White - Mr. White was appointed to the Commission by President of the Senate in July, 2009. Mr. White served four years in the State Senate, and was Minority Whip in 1972. He was a candidate in the 1979 Republican gubernatorial primary. Mr. White is an attorney and a lifetime member of the Western Kentucky University Alumni Association. He lives in Bowling Green, Kentucky.

Judge David A. Barber - Judge Barber was appointed to the Commission by the Speaker of the House in April, 2011. As a practicing lawyer in Floyd County, Judge Barber served as attorney for the Floyd County Board of Education, Martin City Attorney, Floyd County Attorney, and Administrative Law Judge for the Kentucky Department of Workers' Claims. From 1999 to 2007, he served as a Judge on the Kentucky Court of Appeals. Judge Barber earned his B.A. from Transylvania University and his J.D. from the University of Louisville. He has served as Adjunct Professor of History at Prestonsburg Community College. He and his wife Paula Richardson live in Owingsville, where they are partners in the law firm of Richardson, Barber & Williamson.

Rebecca Parker Tomblinson - Mrs. Tomblinson was appointed to the Commission by the Speaker of the House in 1996, and served until her most recent term expired on April 30, 2011. Mrs. Tomblinson served several years as Vice-Chairman of the Commission. Mrs. Tomblinson graduated from Madisonville High School and attended Western Kentucky University. She is a former member and Chair of the Board of the Bowling Green City Schools. She works with her husband Ben in a privately-owned business. They reside in Bowling Green.

Legislative Ethics Commission Staff Profile

Anthony M. Wilhoit - Executive Director. Judge Wilhoit joined the Legislative Ethics Commission on November 17, 1997. In 1976, he joined the Kentucky Court of Appeals, and he was appointed Chief Judge in 1996. His other employment experience includes police judge, city attorney, county attorney, state public defender, and deputy justice secretary. He received an AB from Thomas More College, a law degree from the University of Kentucky, and an LLM from the University of Virginia.

John Schaaf - Assistant Director. Mr. Schaaf joined the Commission in June 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.

Donnita B. Crittenden- Mrs. Crittenden is the Principal Assistant in the Commission office. She is a graduate of Franklin County High School, and has a BA 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.

Connie Y. Evans - Mrs. Evans is the Staff Assistant in the Commission office. She is a graduate of Lebanon High School, Lebanon, Kentucky. Her previous experience includes legal secretary for 15 years, elementary school secretary for 11 years, and judicial secretary for 3 1/2 years in the Court of Appeals. She joined the Commission in January 1998.

P. Michael Malone - Mr. Malone is the Enforcement Counsel for the Commission. He was an Assistant Commonwealth's Attorney in Fayette County from 1978 until his retirement in 2006. He was the first Assistant Commonwealth's Attorney beginning in 1987. In addition to trying over 350 felony cases, including approximately 60 murder trials, he worked closely with homicide detectives investigating major crimes. Mr. Malone served in the United States Coast Guard before entering the University of Kentucky where he majored in Political Science, and the University of Kentucky School of Law, from which he received a J.D.

Education and Training FY 2010-2011

October, 2010	Anthony Wilhoit and John Schaaf, Presentation Lobbyist Retreat at General Butler State Park
December, 2010	Anthony Wilhoit attended the Council on Governmental Ethics Laws (COGEL) Conference in Washington, D.C.
January, 2011	Current Issues Seminar for Members of the General Assembly conducted by LEC Staff, Speaker David E. Skaggs, Chair of the Office of Congressional Ethics; and Robert A. Stone, internationally known author on ethics issues.
January, 2011	Donnita Crittenden and Anthony Wilhoit Employer and Legislative Agent Training Session
January 2011	Anthony Wilhoit Speaker at State Government Bar Association
June, 2011	John Schaaf, Ethics Presentation at the Legislative Research Commission's Continuing Legal Education Seminar
June 2011	John Schaaf attended the Heartland Conference of COGEL in Springfield, Illinois

During the fiscal year, we provided:

- Various in-house training sessions, as requested
- Reviewed, approved and posted (on website) over 150 Financial Disclosure forms for legislators and candidates
- Issued 37 written informal advisory opinions
- Gave approximately 250 verbal and e-mailed informal advisory opinions
- Answered numerous filing and procedural questions
- E-mailed monthly Ethics Reporters to all General Assembly members, news media, legislative agents and employers
- E-mailed filing notifications to all employers and legislative agents; and
- E-mailed and mailed updated employers and lobbyists lists to all General Assembly members and LRC staff.

Complaints and Administrative Actions

FY July 1, 2010 - June 30, 2011

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

FY 2010-2011

Complaints:

Number of Employers: 668

Number of Legislative Agents: 625

Two complaints were filed, each against a member of the General Assembly. One complaint was dismissed for lack of probable cause. The other complaint resulted in a member of the General Assembly paying a \$2000 fine and receiving a public reprimand.

Reports were filed on September 15, 2010, January 15, 2011, February 15, 2011, March 15, 2011, April 15, 2011, and May 15, 2011.

The Kentucky Legislative Ethics Commission (KLEC) has continued 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."

Administrative Fines Levied by the Commission:

Legislative Agents \$1,450.00

Employers \$7,350.00

Total Fines Assessed \$8,800.00

These fines were assessed due to failure to file updated registration statements by the designated filing deadlines. Filers are cautioned that chronic late filing of forms results in additional penalties and possible action by the Commission.

Thank you for visiting the Kentucky Legislative Ethics Commission (KLEC) Web site. We hope the information you find here will be helpful.

KLEC has jurisdiction over:

- Legislative agents (lobbyists),
- Employers (individuals or entities who engage legislative agents), and
- Members of the General Assembly.

The legislative ethics law covers four broad subject matters:

- Registration of legislative agents and employers;
- Statements by legislative agents and employers of:
 - lobbying expenditures and expenses, and financial transactions;
- Conduct of members of the General Assembly; and
- Financial disclosure statements of the General Assembly, legislative candidates, and key legislative staff.

FILE FORMS ONLINE

(The next report covers 9/1/2011 to 12/31/2011 and is due on 1/15/2012)

Lobbyist & Employer Lists

Employers of Legislative Agents (Lobbyists)

[pdf format](#)
[word format](#)

Legislative Agents (Lobbyists)

[pdf format](#)
[word format](#)

SEARCHABLE REGISTER

You may now search our entire database including expense records for employers and their legislative agents. Records are updated as they are entered into the database. All viewable reports are updated at 5:00 p.m. daily.

<http://klec.ky.gov/>

11/29/2011

<http://klec.ky.gov/>

11/29/2011


Searchable Register

If you have questions regarding our searchable register, please contact [Donnita Crittenden](#).

enforces the laws regulating the financing of state and local elections in Kentucky.

Link Disclaimer

Some of the links on this site may resolve to non-governmental agencies. The information on these pages is not controlled by the Kentucky Legislative Ethics Commission or the Commonwealth of Kentucky.

External links are identified with the following icon: 

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For directions, see the "[About Us](#)" section of this site.

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Legal Counsel: john.schaaf@lrc.ky.gov

Principal Assistant: donnita.crittenden@lrc.ky.gov

Staff Assistant: connie.evans@lrc.ky.gov

Last Updated 11/17/2011

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See Also...

[Ky. Executive Branch Ethics Commission](#)

The Executive Branch Code of Ethics establishes the ethical standards that govern the conduct of all executive branch employees.

[Ky. Legislative Research Commission](#)

A fact finding and service body for the legislature consisting of a 16 member panel of Democrats and Republican leaders from the General Assembly.

[Ky. Registry of Election Finance](#)
The Kentucky Registry of Election Finance administers and

<http://klec.ky.gov/>

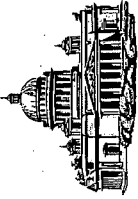
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11/29/2011

ETHICS REPORTER

July, 2010



Kentucky Legislative Ethics Commission
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Recommended Changes to the Code of Legislative Ethics

The Legislative Ethics Commission recently approved 16 recommendations for statutory changes which the Commission deems necessary in the Code of Legislative Ethics.

The recommendations were submitted to the Legislative Research Commission for its July meeting which was held in Louisville in conjunction with the National Conference of State Legislatures Legislative Summit.

If enacted by the General Assembly, the new statutes would prohibit employers of lobbyists and political action committees from making campaign contributions to legislative candidates or legislators during a regular session of the General Assembly, prohibit lobbyists from directly soliciting contributions for an election campaign of a legislator or legislative candidate, prohibit any mass mailing by a legislator at public expense within 60 days prior to an election, and prohibit lobbyists and employers of lobbyists from paying for legislators' out-of-state travel.

The recommendations are published below, with italicized comments included with several of the recommendations.

Lobbyist and employer spending on food and beverages

1. Recommendation: Repeal the provision allowing each lobbyist and employer to spend up to \$100 annually on food and beverages for each legislator and his or her immediate family.

Lobbyists and employers of lobbyists could continue to sponsor events to which groups of legislators (such as committees or caucuses) are invited, but could not purchase meals or beverages for individual legislators or members of a legislator's immediate family.

Out-of-state travel

2. Recommendation: Prohibit lobbyists and their employers from paying for out-of-state travel, food, or lodging expenses for members of the General Assembly or candidates.

Current law permits a legislator, with the approval of the Senate President or House Speaker, to accept transportation, food, beverages, and lodging for an out-of-state event. With such approval, a legislator's out-of-state travel may be paid for by a lobbyist, employer of lobbyists, an organization which does not employ lobbyists, or by the General Assembly.

3. Recommendation: Define the term "in-state" so that areas contiguous to Kentucky, such as Cincinnati, are included in the definition.

Under current law, if a committee or caucus of legislators is invited to an event in Cincinnati, each legislator is required to get the Senate President's or House Speaker's approval to attend. This change would subject the Cincinnati event to the same requirements as events held in Kentucky.

Candidates

4. Recommendation: Treat candidates in the same manner as legislators by limiting the interaction between lobbyists and candidates who have filed to run for election to the General Assembly.

Currently, lobbyists and employers are not prohibited from giving "anything of value" to a candidate, or from spending more than \$100 a calendar year on food and beverages on a candidate, but they are prohibited from giving "anything of value" or spending more than \$100 per year on members of the General Assembly.

Campaign contributions during regular sessions

5. Recommendation: Prohibit employers of lobbyists and political action committees from making a campaign contribution to a legislative candidate or a legislator during a regular session of the General Assembly.

Allow candidate or legislator to return such a contribution within 30 days after the contribution is required to be reported to the Registry of Election Finance.

6. Recommendation: Prohibit lobbyists from directly soliciting contributions for an election campaign of a legislator or legislative candidate.

Registration and reporting by lobbyists and employers

7. Recommendation: Prohibit the spouse of a legislator from being employed as a lobbyist.

The drafters of the Code of Legislative Ethics included this prohibition in the original legislation, but removed it prior to enactment. No legislator's spouse is registered as a lobbyist.

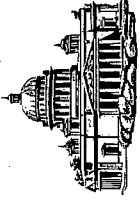
8. Recommendation: Amend KRS 6.807, governing the filing of updated registration forms by lobbyists and their employers, to add that a form sent through the U.S. Postal Service or another recognized mail carrier shall be timely filed if it is postmarked by the mail carrier by the last day for filing with the Commission.

9. Recommendation: Delete the language in KRS 6.821 that requires a lobbyist to list expenditures "whether or not reimbursed" by an employer.

This requirement may lead to double reporting if a lobbyist reports the expense and the employer reports the reimbursement, resulting in inflated lobbying totals. If the employer reimburses a lobbyist for an expense, that is actually an employer expense.

ETHICS REPORTER

August, 2010



Kentucky Legislative Ethics Commission
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Lobbyists and Employers Pay Fines for Late Filing

In 2009, the Legislative Ethics Commission collected \$9,200 in fines from lobbyists and employers for non-compliance with ethics law filing requirements. In 2010, the Commission has collected \$3,975 in fines, with two reporting periods remaining, including the one ending on August 31.

The fines are levied when lobbyists or employers are late filing the required expense reports, or when they fail to register within seven days following the engagement of the lobbyist. Last year, 15 lobbyists and 58 employers paid fines to the Commission. So far this year, eight lobbyists and 40 employers have paid fines.

The fines range from \$50 to \$100, and can be increased if the filer repeatedly fails to file forms on time. The number of fines assessed could be reduced as more lobbyists and employers take advantage of the electronic filing system which is accessible on the Commission's website <http://klec.ky.gov/>



Kentucky Night Spending Reports Due by September 15

The current reporting period for lobbying expenditures is drawing to a close on August 31. September 15 is the deadline for lobbyists and their employers to report lobbying spending for the period from May 1 to August 31.

During this reporting period, annual legislative conferences were held by the National Conference of State Legislatures (NCSL), the Southern Legislative Conference (SLC), and the American Legislative Exchange Council (ALEC). Every lobbyist or employer who contributed to a "Kentucky Night" event at one or more of the conferences is required to report the spending.

The Kentucky Night events were July 27 at the NCSL Annual Meeting in Louisville, August 1 at SLC's conference in Charleston, S.C., and August 6 at ALEC's meeting in San Diego.

10. **Recommendation:** Delete the language in KRS 6.611(22)(a)2. referring to "a legislative liaison."
As presently defined, "legislative liaison" would include people who may not have direct contact with legislators, which is inconsistent with the definition of "lobby" which states that lobbying is direct communication with the person being lobbied.

11. **Recommendation:** Clarify the definition of "employer" in KRS 6.611(12) to ensure that the proper employer of a lobbyist registers with the commission.

This change would end confusion about whether a law firm or public relations firm may register as the employer for its employees who are lobbying for third parties who have hired the firm to lobby.

Use of official legislative stationery

12. **Recommendation:** Prohibit any mass mailing by a legislator at public expense for 60 days prior to an election, as provided in the Commission's guidelines for use of official legislative stationery.

Current Issues Seminar

13. **Recommendation:** Require ethics training for legislative staff and change the Commission's Current Issues Seminar from three hours to two hours.

Each new legislator participates in the mandatory freshman orientation session. Ethics education and updates can be comprehensively covered in a two-hour session.

Complaint Process

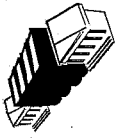
14. **Recommendation:** Authorize the Commission to dismiss a complaint without prejudice if the complaint or preliminary inquiry is publicly disclosed by the complainant, or the complainant comments publicly about the complaint.

This change would address the situation in which a complaint is filed during an election campaign, where a complainant may be attempting to use the complaint process for political purposes.

15. **Recommendation:** Delete the requirement that a complaint be filed prior to a Commission investigation, but add language to clarify that "the Commission shall have no jurisdiction in the absence of a complaint to impose any penalty, except administrative penalties listed in KRS 6.807 and 6.821."

Ethics Commission staff

16. **Recommendation:** Restrict the political activity of the staff of the Legislative Ethics Commission, as was originally intended by the General Assembly in the ethics code.



Ethics Codes Don't Make People Ethical

By Michael Josephson
The Josephson Institute/Character Counts

In the wake of a continual parade of scandals, there has been a lot of talk concerning codes of ethics. I've written dozens of codes and have a healthy respect for their value as an element of a corporate culture, but I wince at the unreasonable expectations attached to these documents.

First of all, ethics codes don't make people ethical. They don't make bad people good. Nor do they make people with bad judgment wise. Most of the very bad behavior we've seen in recent years would not have been prevented by an ethics code.

You see, there are two aspects to ethics: discernment – knowing right from wrong – and discipline – having the moral will power to do what's right. A code can help define what's right and acceptable and provide a basis for imposing sanctions on those who don't follow it. But unless it reinforces an established ethical culture, it won't do much to assure that people do what's right.

It's proper and prudent to clarify obligations under existing laws and establish standards of conduct in areas not governed by law. In effect, ethics codes transform one perspective of a moral obligation into a binding rule. For example, it's helpful to set clear parameters for the use of e-mails, private information, or company property; hiring or doing business with relatives; and the acceptance of gratuities. In more complex cases, codes can mandate disclosure or certification and forbid or restrict transactions such as loans and reimbursements that could create real or apparent conflicts of interest.

To the extent we need more clarity, we need more codes. To the extent we need more character, we need a lot more.



Poll shows ethics numbers up for Congress

By Daniel Strauss
Politico.com

Even as several ethics investigations have made headlines lately, Americans' view of how ethical Congress is has increased slightly in the past five months, according to a CNN/Opinion Research Corporation poll released recently.

The slight uptick comes at a time when Reps. Maxine Waters (D-Calif.) and Rep. Charles Rangel (D-N.Y.) are facing trials over alleged ethics violations and former Illinois Gov. Rod Blagojevich awaits a retrial on 23 corruption-related charges. The campaign scene hasn't been squeaky clean, either. Colorado gubernatorial candidate Scott McInnis was recently found to have plagiarized a number of essays.

Party affiliation is not a factor, according to the poll, which found the numbers virtually equal for Democrats and Republicans alike.

The poll found that 52 percent of Americans consider Republicans in Congress ethical, while 45 percent consider them unethical. While it's far from a vote of confidence, it is a slight increase from the last time the poll was conducted in March. The March poll found 46 percent of Americans considered Republicans in Congress ethical, and 51 percent considered them unethical.

The numbers are similar for Democrats. The poll found 53 percent of Americans consider Democrats in Congress as ethical, compared with 45 percent who consider them as unethical. Those numbers also indicate an increase compared with the March poll, in which 47 percent of respondents found Democrats ethical, and 49 percent considered them unethical.

Melanie Sloan, the executive director for the Citizens for Responsibility and Ethics in Washington, said the frequency of scandals in Washington contributes a great deal to how Americans view congressional ethics.

"I think people's views haven't changed much because while some of the big scandals are over — like the Abramoff scandal — there's always some new scandal, and it always seems like Congress never takes action," Sloan said.

Mary Boyle, a spokeswoman for Common Cause, an ethics nonprofit, says that only 50 percent of Americans view Congress as an ethical entity because of the many ethics scandals in recent years.

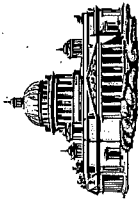
"That's a low regard of Congress, which we've been seeing for a while," Boyle said. "I think one of the things that has put this number so low is a few years ago, when you had a series of really salacious corruption scandals like [Rep.] Mark Foley, [Rep.] Gary Condit, that came in front or in the wake of [lobbyist Jack] Abramoff or [Rep. Tom] DeLay. We're seeing the ethics committee deal with allegations right now with Charlie Rangel and Maxine Waters. I think the scale pales in comparison to some of those scandals."

The poll sampled 1,009 people and was conducted Aug. 6-10. It had a three percent margin of error.

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ETHICS REPORTER

September, 2010



Kentucky Legislative Ethics Commission
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Top Spenders on Lobbying in the Summer Months

Lobbying activity during the summer months is curtailed for some employers, but others continue to spend in amounts similar to what they spend during legislative sessions. The list of the top 20 spenders includes five health care businesses, three tobacco companies, three energy or coal-related businesses, and two distilleries.

Many of the top spending employers for the May 1 to August 31 reporting period were also top spenders during the 2010 General Assembly. Altria, the parent company of Philip Morris USA and 29% stakeholder in brewing giant SAB Miller, led all spenders during the summer months, spending \$90,818 in the four-month period lobbying on tobacco-related issues.

The second-leading spender was the 2700-member **Kentucky Chamber of Commerce** at \$77,343, followed by **University Health Care, Inc.** at \$61,412. **University Health Care** operates as Passport Health Plan, a Medicaid managed care plan that serves 140,000 members in a 16-county area around Louisville. Passport is administered by **AmeriHealth Mercy**, a Philadelphia-based managed care organization which spent \$10,773 on lobbying during the four-month reporting period.

A new addition to the list of top spenders is **Calgon Carbon Corp.**, which spent \$46,913 after registering to lobby on May 3. **Calgon Carbon** is a Pittsburgh-based company with a manufacturing facility in Catlettsburg, where coal is baked into activated carbon, which is used to remove impurities from water, air, and industrial processes, including removing mercury from coal-fired power plant emissions.

Keeneland Association, the thoroughbred racing and sales operation, spent \$46,232 lobbying on issues related to "instant racing", which would allow bettors to place wagers on historical races using terminals that operate like the self-service machines that many tracks use to sell tickets on live races.

Houchens Industries, the employee-owned conglomerate based in Bowling Green, spent \$44,000 lobbying on issues relating to grocery stores, road contracting, insurance, and other businesses. **ResCare, Inc.**, which provides services to people with disabilities, lobbied on Medicaid funding issues and spent \$40,289; while the **Kentucky Farm Bureau Federation** spent \$31,789; the **Home Builders Association of Kentucky** spent \$31,348; and **Tantus Tobacco**, the Russell Springs maker of Berley cigarettes, spent \$29,130 from May 1 to the end of August.

The **Kentucky Association of Counties** led the list of the summer's next ten biggest spenders at \$29,018; while **Swedish Match North America, Inc.**, which has a factory in Owensboro and makes Red Man chewing tobacco, spent \$28,743. The rest of the list includes the **Kentucky Beer Wholesalers Association** at \$28,000; the **Kentucky Hospital Association** at \$27,317; **Norton Healthcare, Inc.** at \$26,694; **Buffalo Trace Distillery** at \$24,096; **Brown-Forman Corp.** at \$24,000; **Chesapeake Appalachia, LLC** at \$24,000; **Green Rock Energy** at \$22,839; and **LifePoint Hospitals, Inc.** at \$21,794.

Conference Spending by Employers and Lobbyists

Dozens of lobbyists and employers spent a total of more than \$43,000 on events which were held during three major legislative conferences in late July and early August, and to which Kentucky legislators were invited.

For the "Kentucky Night" reception at the National Conference of State Legislatures (NCSL) Legislative Summit in Louisville, 110 employers and 24 lobbyists joined together to spend about \$19,000 on the event at The Henry Clay, the historic building in downtown Louisville.

On another evening during the NCSL meeting, **Cash America International, Inc.**, **Community Financial Services Association of America**, the **Kentucky Deferred Deposit Association**, the **Kentucky Jailers' Association**, **Yum! Brands, Inc.**, and a lobbyist on behalf of the **Kentucky Center for African American Heritage** spent about \$2,400 on a "happy hour" event at the recently-opened Center in Louisville's Russell area.

A breakfast during the NCSL conference was sponsored by the **Kentucky Credit Union League, Inc.**, which spent about \$2,000 on that event.

Also during the NCSL conference, the **Kentucky Coal Association** spent \$960 toward the cost of a Belle of Louisville reception cruise, co-sponsored with other state coal associations.

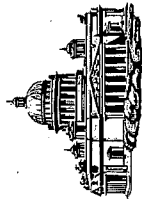
"Kentucky Night" at the Southern Legislative Conference in Charleston, S.C. cost about \$10,300 and was sponsored by 89 employers and 13 lobbyists. The event was held at Hibernian Hall, an 1840 Greek Revival style building in downtown Charleston.

54 employers and 11 lobbyists spent about \$9,300 on the Kentucky reception at the American Legislative Exchange Council meeting in San Diego, CA. The ALEC reception was held at The University Club Atop Symphony Towers in downtown San Diego.



Employers Who Have Not Filed Report Due Sept. 15

As of September 30, the following employers have not filed the spending report for the period running from May 1, 2010 to August 31, 2010: **American Federation of State, County and Municipal Employees, Council 62**; **Amteck of Kentucky, Inc.**; **Appalachian Regional Healthcare**; **Burley Tobacco Growers Cooperative Association, Inc.**; **Communications Workers of America**; **Insured Retirement Institute**; **Jockeys' Guild, Inc.**; **Ky. Academy of Physician Assistants**; **Ky. Domestic Violence Association**; **Ky. Physical Therapy Association**; **Ky. Recycling Association, Inc.**; **Ky. Tax Bill Servicing, Inc.**; **Louisville Convention & Visitors Bureau**; **March of Dimes**; **Marshall County-Calvert City Riverport Authority**; **National Tobacco Company**; and **United Food & Commercial Workers Union**.



ETHICS REPORTER October, 2010

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



Large Companies Adopt Campaign Policies

Four companies which employ lobbyists in Kentucky have adopted policies to keep their corporate treasury money out of election campaigns.

General Electric Co., JP Morgan Chase & Co., Microsoft Corp., and Xerox Corp. are among a group of at least 10 companies which have adopted such policies in the wake of this year's U.S. Supreme Court decision rolling back restrictions on corporate spending in elections. The decision in Citizens United v. Federal Election Commission gives companies the opportunity to spend directly from the corporate treasury without disclosure to shareholders or the public.

On its website, **General Electric** states the company "has a longstanding practice against using corporate resources for the direct funding of independent expenditures expressly advocating for or against candidates in elections for public office," and in 2010, GE adopted this practice as a formal policy.

The *Kentucky Gazette* recently wrote about a website created by New York City's Public Advocate to track which of the nation's largest companies have adopted policies on campaign spending, and which have not. According to the Public Advocate's survey, 25 companies which employ lobbyists in Kentucky have not pledged to keep corporate treasury money out of elections.

While they may spend corporate money in election campaigns, eight of the companies have pledged to disclose all political spending to their shareholders. Those companies are:

Altria, Amgen, American Express Co., ConocoPhillips Co., Merck & Co., Pfizer Inc., United Healthcare Services, Inc., and United Parcel Service.

Seventeen companies which employ lobbyists in Kentucky reported they have no policy prohibiting spending corporate funds on politics, and no policy requiring them to report such spending to their shareholders. Those companies are:

Apple, Inc., AT&T, Bank of America Corp., Bristol-Myers Squibb Co., Citigroup, Coca-Cola Co., CVS Caremark Corp., Ford Motor Co., Hewlett-Packard Co., Johnson & Johnson, MasterCard International Inc., Norfolk Southern Corp., Oracle Corp., Sprint Nextel Corp., Time Warner Cable, Verizon Wireless, and Wal-Mart Stores Inc.

A full list of companies surveyed is available at <http://pubadvocate.nyc.gov/corporate-spending>

Newly Registered to Lobby in Kentucky

The following businesses and organizations have registered to lobby in Kentucky since May 1: **Air Evac Lifeteam**, a Missouri-based air medical service which states it is the preeminent provider of air ambulance services to rural markets; **Alltech**, the Lexington company which states it is one of the leading animal health companies in the world, and which sponsored the recent World Equestrian Games; **Blue Equity, LLC**, a Louisville firm with investments in sports and entertainment management, real estate development, and publishing; **Calgon Carbon Corp.**, a Pittsburgh company that states it is the world's largest manufacturer of granular activated carbon; **Capital Management Consulting, LLC**, a Louisville business which states it is a "niche risk-management consulting firm that specializes in assisting clients to set up and realize the benefits of small insurance companies under the Internal Revenue Code"; **Civil Design Group, Inc.**, a Paducah engineering firm; **Convenient Care Association**, a Philadelphia-based association of companies that provide healthcare in retail-based locations; and **El Paso Corp.**, a natural gas pipeline and production company.

Other newly-registered employers are: **IkaSystems Corp.**, a Massachusetts-based provider of Web-based software applications for the health insurance industry; **Keeton Corrections, Inc.**, a private, Florida-based provider of residential corrections services which operates the Paducah Community Service Center; **Little Clinic Corporate Services LLC**, a Nashville company that manages walk-in health care clinics in retail locations, including 16 Kroger stores in Kentucky; **MGT of America, Inc.**, a management consulting firm that works for schools, state and local governments, and non-profits; **R.A.M.M. Technologies, LLC**, a Lexington company working to develop a pill dispenser designed to prevent diversion of dangerous medications; **Rural Metro Ambulance**, an Arizona-based company that provides emergency and non-emergency medical transportation services; and **TW Telecom of Kentucky, LLC**, a Colorado-based company that provides data, dedicated internet access, and local and long distance voice services for long distance carriers, wireless communications companies, and business and government organizations.



Ethics Website Is a Wealth of Information

Electronic filing has become a major success for the Kentucky Legislative Ethics Commission, providing more timely reporting for the public, and saving money and time for the individuals and organizations using the website filing system found at <https://apps.klec.ky.gov/lec/>

For the May 1 to August 31, 2010 reporting period, reports were filed electronically by 394 employers, or about 60 percent of the 662 employers registered with the Commission. Likewise, 76.5 percent of Kentucky's 639 legislative agents used the system, filing 1,240 reports online. If a password or Log On ID is lost or forgotten, replacements may be requested from Donnita.Crittenden@lrc.ky.gov

In addition to the filing option, the Commission website offers a variety of useful information. During each legislative election year, the website provides access to financial disclosure forms filed by all candidates running for the House of Representatives and the Senate.

ETHICS REPORTER

November, 2010

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2010 Top Spenders on Lobbying

The most recent spending reports filed by lobbying interests show that nearly half of the top spenders so far this year are in health-related businesses or organizations. For the first two-thirds of the year, a total of \$11.8 million was spent on lobbying by 664 employers, employing 642 lobbyists. 107 lobbyists work for more than one employer.

As it was during the 2010 General Assembly, the biggest spender for the year to date is Consumer Healthcare Products Association (CHPA), which represents manufacturers and distributors of non-prescription, over-the-counter medicines. CHPA is lobbying against bills which would tighten restrictions on the purchase and possession of pseudoephedrine and other substances which are used in a variety of non-prescription medicines, and which can be used illegally to produce methamphetamine. So far this year, CHPA has spent \$327,377 on lobbying.

The next biggest spender in the health business is University Health Care, Inc. (UHC), which has spent \$132,000 on lobbying in the first eight months of this year. UHC operates the Passport Health Plan, a Medicaid managed care plan whose lobbying spending was questioned in a report from the state's Auditor of Public Accounts. (See related story on page 2).

The health field's other top lobbying spenders for 2010 include the Ky. Hospital Association (\$98,000); Ky. Medical Association (\$88,000); Wellpoint-Anthem Blue Cross/Blue Shield (\$84,700); Res-Care, Inc. (\$80,300); Norton Healthcare, Inc. (\$76,600); Humana, Inc. (\$56,600); Ky. Association of Health Care Facilities (\$44,700) and LifePoint Hospitals, Inc. (\$43,400).

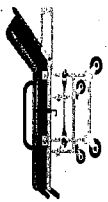
Outside the health industry, other lobbying interests and their 2010 spending include: Altria Client Services, Inc. (\$260,700); Ky. Chamber of Commerce (\$182,400); Ky. Retail Federation (\$104,400); Ky. Education Association (\$99,300); Ky. Farm Bureau Federation (\$90,400); Keeneland Association (\$89,100); Houchens Industries (\$88,000); Ky. Justice Association (\$78,600); Home Builders Association of Ky. (\$77,600); Ky. Bankers Association (\$76,800); and Swedish Match North America (\$72,400), CSX Corp. (\$69,300), Ky. Association of Counties (\$67,800), and Ky. League of Cities (\$65,000).

Annual disclosure forms filed by members of the General Assembly are always available on the website. All financial disclosure statements are found under "View Reports" on the Commission home page located at www.klec.ky.gov.

The website also offers a variety of reports associated with lobbying in Kentucky, including a list of legislative agents and the compensation paid to them by the employers they represent. Additionally, there are reports showing how much money was spent by employers on lobbying, and reports showing how much was spent on lobbying during the years of 2009 and 2010 (up to August 31).

A searchable register includes historical information on amounts spent on lobbying since 1993 by each employer or legislative agent who has been registered during that time.

New features on the website allow users to view the Ethics Commission's annual reports submitted to the Legislative Research Commission, minutes from Ethics Commission meetings, past newsletters, and top news stories relating to ethics issues from around the U.S.



Passport and Affiliates Lobbying Spending

A recent report from the Auditor of Public Accounts examined certain policies and financial activity of University Health Care, Inc., which does business as Passport Health Plan (UHC/Passport). One of the Auditor's recommendations is that UHC/Passport "review the necessity for the high level of lobbying costs expended by UHC and determine whether such expenditures are a proper use of UHC/Passport funds."

In 1996, UHC/Passport was established by five health care provider organizations, including three which employ lobbyists: University Medical Center, Inc., Jewish Hospital & St. Mary's Healthcare, Inc., and Norton Healthcare, Inc. According to the Auditor's report, the initial investment of the five organizations was \$10.5 million, which was returned to the investors in 2008.

In 1997, UHC/Passport began enrolling members as a "sole source, non-competitive managed care provider" to provide health care benefits to Medicaid beneficiaries in the 16-county region around Louisville. The Auditor's report said Passport is the only model of its type without competition that exists in the nation.

UHC/Passport first registered to lobby the General Assembly in early 1998, and now employs nine lobbyists.

Looking at the three-year period of 2007 through 2009, the Auditor said UHC/Passport received about \$2.5 billion in federal and state money to pay for health care provided to approximately 164,000 people.

UHC/Passport has reported spending \$635,000 on lobbying the General Assembly since 2005. In that same time period, Jewish Hospital has spent about \$406,000 and employs four lobbyists, and Norton Healthcare has spent \$525,000 and employs 10 lobbyists. University Medical Center has spent \$79,500 since it began lobbying in 2008, and employs six lobbyists.

Since 1997, UHC/Passport has contracted with Philadelphia-based AmeriHealth Mercy Health Plan to handle the day-to-day operation of Passport, including claims payments. AmeriHealth Mercy employs 250 people in Louisville, and UHC/Passport paid AmeriHealth Mercy about \$51.3 million in 2007, \$55 million in 2008, and \$58.5 million in 2009, according to the Auditor's report.

In January 1998, soon after it began working for UHC/Passport, AmeriHealth Mercy also began employing lobbyists in Kentucky, and since 2005, it has spent over \$171,000 lobbying the General Assembly. AmeriHealth Mercy currently employs seven lobbyists.

The Auditor's report also noted UHC/Passport's membership in several organizations which employ multiple lobbyists in Kentucky. For example, UHC/Passport pays annual dues averaging \$8,300 to belong to the Ky. Association of Health Plans, which employs four lobbyists. Additionally, UHC/Passport pays annual dues of \$6,655 to the Ky. Chamber of Commerce, which employs five lobbyists; pays an average of \$3,250 a year to Greater Louisville, Inc., which employs nine lobbyists; and pays \$500 per year to belong to the Ky. Hospital Association, which employs five lobbyists.

In addition to its lobbying presence in Kentucky, UHC/Passport also pays dues of about \$18,000 per year as a member of America's Health Insurance Plans (AHIP). AHIP is a national association representing nearly 1,300 member companies providing health insurance coverage. AHIP has spent about \$38 million lobbying the U.S. Congress since 2006, according to reports from the Senate Office of Public Records, compiled by the Center for Responsive Politics.

Bloomberg News recently reported that AHIP also collected \$86.2 million from health insurers last year and gave the money to the U.S. Chamber of Commerce to oppose parts of the health-care overhaul law in Congress. Bloomberg reported AHIP gave the money to the Chamber as the insurance industry urged Congress to drop a plan to create a competing government-run insurance plan.

The Auditor's report also shows UHC/Passport pays \$17,500 per year to belong to Medicaid Health Plans of America (MHPA), whose website says it is "the leading trade association solely focused on representing Medicaid health plans." Including Passport, MHPA represents 23 health plans, and has spent \$220,000 on lobbying Congress since January, 2009, according to Senate records.

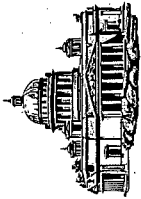
UHC/Passport also reports spending about \$12,000 per year for membership in the National Health Policy Group, an organization of specialty healthcare programs that spent \$800,000 on lobbying Congress in 2008, \$950,000 in 2009, and \$600,000 in the first half of 2010, according to the Center for Responsive Politics' compilation of records from the Senate Office of Public Records.



New Employers Registered to Lobby

The following businesses and organizations have registered to lobby in Kentucky since September 1: American Cancer Society Cancer Action Network, "the nonprofit, nonpartisan advocacy affiliate" of the American Cancer Society, which supports policy and legislative solutions designed to eliminate cancer as a major health problem; Bluegrass Regional Mental Health-Mental Retardation Board, which operates mental health services including Oakwood and Eastern State Hospital in an 18-county area of central Kentucky; Community Health Solutions (CHS), is a Florida-based company with a Kentucky office. CHS develops and manages Medical Homes Network programs for state Medicaid entities.

Also registered recently are: Ky. Ambulance Providers Association, whose website states the organization promotes "the adequate re-imburement of licensed emergency medical service organizations by insurance carriers including Medicare and Medicaid"; Ky. Coroners Association; and King Pharmaceuticals, a Tennessee-based maker of prescription pharmaceutical products and animal health products. Pfizer Inc., one of the world's largest drug companies, is in the process of acquiring King Pharmaceuticals for \$3.6 billion. Other newly-registered employers are: Recording for the Blind and Dyslexic, which works with leading publishers to make textbooks and literature titles accessible to individuals with visual and learning disabilities; Reed Elsevier, Inc., the Washington D.C.-based office of the British/Dutch publishing company whose website states it is a "world leading provider of professional information solutions in the Science, Medical, Legal, Risk and Business sectors" and which owns Lexis-Nexis, the information research database; and Schnell Contractors, Inc., a Louisville-based provider of concrete restoration, stone and masonry restoration, and waterproofing services.



ETHICS REPORTER December, 2010

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664 Employers Prepare for 2011 General Assembly

With the General Assembly scheduled to convene the 2011 Regular Session at Noon on Tuesday, January 4, there are 664 businesses and organizations registered with the Legislative Ethics Commission as employers of lobbyists. Those employers have 641 lobbyists working on their behalf. Employer and lobbyist spending reports for the September 1 to December 31 reporting period are due by 4:30 p.m. on Monday, January 17, 2011.

Several businesses employed legislative agents and filed initial registration forms with the Legislative Ethics Commission in December. All registrations are valid through December 31, 2011. The newly-registered employers are **DW Real Estate Holdings**, a Cincinnati-based real estate business; **Sunovion Pharmaceuticals**, the U.S. subsidiary of a Japanese pharmaceutical company that bought **Sepracor**, the maker of the insomnia drug Lunesta; and **Lifesaver Interlock**, a Cincinnati-based maker of ignition interlock devices designed to prevent driving under the influence.



Ethics Sessions for GA Members

The ethics current issues sessions for members of the General Assembly will be conducted on **Wednesday, January 5, 2011** and on **Thursday, January 6, 2011**.

The Code of Legislative Ethics (at KRS 6.716) requires all legislators to attend both sessions of the ethics education course. At Wednesday's session, the guest speaker will be former Congressman David Skaggs of Colorado, Chairman of the Board of the Office of Congressional Ethics (OCE) in Washington, D.C.

OCE was modeled in part on the Kentucky Legislative Ethics Commission, and was established by the U.S. House of Representatives in 2008 as an independent, non-partisan entity charged with reviewing allegations of misconduct against members of the House of Representatives and their staff.

When appropriate, OCE refers matters to the U.S. House Committee on Standards of Official Conduct, commonly called the Ethics Committee.

On Thursday, the guest speaker will be Bob Stone, an internationally known author and speaker on ethical leadership. Bob's session will be unlike any typical ethics training: no talk about bribery, fraud, or conflict of interest. He covers what it means to behave ethically, and how that differs from merely behaving legally or in compliance with the rules.



Study on Access to Public Officials

By Darrell Proctor, *Business Examiner*

A Denver-based organizational expert has called for a new set of principles in government, including a change in the attitude toward open access in the halls of the U.S. Senate. Josh Brodbeck's recent study showed when it comes to working with senators, being a lobbyist is more fruitful than being a private citizen - something business people may already know all too well.

In his study called the "Senate Access Project," Brodbeck found that a person identifying himself as a "private citizen" had a 74 percent less chance of gaining an audience with a U.S. Senate staff member than the same person who later identified himself as a federally registered lobbyist.

During a recent two-month period, Brodbeck the lobbyist received 27 appointments, compared with only seven for Brodbeck the private citizen.

"At the outset of the study, intuition told me the lobbyist would fare better than the citizen," Brodbeck said. "But I wasn't prepared for how disproportionate it turned out to be. Everything from getting a meeting, to getting a meeting with someone who mattered, or even just getting a response -- it was all much more favorable for the lobbyist -- by significant margins."

Discouraged by the lackluster, and likely automated, responses he received to letters he had written to his own congressional delegation, Brodbeck wondered just what it would take gain sincere attention from a Senate office. Would the requesting party's status -- citizen or lobbyist -- make a difference?

Separated by one month in the spring of 2010, Brodbeck twice contacted the office of each U.S. senator -- in April as a private citizen, and again in May as a lobbyist -- and requested a meeting to discuss a health care bill that was before the Senate at the time. The methodology and approach for the study was planned and scientific in nature.

For each meeting request, the study tracked more than 20 variables, ranging from a senator's tenure to how much campaign money a senator accepts from the health care lobby, then referenced the data against whether or not a meeting was granted, and identified trends.

All of the data collected during the study has been independently verified by Dan Smith, a political science professor at the University of Florida.

Highlights of the study include:

- Overall, the ratio of meetings granted to Brodbeck-the-lobbyist, versus Brodbeck-the-citizen, was almost 4-to-1 (3.86-to-1).
- The average salary of Senate staff members who met with him as a lobbyist was 33 percent higher than staff members he was to meet with as a citizen, indicating that more influential staff members are made available to lobbyists.
- Responses showed no difference in attitudes between Democratic and Republican Senate offices.

To receive a complete copy of the study, copy and paste this link into a web browser:
www.proconnectpr.com/articles.htm



Ethics In the News from the National Conference of State Legislatures (NCSL)

CONNECTICUT -- As required by a 2008 law, the Office of State Ethics conducted mandatory ethics training for newly elected members of the General Assembly.
Hartford Courant --
http://articles.courant.com/2010-12-01/news/hc-legislators-ethics-training-1202-20101201_1_state-ethics-officials-ethics-training

MASSACHUSETTS -- Two House members highlighted 2009-2010 legislative accomplishments, including new mandatory ethics law training, the passing of an ethics law bill strengthening ethics, lobbying, and campaign finance laws; a ban on gifts to public officials and increased authority granted to the Ethics Commission.

Stoughton Journal --
<http://www.wickedlocal.com/stoughton/newsnow/x1966817829/Galvin-kafka-laud-House-accomplishments>

NEVADA -- Lobbyist registration fees will increase from \$100 to \$300. The price increase is not expected to significantly impact registration.
Las Vegas Sun --
<http://www.iasvegassun.com/news/2010/dec/07/lobbyist-registration-fee-increasing-2011-legislat/>

NEW YORK -- A New York lobbyist implicated in an extensive state pension fund investigation has agreed to pay a \$500,000 fine in addition to being prohibited from interaction with the comptroller's office for a period of five years. The lobbyist has been described as symbolic of the state's pay-to-play culture and is part of a wider investigation which has included eight criminal pleas and more than a dozen settlements from various lobbying and law firms.
The New York Times --
http://www.nytimes.com/2010/12/09/nyregion/09lobby.html?_r=1&ref=todayspaper

ETHICS REPORTER **January, 2011**



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Over \$15 million spent on 2010 lobbying

Final spending reports for 2010 show that \$16.65 million was spent on lobbying the Kentucky General Assembly last year, which included a 60-day regular legislative session, and a six-day special session. Of that total, lobbyists were paid \$14.3 million, and spent \$1.2 million on expenses, such as office rent. 2010 employer expenses amounted to \$902,000, and total spending for receptions, meals and events was \$217,000.

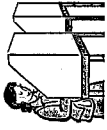
The 2010 total is just below the \$16.9 million spent on lobbying in 2008, the last year in which there was a 60-day session and a special session. 2010 lobbyist compensation was down less than three percent from 2008, while the amount spent in 2010 on receptions, meals, and events dropped by 24 percent from 2008's total of \$284,000. About \$15.3 million was spent on lobbying during 2009, which included a 29-day regular session.

In 2010, there were 15 businesses and organizations which spent over \$100,000 lobbying the General Assembly. The leading spender for the year was Altria, the parent company of Philip Morris USA, and owner of a significant interest in SABMiller, the beer brewing company. Altria spent \$357,433 in 2010, compared with about \$248,000 in 2009.

Consumer Healthcare Products Association (CHPA) was the second-leading spender for the year, putting out \$343,377 for its lobbying efforts, including more than \$300,000 for phone banking. CHPA represents manufacturers and distributors of non-prescription, over-the-counter medicines. This year, the organization is sponsoring an advertising campaign on legislation relating to the purchase of pseudoephedrine and ephedrine, which are used in a variety of over-the-counter medicines, and which can be used illegally to produce methamphetamine.

After being the leading spender in 2009, the **Kentucky Chamber of Commerce** dropped to third place on the 2010 list, spending \$211,935. The Chamber's total was down from the \$229,000 the organization spent the year before.

University Health Care (UHC), the operator of the Passport Health Plan, was the next highest spender in 2010, spending \$190,840, almost all of it on lobbyist compensation. After a review by the State Auditor and a change in management, UHC reduced its lobbying presence in the State Capitol from 13 lobbyists in 2010 to two lobbyists in 2011.



Legislators on the 2011 statewide ballot

Four members of the General Assembly are on the ballot this year, running for statewide constitutional offices. Over the years, the Legislative Ethics Commission has issued several opinions regarding campaign matters relating to legislators and lobbyists.

The Code of Legislative Ethics applies to legislators, even if they are seeking a state office other than in the General Assembly. When the Commission refers to "legislative campaigns", that term includes any state or local campaign in which a legislator is a candidate.

In a 2005 opinion, OLEC 05-01, the Commission reiterated that the Code of Legislative Ethics prohibits a legislator from soliciting the help of a lobbyist in raising campaign funds for the legislator himself or for another candidate. OLEC 07-02 states that a lobbyist may not make a campaign contribution to a gubernatorial slate which includes a legislator.

In OLEC 06-03, the Commission responded to several questions with the following points:

1. A member of the General Assembly may not ask or direct a lobbyist to solicit campaign contributions for a political party or a legislative campaign.
2. An employer of a lobbyist may not ask, direct, or pay a lobbyist to solicit campaign contributions for legislative campaigns.
3. Members of the General Assembly who participate in political party fundraising may not exercise any control over the contribution of a lobbyist or direct such contributions to particular campaigns.
4. Lobbyists may voluntarily contribute to or co-host with legislators an event to raise contributions for a political party if the contributions are deposited in the party's general funds and are not earmarked for a specific legislative race, provided the lobbyist is not requested by a legislator to do so.



Employers who have not filed reports due Jan. 17

Several businesses and organizations which employ lobbyists have not filed spending reports for the period of September 1, 2010 to December 31, 2010. Those reports were due by January 17, 2011.

Reports have not been received from: American Federation of State/Municipal Employees; Columbia Sussex; Communications Workers of America; Corporex; KVC Behavioral Healthcare, Inc.; Kentucky Center for African American Heritage; Kentucky Restaurant Association; Kentucky Tax Bill Servicing, Inc.; Louisville Convention & Visitors Bureau; Metro United Way; National Association of Social Workers, Kentucky Chapter; Pinnacle Entertainment, Inc.; Premier Integrity Solutions; and Professional Transportation, Inc.

AmeriHealth Mercy, the Philadelphia-based claims processor for Passport, spent about \$41,500 on 2010 lobbying. In late January, AmeriHealth Mercy agreed to pay over \$2 million to Kentucky's Medicaid program to settle a fraud inquiry into the filing of false reports by the company. The company now has four lobbyists, down from the eight employed in 2010.

The other organizations and businesses which last year spent over \$100,000 on lobbying are: Kentucky Medical Association (\$133,274); Houchens Industries (\$132,000); Kentucky Retail Federation (\$127,803); Keeneland Association (\$121,661); Kentucky Hospital Association (\$120,113); CSX Corporation (\$116,405); Kentucky Farm Bureau Federation (\$109,373); Kentucky Justice Association (\$105,543); Kentucky Education Association (\$105,353); Home Builders Association of Kentucky (\$103,437); and Res-Care, Inc. (\$100,289).



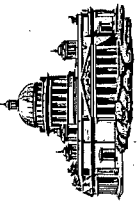
New Employers Register: Others Stop Lobbying

Since the first of January, 19 businesses or organizations are newly-registered to lobby in Kentucky. The new registrants include: Takeda Pharmaceuticals North America, a subsidiary of Japan's largest pharmaceutical company; Firstsource Solutions USA, a Mumbai, India-based company which helps businesses outsource customer services; American General Finance Management Corp., an Indiana company that provides loans and retail financing in 40 states; Greater Paducah Economic Development Council, a non-profit working to attract investment and jobs; Time Wise Management Systems, a Florida company that trains workers; and Cincinnati/Northern Kentucky International Airport.

Other new registrants are: Beckfield College, a Florence, Ky. for-profit college; Connections Academy, a provider of on-line or "virtual" schooling for students in grades K-12; National College, a for-profit college with six Kentucky locations; Education Management Corp., a Pittsburgh-based provider of private post-secondary education; All Things Good, a health care services entity created by Louisville chiropractor Zachary Pappas; Healthcare Distribution Management Association, which represents companies distributing prescription medicines; Kentucky Citizens Against Runner Solicitation, which apparently is opposed to in-person solicitation of medical or legal services; Kentucky Kingdom Redevelopment Co., which is seeking a \$50 million bond issue to upgrade and re-open the Louisville amusement park; General Cigar Co., a subsidiary of Swedish Match, and the maker of Mecanudo, Partagas and Cohiba cigars; Oak Grove Village, a California developer which is planning to build a large shopping mall near Ft. Campbell; Kentucky United Methodist Homes for Children & Youth, a non-profit children and family services agency; Safety-Kleen Systems, a provider of environmental services and oil re-refining; and Oasis Legal Finance, which provides money to litigants in anticipation of repayment when the litigation is concluded.

Businesses and organizations which employed lobbyists in 2010, but are not registered to lobby in 2011, include: Association of Settlement Companies; Cardinal Hill Healthcare; Carespring Healthcare Management; Coalition for Charitable Gaming; Direct Marketing Association; Fresenius Medical Care North America; Invenergy; Psychiatric Solutions, Inc.; University of Louisville Foundation; University Medical Center; and Wal-Mart Stores, Inc.

ETHICS REPORTER February, 2011



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More Lobbyists Hired as Session Reconvenes in February



As provided in Kentucky's Constitution, the General Assembly met briefly in early January, then adjourned and reconvened on February 1 for the longer part of the 2011 session. With the three-week break in January, several businesses and organizations waited until February to start or increase their lobbying activities.

For example, the **Kentucky Optometric Association** increased its lobbying group from four lobbyists employed in January to 18 lobbyists, including 13 who started on February 1.

The optometrists' lobbyists supported Senate Bill 110, which increases the number of procedures which may be performed by optometrists, and which was introduced on February 7. Opposing SB 110 were ophthalmologists, represented by the **Kentucky Academy of Eye Physicians**, who added seven lobbyists on February 10 to the three they employed in January. By February 18, SB 110 became the first bill of the 2011 session to pass both the Senate and the House of Representatives.

Several other businesses stepped up their lobbying presence at the Capitol in February. **Altria Client Services**, representing Philip Morris USA and U.S. Smokeless Tobacco (UST), registered 13 new lobbyists, including 12 from UST in Hopkinsville, to give the company a total of 24 in early February.

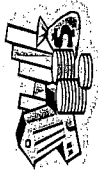
AstraZeneca, a British pharmaceutical company with interests in agrochemicals and seed production, added five lobbyists in February. **Kentucky Tax Lien Purchasers**, a northern Kentucky business that buys property tax liens, added three lobbyists. After registering in mid-January, **Kentucky Kingdom Redevelopment Co.** has hired five lobbyists to support the company's work with the State Fair Board for a \$50 million bond issue for the Louisville amusement park.

In addition, 15 businesses and organizations filed new registrations in February to lobby the General Assembly for the remainder of the 2011 session. The newly-registered employers are:

American Chemistry Council, a group of companies in the chemical manufacturing sector, including Ashland, Inc., DuPont, ExxonMobil Chemical Co., and 3M; **APS Healthcare Bethesda, Inc.**, which administers health care services for public programs and private employers; **Big Blue Reporters**, a court reporting service; **Community Care Development and Management Inc.**, a newly-incorporated non-profit organization which offers assistance to community organizations; **ecoPower Generation, LLC**, which registered four lobbyists. is a Lexington company formed to build and operate renewable bioenergy projects; and **Executive Transportation System**, which provides ground transportation service in the Louisville area.

Also, **Indoor Tanning Association**, which includes indoor tanning manufacturers, distributors, and facility owners; **National Popular Vote Initiative**, which supports legislation that would require that all of the state's electoral votes be awarded to the presidential candidate who receives the most popular votes in all 50 states; **NECCO**, an Ohio-based company which contracts with the state to provide eight adoption and foster care facilities in Kentucky; **Northern Kentucky Tea Party**, a political group in Boone, Campbell, Grant and Kenton Counties; **Paducah-McCracken County Riverport Authority**, which operates a port facility on the Tennessee River; **Red Bull North America, Inc.**, which registered five lobbyists, is the California-based maker of the Red Bull energy drink; **Securities Industry and Financial Markets Association**, a New York-based trade association for the securities industry; **Sierra Club**, an environmental organization; and **Western Kentucky Primary Care Association**, a group of health clinics and organizations.

Leading Spenders in the First Month of Session



Although the General Assembly met for only four days in January, many employers pay their lobbyists on a monthly basis throughout the year, so spending for those employers is usually consistent over the 12-month period. Unless otherwise noted, the vast majority of spending by the largest spending employers goes to compensate lobbyists. In January, a total of almost \$1.5 million was spent on lobbying. The leading spending employers in January were:

Kentucky Chamber of Commerce spent \$28,422, including \$3,438 on "Chamber Night" at the Lexington Convention Center; **Kentucky Association of School Administrators**, representing superintendents, principals, and other administrators, spent \$27,900, in part by paying one of its lobbyists his entire annual compensation in January; **Altria** spent \$25,634; **Kentucky Bankers Association**, \$18,080; **Swedish Match North America**, makers of White Owl cigars and Red Man chewing tobacco, spent \$17,325; **Kentucky Medical Association**, \$16,001; and **Greater Paducah Economic Development Council** paid \$15,000 to its lobbyists.

Also, **Pharmaceutical Research and Manufacturers of America (PhRMA)**, representing pharmaceutical research and biotechnology companies spent \$13,196; **Home Builders Association of Kentucky**, \$13,144; **Baptist Healthcare System**, \$12,665; **Kentucky Association of Manufacturers**, \$11,846; **CSX Corporation**, \$11,815; **Greater Louisville Inc.**, \$11,450; **Houchens Industries**, \$11,000; **Norton Healthcare**, \$10,900; **Keeneland Association**, \$10,650; **Yum! Brands**, \$10,153; **American International Group (AIG)**, \$10,000; **Injured Workers Pharmacy**, \$10,000; **Kentucky Downs**, \$10,000; and **Motion Picture Association of America**, \$10,000.

A group of lobbyists, including those representing **WellPoint-Anthem Blue Cross/Blue Shield**, **Kentucky Employers Mutual Insurance**, and **Kentucky Beer Wholesalers Association**, along with employers including **State Farm Insurance** and **Kentucky Broadcasters Association**, spent about \$1,850 on a "Welcome Back" reception during the first week of the 2011 General Assembly.

Informal Opinions from the Legislative Ethics Commission



The staff of the Legislative Ethics Commission frequently responds to questions by issuing informal opinions to the requester. The informal opinions are based on the Code of Legislative Ethics, orders in cases which have come before the Commission, and advisory opinions (OLEC) issued by the Commission since 1993. Some of the recent informal opinions include:

--- In a legislator's private sector employment activities, he or she should not be involved in hiring or directing the activities of a legislative agent. In addition, a legislator is precluded from participating in activities of his or her employer related to developing a legislative agenda to be communicated to members of the General Assembly. *See OLEC 94-8.*

--- The Code of Legislative Ethics places no restrictions on a lobbyist's participation in a candidate's campaign for office, if the candidate is not a legislator, a candidate for the General Assembly, or a legislator who is a member of a gubernatorial slate. *See KRS 6.611(6) and KRS 6.811.*

--- The Code of Legislative Ethics includes a "member-elect" of the General Assembly in the definition of "legislator", so newly-elected legislators are treated the same as legislators during the two-month period between the election and their swearing-in. For example, a member-elect cannot accept anything of value from a lobbyist or a lobbyist's employer, a member-elect cannot accept a campaign contribution from a lobbyist, and a member-elect is required to get prior approval from the Senate President or House Speaker before accepting pre-paid, out-of-state travel related to their legislative duties. *See KRS 6.611(25) and KRS 6.747(2).*

--- An employer of lobbyists who purchases a table at an event and invites legislators to sit at the table, is required to report details of the event, including the names of the legislators, and the cost of food and beverages provided to each legislator. *See KRS 6.821.*

--- The Code of Legislative Ethics states that a legislator shall not, for compensation, appear before a state agency as an expert witness. *See KRS 6.744(2).*

ETHICS REPORTER

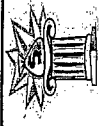
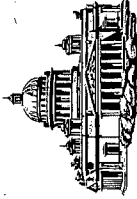
March, 2011

Kentucky Legislative Ethics Commission

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Lobby Spending Up In February

After meeting for a week in January, the General Assembly returned on February 1 for the second portion of the Regular Session. With more legislative days came increased lobbying work and more spending. Employers spent \$2.08 million on February lobbying, compared to \$1.49 million which was spent in January.

The biggest spending employer for the month was Consumer Healthcare Products Association (CHPA), which spent \$49,897, including \$35,897 on phone banking in opposition to legislation restricting the purchase of pseudoephedrine and other substances which are used in a variety of non-prescription, over-the-counter medicines, and which can be used illegally to produce methamphetamine.

In a similar effort during the 2010 General Assembly, CHPA spent \$303,377 on phone banking. CHPA's members include several businesses which employ lobbyists in Kentucky, including Bayer, GlaxoSmithKline, Johnson & Johnson, Merck, Novartis, Pfizer, and Purdue Pharma.

The next biggest spending report filed recently was a late report on January spending. All Things Good, a lobbying entity created by Louisville chiropractor Zachary Pappas, became the largest spender on lobbying in January when it reported paying its lobbyist \$45,000 in that month. All Things Good has not filed a report on its February lobbying, but on its January filing, it reported lobbying on bills prohibiting business solicitation of a person involved in a motor vehicle accident within 30 days following the accident.

Altria Client Services, representing several companies including Philip Morris USA and U.S. Smokeless Tobacco, reported spending \$44,739 last month, for a two-month total of \$70,373, highest of all employers.

Other leading spenders for the month include: KY Optometric Association (\$28,092); KY Chamber of Commerce (\$26,131), for a two-month total of \$54,553, second highest of all employers; KY Retail Federation (\$24,179); KY Hospital Association (\$22,636); Kentuckians for the Commonwealth (\$21,807); KY Education Association (\$20,968); and KY Medical Association (\$20,258).

Others on the monthly top 40 list are: KY Bankers Association (\$18,080); AT&T (\$18,073); CSX (\$17,986); KY Farm Bureau Federation (\$17,005); KY Association of Electric Cooperatives (\$16,738); KY Association of Health Care Facilities (\$16,684); KY League of Cities (\$16,023); Keeneland (\$15,128); EcoPower Generation (\$15,000); and Wine Institute (\$15,000).

The other employers who spent at least \$10,000 in the month include: KY Justice Association (\$13,713); KY Association of Realtors (\$12,822); Norton Healthcare (\$12,794); Baptist Healthcare (\$12,665); KY Association of Manufacturers (\$12,183); Home Builders Association of KY (\$12,070); Coal Operators & Associates (\$12,052); KY Association of Counties (\$11,967); Greater Louisville Inc. (\$11,844); IG&E and KU Energy (\$11,083); Humana (\$11,043); Houchens Industries (\$11,000); Commerce Lexington (\$10,817); KY Press Association (\$10,596); American International Group (AIG) (\$10,000); KY Downs (\$10,000); Motion Picture Association of America (\$10,000); Red Mile (Lexington Tots) (\$10,000); and Necco, an Ohio-based company which contracts with the state to provide eight adoption and foster care facilities in Kentucky (\$10,000).



Receptions and Events in February

Last month was the only full month of General Assembly action during the 2011 Regular Session, so there were many receptions and events sponsored by employers of lobbyists.

The two most expensive events were held the same week in mid-February. On Wednesday, February 16, the railroad companies CSX, Norfolk Southern Corp., and Paducah & Louisville Railway joined together to spend \$17,208 on a reception which was held aboard rail cars in Frankfort. The three companies spent over \$15,000 on a similar railroad reception during the 2010 session.

The next night, an "energy reception" costing \$17,450 was sponsored at the Buffalo Trace Distillery by Coal Operators & Associates, KY Coal Association, KY Oil & Gas Association, and the Western KY Coal Association.

Earlier in the month, on February 2, Commerce Lexington spent \$5,801 on a reception at Buffalo Trace, American Federation of State/Municipal Employees Council 62 spent \$4,967 on a reception at the Capital Plaza Hotel, and Altria spent \$1,120 on a "U.S. Smokeless Tobacco Dinner" for the Western Kentucky Caucus.

KY Association of Realtors spent \$6,051 on a reception at the Capital Plaza Hotel; AT&T reported spending \$5,000 to purchase a table at a fundraiser for the Boy Scouts of America; KY Rural Water Association spent \$3,408 on a legislative breakfast at the Capital Plaza Hotel; and KY Alliance of Boys & Girls Clubs spent \$3,068 on a reception and dinner, also at the hotel.

Louisville Day in Frankfort, which included lunch in the Capitol Annex and a reception at the Kentucky History Center, cost about \$9,600 and was sponsored by Louisville Water Co., Seven Counties Services, Amgen, AT&T, Churchill Downs, Delta Airlines, Greater Louisville, Inc., Insight, JP Morgan Chase Bank, Jim Beam Brands and Marker's Mark, Norton Healthcare, Sullivan University System, and several smaller donors. Amgen and one of its lobbyists also spent \$1,147 on a legislative luncheon at the Capitol Annex Cafeteria.

Sullivan University System also spent \$2,188 on food and beverages provided for a "College Career Day Event" in the Capitol Annex. County officials' organizations affiliated with KY Association of Counties spent \$2,834 on a reception at the Frankfort Civic Center, and KY League of Cities spent \$1,836 on a "Cities Night" reception at the same location.

KY Association of Manufacturers, KY Beverage Association, KY Grocers Association of Convenience Stores, KY Retail Federation, and KY Petroleum Marketers Association joined together to co-sponsor a reception at the Capital Plaza Hotel, and spent \$1,685; and KY Quarter Horse Association spent \$1,676 on a legislative reception and dinner at Buffalo Trace Clubhouse.

Seventeen insurance companies spent \$1,657 on dinner and a reception at Berry Hill Mansion for members of the House and Senate Banking and Insurance Committees. KY Optometric Association spent \$1,416 on a luncheon in the Capitol Annex; United Food & Commercial Workers Union spent \$1,393 on a luncheon at the Capitol Annex Cafeteria; and KY School Boards Association spent \$1,004 on a reception at the Capital Plaza Hotel.



Informal Opinions from the Legislative Ethics Commission

--- The Code of Legislative Ethics allows a legislative agent (lobbyist) to voluntarily perform a variety of duties for a legislator's or legislative candidate's campaign, if the lobbyist is not being directed or paid by his or her employer to perform those services, and if the legislator did not ask or direct the lobbyist to participate in the campaign. If a lobbyist is performing services for which a candidate may typically have to pay, the campaign relationship should be formalized and other steps should be taken to address questions of whether the lobbyist is providing "something of value" or a campaign contribution to the legislator or candidate. See *Order 04-02 and OLEC 95-8*.

--- A legislator should not solicit assistance from a lobbyist in seeking employment. If a legislator is employed by an organization which also employs a lobbyist, there are reporting requirements for the legislator and other considerations of which the legislator and lobbyist should be aware. See *KRS 6.731 and OLEC 96-7*.

--- A member of the General Assembly may accept event tickets from an organization which does not employ a lobbyist, but is required to report the gift on his or her financial disclosure statement, if it is valued at more than \$200. See *KRS 6.787*.

--- A member of the General Assembly may recommend a person to a state agency for employment so long as that person is not a family member or a business associate. See *OLEC 93-19*.

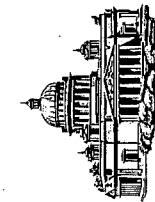
--- A legislator may send a letter to a state agency advocating for economic development assistance for particular businesses in the legislator's district, as long as the legislator is not "using his or her official position to obtain financial benefit for himself, any member of the legislator's family, or a business associate of the legislator." A business associate includes a legislator's private employer, a business in which the legislator owns a financial interest, or which the legislator is paid to represent. See *KRS 6.731*.

--- The Legislative Ethics Commission developed mailing guidelines to help legislators and staff avoid potential ethics concerns when sending a mailing at public expense, either through the U.S. Mail or electronically.



Several Employers are Late Filing for February

Reports on February legislative lobbying activities and spending were due by March 15. The following employers have not filed those reports: **Advanced Care Center**, a weight control center in Hustonville; **All Things Good**, a Louisville chiropractor's lobbying entity (has paid fine for late filing, but no report is filed); **Amteck of Kentucky**, a Lexington design/build company; **Beckfield College**, a Florence-based business and career education school; **Coca-Cola**, the beverage company; **Kentucky Tax Bill Servicing**, a northern Kentucky buyer of delinquent real property tax certificates; **Patient Services Inc.**, a Virginia non-profit, charitable organization which offers premium and co-payment assistance programs; and **Thomas & King**, the Lexington company that operates Applebee's and Johnny Carino's restaurants.



ETHICS REPORTER

April, 2011

Kentucky Legislative Ethics Commission
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Top Lobbying Spenders in the 2011 General Assembly

The final spending reports for the 2011 General Assembly and Special Session show that **Altria Client Services**, representing Phillip Morris USA and U.S. Smokeless Tobacco, was the top-spending lobbying organization at \$98,027 for the first three months of the year. **Altria** reports on its website that its affiliated PAC, **Altriapac**, made campaign contributions in 2010 to 16 Kentucky legislators and legislative candidates, along with caucus campaign committees and both major political parties.

The second-leading spender for the session was the **Kentucky Chamber of Commerce**, which says it represents 2,700 member businesses, and has spent \$79,479 so far this year. A newcomer to this year's list of top session spenders is **All Things Good**, a Louisville chiropractor's lobbying entity, which spent \$65,000 on lobbying in the first three months of the year. **Consumer Healthcare Products Association**, which represents the makers of over-the-counter medicines, spent \$63,233, primarily on lobbying on legislation relating to the sale of methamphetamine precursors such as ephedrine and pseudoephedrine.

The **Kentucky Medical Association (KMA)** spent \$56,162. Last year, **KMA** said it achieved lobbying success "by defeating scope of practice expansion attempts by nurse practitioners, physician assistants, pharmacists, and other non-physician practitioners." This year, the next highest spender, the **Kentucky Optometric Association** (\$55,667) lobbied successfully for legislation expanding the scope of practice for optometrists.

Other top-spending lobbying organizations include **Kentucky Bankers Association** (\$54,240); **Kentucky Hospital Association** (\$51,260); **Kentucky Retail Federation** (\$48,476); **Kentucky Education Association** (\$43,743); **CSX Corporation** (\$41,816); **Keeneland Association** (\$40,723); **Kentucky Association of Electric Cooperatives** (\$40,375); **AT&T** (\$38,908); and **Baptist Healthcare** (\$37,812).

Several organizations spent heavily in March, but did not make the list of top spenders for the entire session. These include the **Kentucky Academy of Eye Physicians and Surgeons** (ophthalmologists), who reported spending \$22,000, primarily lobbying against legislation supported by optometrists. After spending \$2,000 on three lobbyists in January, the ophthalmologists employed seven additional lobbyists for the remainder of the General Assembly.

Other top spenders for March include the **Kentucky Association of Career Colleges and Schools**, which spent \$21,500 lobbying on legislation relating to for-profit colleges and schools; **American Council of Life Insurers** (\$15,000); **EcoPower Generation** (\$15,000); and **National Popular Vote Initiative** (\$15,000).



New Employers Who Spent the Most

During the 2011 General Assembly, 43 new employers registered with the Legislative Ethics Commission to lobby.

The newly-registered employers who spent the most on lobbying during the regular and special sessions were: **All Things Good**, the entity created by Louisville chiropractor Zachary Pappas (\$65,000); **ecoPower Generation**, a Lexington company formed to build and operate renewable bioenergy projects (\$30,000); **Kentucky Kingdom Redevelopment Co.**, which unsuccessfully sought a \$50 million bond issue to re-open the Louisville amusement park (\$25,500); **National Popular Vote Initiative**, which supports legislation that would require that all of the state's electoral votes be awarded to the presidential candidate who receives the most popular votes in all 50 states (\$22,500); and **Oak Grove Village**, a California Developer which is planning to build a large shopping mall near Ft. Campbell (\$18,750). **Oak Grove Village** supported legislation to extend tax increment financing for its \$200 million project, and in January, the organization employed nine legislative agents and seven executive agency lobbyists.

Other newly-registered employers this session include: **Kentucky Citizens Against Runner Solicitation**, which opposed in-person solicitation of medical or legal services (\$18,000); **Securities Industry and Financial Markets Association**, a New York-based trade association for the securities industry (\$18,000); **Time Wise Management Systems**, a Florida company that trains workers (\$17,946, including \$4,671 on a luncheon and demonstration at the Capitol Annex); **Safety-Kleen Systems**, a provider of environmental services and oil re-refining (\$15,250); **National College**, a for-profit college with six Kentucky locations (\$15,250); **Beckfield College**, a Florence, Ky. for-profit college (\$15,000); **Education Management Corp.**, a Pittsburgh-based provider of private post-secondary education (\$15,000); **NECCO**, an Ohio-based company which contracts with the state to provide eight adoption and foster care facilities in Kentucky (\$15,000); **Greater Paducah Economic Development Council**, a non-profit working to attract investment and jobs (\$15,000); and **Red Bull North America, Inc.**, the California-based maker of Red Bull energy drink (\$14,000).

While 34 of the new employers registered earlier in the session, the following organizations registered in late February or March: **Advanced Care Center**; **Dow Corning Corporation**; **UBS Securities LLC**; **Florence & Hutcheson**; **Century Capital Group LLC**; **ACICS** (Accrediting Council for Independent Colleges and Schools); **Shelton Fireworks**; **Association for Competitive Technology**; and **IBM** (last registered in 2009).



Employers Who Have Not Filed April Reports

Lobbying reports were due April 15 to report on spending in the month of March. The following employers have not filed reports: **CoalTek, Inc.**; **Elizabethtown Airport Board**; **H.C. Nutting Co.**; **Insured Retirement Institute**; **ITeach U.S.**; and **Kentucky Quarter Horse Racing Association**.



Informal Opinions from Commission Staff

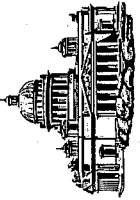
The staff of the Legislative Ethics Commission frequently responds to requests for informal opinions regarding the Code of Legislative Ethics. Among the opinions issued recently:

--- An organization which employs lobbyists may provide part or all of the funding for events to which legislators are invited. If all members of the General Assembly are invited, or all members of a recognized caucus, or all members of an interim joint committee, the name of the group invited and the total spent is reported. If individual legislators are invited, the employer's spending report is required to list the individual legislators who attend, and the amount spent on each one.

--- If an organization which employs lobbyists plans to conduct a series of similar events around the state, and if all members of the General Assembly are invited at the same time and given the option of attending one or all of the events, the program of events may qualify for group expenditure reporting. See *OLEC 93-50*.

--- An organization which employs lobbyists may sell tickets to legislators at face value, because the legislators are not receiving anything of value. Instead, they are paying full value, as provided in KRS 6.611(2)(b)14., the definition section of the Code of Legislative Ethics.

--- As provided in KRS 6.747(2) in the Code of Legislative Ethics, a legislator may accept prepaid transportation, food, and lodging or be reimbursed for actual expenses for out-of-state travel associated with the performance of his duties as a legislator, if the legislator obtains prior approval of the travel from the presiding officer of the chamber in which the legislator serves.



ETHICS REPORTER May, 2011

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Hospitals Lead as Health Care Tops Lobby Spending



In the first four months of 2011, about \$7 million was spent lobbying the General Assembly. \$6.5 million was spent by about 660 employers of lobbyists, and \$445,000 was spent by lobbyists. More than \$6.1 million of the employers' total was spent on compensation paid to nearly 630 lobbyists.

Reports filed by employers and legislative agents are compiled at the Legislative Ethics Commission's website at: <http://klec.ky.gov/reports/employersagents.htm>

So far this year, the highest spending industry is the health care sector, which has spent \$1.5 million, or about 23% of the total spent by all employers. Health care spending was led by hospital operators, who spent about \$300,000, including Kentucky Hospital Association (\$56,000), Norton Healthcare (\$44,631), Baptist Healthcare System (\$42,800), and St. Elizabeth Healthcare (\$28,182).

The second leading component of health care spending was pharmaceutical companies and pharmacies, which spent about \$281,000, including Consumer Healthcare Products Association (\$67,333), Pharmaceutical Research & Manufacturers of America/PhRMA (\$23,362), Amgen (\$19,389), Glaxo SmithKline (\$18,500), American Pharmacy Cooperative (\$18,000), and Pfizer (\$15,000).

Other leading spenders on health care lobbying include: Kentucky Medical Association (\$71,415); All Things Good, a Louisville chiropractic business (\$65,000); Kentucky Optometric Association (\$61,604); and Kentucky Academy of Eye Physicians & Surgeons (\$26,000).

A separate but often related industry - insurance companies - including health insurance providers, spent \$354,000 during the first four months of 2011, with industry spending led by AmeriGroup Corp. (\$32,000); Humana (\$31,000); WellPoint-Anthem Blue Cross/Blue Shield (\$26,413); Kentucky Association of Health Plans (\$24,251); and Nationwide Insurance (\$22,430).

Energy and utility interests, including coal and natural gas, spent \$516,000. Leading spenders in the utility sector are: Kentucky Association of Electric Cooperatives (\$40,426); and LG&E and KU Energy (\$28,534). Leading spenders in the oil and gas sector are: Denbury Onshore LLC (\$26,999); EQT Corp. (\$22,400); Atmos Energy/Western Kentucky Gas (\$20,000); and Chesapeake Appalachia (\$18,000). EcoPower Generation, a bioenergy company, spent \$30,000; and leading coal industry spenders include Coal Operators & Associates (\$24,900); Alpha Natural Resources (\$20,300); Peabody Energy (\$18,000); Western Kentucky Coal Association (\$16,441); and Kentucky Coal Association (\$15,850).

Public and private businesses and organizations registered to lobby on education issues spent close to \$400,000 in the first four months. Organizations lobbying on behalf of public schools or employees spent \$234,000, led by Kentucky Education Association (\$44,680); Kentucky Association of School Administrators (\$36,750); Eastern Kentucky University (\$20,740); Kentucky Retired Teachers Association (\$20,553); and Jefferson County Public Schools (\$18,935).

Proprietary schools and companies offering education services spent about \$144,000, including Kentucky Association of Career Colleges and Schools (\$56,000); National College (\$20,250); Education Management Corp. (\$20,000); Beckfield College (\$15,000); Connections Academy (\$12,000); and Wireless Generation (\$10,000).

The financial industry has spent \$358,000 so far this year. This lobbying sector includes banks, financial services companies, and deferred deposit businesses, and was led in spending by Kentucky Bankers Association (\$72,320); American International Group (AIG), a financial services and insurance company which is attempting to sell many of its assets following its 2008 "liquidity crisis" and federal bailout (\$40,000); Community Financial Services Association of America (\$20,000); Kentucky Deferred Deposit Association (\$20,000); and Securities Industry & Financial Markets Association (\$18,000).

Manufacturers have spent \$306,000 on 2011 lobbying, including the Kentucky Association of Manufacturers (\$47,723); Toyota (\$24,000); Hewlett-Packard (\$20,000); Microsoft (\$17,000); Rio Tinto Alcan (\$15,000); Lifesafer Interlock (\$15,000); and Ford Motor Co. (\$13,165).

Tobacco interests have spent \$303,000 this year, led by Altria (\$123,800); Swedish Match North America (\$34,650); and National Tobacco Co. (\$30,000).

State and local chambers of commerce and economic development organizations spent a total of \$271,000, with the Kentucky Chamber of Commerce (\$99,479); Greater Louisville, Inc. (\$39,939); and Kentucky Kingdom Redevelopment (\$29,000) spending more than half the total.

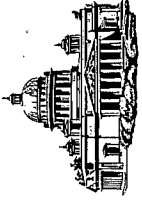
The transportation industry, including railroads, road builders, airports, and public transit spent \$269,000, including CSX (\$55,830); Paducah & Louisville Railway (\$16,000); Norfolk Southern (\$13,236); Transit Authority of River City (\$12,200); Mountain Enterprises (\$10,000); and Project Coalition (\$10,000).

Local governments and local government officials and employees, including law enforcement and fire protection, spent \$241,000, led by Kentucky League of Cities (\$37,414); Kentucky Association of Counties (\$36,492); Kentucky County Clerks Association (\$22,437); Kentucky Jailers Association (\$20,028); and Kentucky Magistrates and Commissioners Association (\$16,404).

Horse racing and other gambling interests spent \$213,000, led by Keeneland Association (\$44,073); Kentucky Downs (\$30,000); Churchill Downs (\$25,400); and GTECH Corp. (\$18,000).

The retail, restaurant, and small business sector spent \$181,000, including Kentucky Retail Federation (\$52,878); Houchens Industries (\$44,000); Yumi Brands (\$21,671); National Federation of Independent Business (\$18,532); Kentucky Automobile Dealers Association (\$18,212); and Kentucky Restaurant Association (\$18,000).

The alcoholic beverage industry spent \$179,500, led by Buffalo Trace Distillery (\$33,000); Kentucky Beer Wholesalers (\$24,000); Kentucky Distillers Association (\$17,678); Anheuser-Busch (\$16,668); Brown-Forman (\$15,000); Wine Institute (\$15,000); Jim Beam Brands & Maker's Mark (\$14,491); and Kentucky Malt Beverage Council (\$13,332).



ETHICS REPORTER June, 2011

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Employers Who Have Not Filed April Reports

The following employers have not filed the updated spending reports for April, which were due by May 16: American Civil Liberties Union of Kentucky; Arntek of Kentucky; Associated Builders Contractors Kentuckiana; I Drive Safely; KY-811; Kentucky Fairness Alliance; Kentucky Sportsman's Alliance; Kentucky Tax Lien Purchasers Association; Lexington Professional Firefighters; Pinnacle Entertainment; Save The Children; and Transit Authority of River City.



Informal Opinions from the Legislative Ethics Commission

The staff of the Legislative Ethics Commission has recently issued the following informal opinions:

--- There is no conflict of interest or violation of the Code of Legislative Ethics if a legislator is employed by a proprietary school. The school would be considered a "business associate" of the legislator, and if the school employs a lobbyist or if legislation is introduced which may affect the school, the legislator should be guided by the language of Ky. Const., Sec. 57, and by KRS 6.761. See OLEC 96-7, which provides guidance for legislators who have an employment or contractual relationship with a business or organization which may have a legislative interest.

--- The Code of Legislative Ethics does not restrict or prohibit a legislator from holding a contract with a local government, even if the contract is awarded without a bidding process. One provision of the Code, KRS 6.737, includes prohibitions and restrictions on a legislator holding a contract awarded by a state agency, but includes no language relating to contracts with local governments. See OLEC 94-18.

--- In a matter relating to a proposal to furnish economic development incentives, if a legislator is not threatening any legislative reprisal, and if neither the legislator nor any of the legislator's family members or business associates will benefit from the incentives, a legislator's letter to economic development officials in support of incentives is informational and is acceptable under the Code of Legislative Ethics. See OLEC 93-21.

--- The Commission advises legislators not to try to use their legislative positions to influence decision-making by judges or by executive branch officials acting in an adjudicative capacity, such as the Parole Board, the Personnel Board, or the Workers Compensation Board. While a legislator may provide information about a case, attempts to influence the outcome of a case would be against the public interest, and could be found to be a violation of the Code of Legislative Ethics. See OLEC 94-42.



All Ethics Rules Apply at Out-of-State Conferences

No lobby spending reports were required to be filed in June. The next reports, due September 15, will include all lobbying expenditures from May 1 to August 31, and must include all expenditures made in conjunction with the legislative conferences held during the summer.

The National Conference of State Legislatures (NCSL), the Southern Legislative Conference (SLC), and the American Legislative Exchange Council (ALEC) are preparing to hold annual meetings which legislators, legislative staff, lobbyists, and employers of lobbyists will be attending. Kentucky is a member of NCSL and SLC, and the General Assembly also pays for ALEC memberships for individual legislators.

This year, the annual meeting of SLC will be in Memphis, Tennessee from July 16-20; ALEC's annual meeting will be in New Orleans, Louisiana from August 2-6; and the NCSL Legislative Summit will be held in San Antonio, Texas from August 8-11.

According to the Code of Legislative Ethics, legislators who have approval from the presiding officer of the chamber in which the legislator serves may accept prepaid transportation, food, and lodging or be reimbursed for actual expenses for out-of-state travel to legislative conferences.

All ethics rules apply at the conferences. For example, if a lobbyist or employer sponsors an event held in San Antonio during the NCSL meeting, and invites members of the General Assembly, the sponsor must report details of the event on the spending report filed with the Ethics Commission by September 15.

Likewise, if a lobbyist or employer provides food or beverages for individual legislators, family members or staff during any of the meetings, details of that spending must be reported, and there is a \$100 annual limit on the amount that may be spent on a legislator and his or her immediate family by the lobbyist and employer collectively.

Highlights of this summer's conferences include:

Southern Legislative Conference Annual Meeting -- July 16-20, 2011, at Peabody Hotel, Memphis, Tenn. Speakers at SLC include **David Bronczek**, President and CEO of FedEx Express, and **Estrella Mayhue-Greer**, President & CEO, Mid-South Food Bank. The meeting will include sessions on ethics and the legislature, the fiscal outlook for states, redistricting, and hunger in South.

The SLC meeting will include a Beale Street walking tour, a Memphis History Bus Tour, and a tour of The National Civil Rights Museum. For more information: <http://www.slcatlantia.org/TN2011/>

American Legislative Exchange Council Annual Meeting -- August 2-6, 2011, at New Orleans Marriott, New Orleans, La. Speakers at ALEC will include: **Arthur Brooks**, president of the American Enterprise Institute; and **Bob Wise**, president of the Alliance for Excellent Education and former governor of West Virginia. The ALEC meeting will include workshops focused on principles of free markets and limited government through a public-private partnership of state legislators and members of the private sector. ALEC has about 300 corporate and private foundation members.

ALEC's meeting coincides with Satchmo Summerfest in the French Quarter of New Orleans. The festival honors New Orleans' native son, Louis "Satchmo" Armstrong. http://www.alec.org/AM/Template.cfm?Section=Annual_Meeting&Template=/CM/HTMLDisplay.cfm&ContentID=15879

National Conference of State Legislatures Legislative Summit -- August 8-11, 2011, at Henry B. Gonzalez Convention Center in San Antonio, Texas. Among the speakers: **Jim Collins**, author of *Good to Great: Why Some Companies Make the Leap...and Others Don't*; Texas Governor **Rick Perry**, author of *Fed Up! Our Fight to Save America From Washington*; **Peter Hart**, a Washington pollster; **Tina Chiu**, a cost-benefit expert who has worked on police-immigrant relations, prison conditions, juvenile justice, and domestic violence; and **John Hofmeister**, former president of Shell Oil Company who now heads Citizens for Affordable Energy and is the author of *Why We Hate the Oil Companies: Straight Talk From an Energy Insider*.

NCSL's Legislative Summit will also include an evening in old San Antonio, a private tour of the Alamo, and a Texas Dance Hall Revue featuring the band Asleep at the Wheel. <http://www.ncsl.org/Meetings/LegislativeSummit11/Home/tabid/22195/Default.aspx>



Informal Opinions from the Ethics Commission Staff

The Code of Legislative Ethics, at KRS 6.811(6), states that a legislative agent (lobbyist) "shall not make a campaign contribution to a legislator, a candidate, or his campaign committee." There is no similar prohibition on a lobbyist making a contribution to a political party.

A legislator can provide a reference for a job applicant. Such a letter is consistent with the Code of Legislative Ethics, and OLEC 93-19, which states "A member of the General Assembly may recommend a constituent or non-constituent to a state agency for employment so long as that person is not a family member or business associate. Such an activity is an information process and not an attempt to influence the agency to act contrary to the public interest."

A legislator who is an attorney may represent a client in a suit for damages against a water district and one or more of its directors. See KRS 6.744(7) and KRS 6.611(29), which defines "state agency" as any department, office, commission, board, or authority within the executive department, and includes state-supported universities and colleges but does not include local boards of education.



Government Contracts For Employers Approved in June

Several employers of legislative agents are working for state agencies under contracts approved in June by the General Assembly's Government Contract Review Committee.

The Department of Education is contracting with the **Kentucky Association of School Administrators** (\$98,248 for July 1, 2011 to June 30, 2012) to administer required training for 20 to 25 superintendents in areas such as school-based decision making, school law and finance, and curriculum and assessment.

The **Kentucky Lottery Corporation** is contracting with **GTECH Corporation** of Providence, Rhode Island (\$7,250,000 for July 1, 2011 to June 30, 2012) to provide an on-line gaming system and equipment, and to implement a new online system, with conversion to take place about July 10, 2011.

The University of Kentucky is contracting with **Norton Healthcare Inc.** of Louisville (Two contracts at \$500,000 each from June 1, 2011 to June 30, 2012) to provide laboratory testing and consulting services.

All government contracts that come before the Government Contract Review Committee are listed on the Committee's homepage: <http://www.irc.ky.gov/Statcomm/Contracts/homepage.htm>