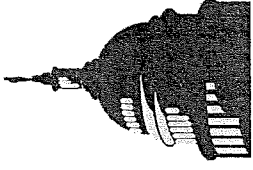


Kentucky Legislative Ethics Commission



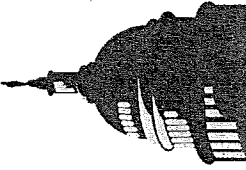
Kentucky Legislative Ethics

Commission Members

George Troutman, Chair
Pat Freibert, Vice Chair

Bob Fulkerson
Norima Scott (term ended 4/2015)
Elmer George
Henry Stephens, Jr.

Paul Gudgel
Deborah Jo Durr
Charles Borders
Ken Winters



ANNUAL REPORT

FY 2014-2015

Commission Staff

John Schaaf, Executive Director (started 8/2015)
Anthony Wilhoit, Executive Director (retired 7/2015)

Kara Daniel, Legal Counsel (started 10/2015)
Donnita Crittenden, Principal Assistant
Lori Smither, Staff Assistant (started 7/2015)
Connie Evans, Staff Assistant (retired 7/2015)
Michael Malone, Enforcement Counsel

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

Legislative Ethics Commission Member Profile

FOREWORD

I am pleased to submit the 22nd Annual Report of the Kentucky Legislative Ethics Commission to the members of the Legislative Research Commission.

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

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, and is 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 1994. He and his wife Mary reside in Louisville.

Pat Freibert - Mrs. Freibert was appointed to the Commission by the President of the Senate in 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 resides in Lexington.

Judge Paul D. Gudge - Judge Gudge was appointed to the Commission by the Speaker of the House in 2002. Judge Gudge received his B.A. and LL.B. 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 November 2002, including five years as Chief Judge. Judge Gudge 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. Mrs. Scott is a retired school teacher, and she and her husband, Gerald, reside in Madisonville. Mrs. Scott's term ended April 30, 2015.

Deborah Jo Durr - Ms. Durr was appointed to the Commission by the Speaker of the House in 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 and 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.

Elmer George – Mr. George was appointed to the Commission by the Speaker of the House in January, 2014. He is currently a practicing lawyer in Marion County. He's a graduate of Bellarmine University and the University of Kentucky Law School. He and his wife Rita Faye reside in Lebanon, Kentucky.

Charles Borders - Mr. Borders was appointed to the Commission by the Senate President in April, 2014. He recently completed a four-year term as a member of the Kentucky Public Service Commission. Before joining the PSC, Mr. Borders served in the Kentucky Senate, representing the 18th District in northeast Kentucky from 1991 to 2009. He was executive director of King's Daughters Health Foundation and director of administrative services for King's Daughters Medical Center in Ashland. He's also been a real estate broker. Mr. Borders is a past member of the Kentucky Council on Post-Secondary Education and of the Kentucky Workforce Investment Board. He is a graduate of Morehead State University, where he received a B.S. degree in Business Administration and a Master's of Business Administration. Mr. Borders and his wife Carol reside in Grayson. They have two children and two grandchildren.

Henry L. Stephens, Jr. - Mr. Stephens was appointed to the Commission by the Legislative Research Commission in June, 2014. He is a mediator, and he teaches at Northern Kentucky University's Chase College of Law. He was Dean of the College of Law from 1986 to 1992, and Associate Dean from 1981 to 1985. Mr. Stephens served as Assistant Attorney General and staff attorney for the Kentucky Department for Natural Resources and Environmental Protection, spent two years as Assistant Counsel for the Louisville-Jefferson County Board of Health, and has 16 years in general trial and environmental practice. Mr. Stephens completed mediator training at the Harvard College of Law Program for Instruction of Lawyers, and is listed in Best Lawyers In America in the category of Alternative Dispute Resolution. He is a past President of the Kentucky Bar Foundation, and past Chairman of the Board of Trustees for the Center for the Resolution of Disputes, Inc. He received his B.A. from Western Kentucky University in 1972 and his J.D. from the University of Kentucky in 1975, where he was a member of the Kentucky Law Journal staff and Moot Court Board. He and his wife Barbara reside in Union, Kentucky.

Ken Winters - Dr. Winters was appointed to the Commission by the Senate President in April, 2015. From 2005 to 2013, he served two terms in the Kentucky Senate, representing the 1st District in western Kentucky. He chaired the Senate Education Committee during his entire tenure in the General Assembly, and was the sponsor of 2009's Senate Bill 1, the bipartisan education reform bill that called for the alignment of K-12 and postsecondary education, and established Kentucky as one of the nation's leaders in the adoption and implementation of the Common Core State Standards. Dr. Winters served as the ninth president of Campbellsville University from 1988 to 1999. Prior to coming to what was then Campbellsville College, he was dean of the College of Industry and Technology at Murray State University for many years. Dr. Winters is a graduate of Murray State University, where he received a B.S.; Indiana University, where he received an M.S.; and the University of Northern Colorado, where he earned an Ed.D. Dr. Winters and his wife Shirley reside in Murray.

Legislative Ethics Commission Staff Profile

Anthony M. Wilhoit – Retired July 2015 - Executive Director. Judge Wilhoit joined the Legislative Ethics Commission on November 17, 1997. He served on the Kentucky Court of Appeals from 1976 to 1997, and 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 earned an A.B. from Thomas More College, a law degree from the University of Kentucky, and an LL.M. from the University of Virginia. In 2012, Judge Wilhoit received the COGEL Award, the highest international award given to a person working in the fields of ethics, campaign finance, and election law.

John SchAAF – Executive Director effective August 2015. 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. In 2013, he was elected to a four-year term on the national steering committee of COGEL, the Council on Governmental Ethics Laws.

Kara L. Daniel – General Counsel. Ms. Daniel joined the Commission staff in October 2015 and serves as counsel to the Commission. Before joining the Commission staff, she was the General Counsel for the Justice & Public Safety Cabinet, and prior to that, she worked as an attorney for the Legislative Research Commission from 2003 to 2012. Her other employment experience includes working at the Kentucky Bar Association in the area of attorney ethics, and working at a small law firm in Paducah. She received a bachelor's degree from Centre College and a J.D. from the University of Kentucky College 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 B.A. in Public Administration from Kentucky State University. Mrs. Crittenden joined the Commission in August 1993. Her previous experience includes a three-year internship with the Kentucky Department of Education, specifically assigned to the State Board of Education.

Connie Y. Evans - Retired July 2015 - Mrs. Evans is the Staff Assistant in the Commission office. She is a graduate of Lebanon High School, Lebanon, Kentucky. Her previous experience includes working as a legal secretary for 15 years, an elementary school secretary for 11 years, and a judicial secretary for three and one-half years on 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.

Lori M. Smither – Mrs. Smither is the Staff Assistant in the Commission office. She is a graduate of Franklin County High School and has a degree in four areas of Interdisciplinary Early Childhood Education. In addition, Lori has obtained certificates for the Kentucky Director's Credential, Kentucky Child Care Provider, School Age Child Care, Interdisciplinary Early Childhood Education Technical Studies, and Early Childhood Administrator. Her previous experience includes working as a Member Service Representative at a banking institution for seven years, as a Director/Teacher for 11 years, and part-time in the Commission Office for eight years. She joined the Commission Office full-time in July 2015.

**Education and Training
FY 2014-2015**

- September, 2014 John Schaaf participated in an ethics panel at the NCSL Conference in Richmond VA
 - December, 2014 John Schaaf attended and presented at the Council on Governmental Ethics Laws (COGEL) Conference in Pittsburgh, PA
 - December, 2014 Anthony Wilhoit, Ethics presentation at Chamber of Commerce Event in Lexington, KY
 - December, 2014 Anthony Wilhoit and John Schaaf, Presentation at Freshman Legislator Orientation at the Capitol Annex in Frankfort, KY
 - December, 2014 John Schaaf spoke at an Ethics Conference at the State Capitol in Indianapolis, IN
 - January, 2015 Current Issues Seminar for Members of the General Assembly conducted by LEC Staff. Speakers: Anthony Gray, President & Chief Executive Officer of the Institute for Global Ethics; Jeff Smith, former Missouri State Senator; and Rodney Jetton, former Missouri House Speaker.
 - January, 2015 Donnita Crittenden and John Schaaf, Employer and Legislative Agent Training Session
 - April, 2015 John Schaaf attended the COGEL Steering Committee meeting and session in Boston, MA
 - June, 2015 John Schaaf, Ethics presentation at the KY Bar Association Annual Conference in Lexington, KY
 - June, 2015 John Schaaf, Ethics presentation at the Legislative Research Commission's Continuing Legal Education Seminar
- During the fiscal year, we provided:
- Various in-house training sessions, as requested
 - Reviewed, approved and posted (on website) over 140 Financial Disclosure forms for legislators and candidates
 - Issued 71 written informal advisory opinions and two formal opinions
 - Gave an estimated 400 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 monthly to all employers and legislative agents; and
 - E-mailed and mailed updated employers and lobbyists lists monthly to all General Assembly members and LRC staff (weekly during legislative session).

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

FY 2014-2015

Number of Employers: 676
Number of Legislative Agents: 557

Updated Registration Statements were filed on:

- September 15, 2014
- January 15, 2015
- February 15, 2015
- March 15, 2015
- April 15, 2015
- May 15, 2015

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."

Complaints and Administrative Actions

FY July 1, 2014 - June 30, 2015

Complaints:

There were no formal complaints filed against legislators, lobbyists, or employers of lobbyists during this fiscal year.

Administrative Fines Levied by the Commission:

Legislative Agents \$1,950.00
 Employers \$5,550.00
Total Fines Collected \$7,500.00

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 may result in additional penalties and possible action by the Commission.

LOBBYING EXPENSES AS REPORTED 1993 - 2015

YEAR	EMP FB	EMP AE	EMP RME	EMP EXP	LA FB	LA RME	LA EXP	LA COMP	TOTAL
2015**	\$0	\$754,555	\$173,527	\$473,250	\$0	\$12,261	\$605,207	\$11,686,730	\$13,705,530
2014	\$149	N/A	\$185,402	\$563,386	\$0	\$8,685	\$831,507	\$16,822,398	\$18,411,527
2013	\$429	N/A	\$154,182	\$453,074	\$30	\$11,648	\$852,342	\$14,970,623	\$16,444,328
2012	\$539	N/A	\$143,154	\$858,368	\$0	\$16,407	\$945,621	\$15,813,368	\$17,777,457
2011	\$228	N/A	\$160,435	\$393,916	\$16	\$17,491	\$905,572	\$13,613,009	\$15,090,667
2010	\$530	N/A	\$189,059	\$904,378	\$0	\$28,206	\$1,188,642	\$14,382,024	\$16,692,839
2009	\$236	N/A	\$135,943	\$462,256	\$0	\$19,126	\$985,833	\$13,659,283	\$15,262,677
2008	\$434	N/A	\$248,463	\$691,801	\$82	\$35,100	\$1,196,922	\$14,729,726	\$16,902,528
2007	\$160	N/A	\$160,087	\$530,195	\$0	\$18,175	\$1,025,796	\$11,951,309	\$13,685,722
2006	\$420	N/A	\$214,397	\$615,303	\$268	\$24,663	\$902,410	\$10,808,709	\$12,566,170
2005	\$561	N/A	\$204,701	\$819,692	\$150	\$10,003	\$213,134	\$10,836,866	\$12,085,107
2004	\$542	N/A	\$193,663	\$848,670	\$0	\$4,639	\$0*	\$8,141,073	\$9,188,587
2003	\$262	N/A	\$188,446	\$1,008,768	\$20	\$8,248	\$0*	\$9,088,595	\$10,294,339
2002	\$160	N/A	\$136,819	\$608,853	\$73	\$4,201	\$0*	\$6,132,887	\$6,882,993
2001	\$95	N/A	\$136,032	\$857,075	\$0	\$13,424	\$0*	\$8,295,998	\$9,304,624
2000	\$248	N/A	\$30,082	\$411,981	\$0	\$1,562	\$0*	\$3,989,617	\$4,433,490
1999	\$20	N/A	\$82,741	\$939,643	\$10	\$4,500	\$0*	\$7,086,054	\$8,112,968
1998	\$14	N/A	\$22,072	\$420,529	\$0	\$4,019	\$0*	\$3,137,175	\$3,583,809
1997	\$589	N/A	\$40,822	\$880,518	\$301	\$3,939	\$341,893	\$6,037,002	\$7,305,064
1996	\$177	N/A	\$15,692	\$318,105	\$107	\$534	\$144,098	\$2,254,114	\$2,732,827
1995	\$852	N/A	\$34,117	\$1,356,719	\$350	\$2,305	\$514,701	\$4,557,014	\$6,466,058
1994	\$81	N/A	\$1,426	\$552,648	\$3	\$108	\$0	\$986,811	\$1,541,077
Totals	\$7,149	\$754,555	\$3,078,452	\$15,772,231	\$1,567	\$268,875	\$11,715,302	\$222,342,861	\$253,940,992

EMP.FB (Employer Food and Beverage)

EMP.RME (Employer Reception, Meals & Events)

EMP.EXP (Employer Expenses)

EMP.AE (Employer Advertising Expense)

LA, FB (Legislative Agent Food and Beverage)

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

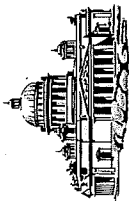
LA, EXP (Legislative Agent Expenses)

LA, COMP (Legislative Agent Compensation)

* Employer forms were amended to delete section dealing with reimbursed expenses to legislative agents. Staff discovered that employers were listing amounts reimbursed to legislative agents for expenses and legislative agents were reporting these figures during the same period.

**2015 figures include totals through August 31, 2015. First year for EMP.AE.

NOTE: Numbers have been rounded up to next dollar for convenience.



ETHICS REPORTER July 2014

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



Committee sees \$1.3 billion in July contracts

Although the 2014-16 Kentucky state budget includes the 14th round of budget cuts since 2008, and the state announced a \$91 million revenue shortfall, Kentucky's executive and judicial agencies presented 1698 contracts and other agreements totaling about \$1.3 billion at the July meeting of the Government Contract Review Committee.

Between the 2007-08 fiscal year and the 2010-11 fiscal year, state contracting doubled from \$1.7 billion to \$3.4 billion. Since that high water mark, tight state budgets have seen contracts decrease to the point that 2013-14 spending on contracts was lower than 2007-08 spending.

The July list of contracts reviewed by the Committee shows that most of the largest state contracts with individual companies are with out-of-state corporations. Those include the largest contract (\$98.6 million for two years), which is a renewed contract with Tennessee-based **Correct Care Solutions, LLC** to provide medical services to inmates at 12 Department of Corrections institutions. Corrections also renewed a \$16 million, two-year contract with Pennsylvania-based **Diamond Drugs, Inc.** to provide pharmaceutical services to inmates at the institutions; a \$4.1 million, two-year contract with Indiana-based **Mid America Health, Inc.** to provide dental services; and issued a \$2.5 million contract to Louisiana-based **Secor, Inc.** to drug test inmates, probationers, and employees.

The Department for Behavioral Health, Developmental and Intellectual Disabilities issued four two-year contracts totaling \$14.8 million to four out-of-state companies to provide medical and psychiatric services at state hospitals.

Other large contracts with out-of-state businesses include the Department of Education contract (\$20.3 million renewed for two years) with Iowa-based **NCS Pearson, Inc.** to provide academic testing; a Department for Community Based Services contract (\$16.6 million for two years) with Kansas-based **KVC Behavioral Healthcare** to provide family services in several regions of the state; the Kentucky Lottery Corporation's renewal of its one-year contract (\$8.75 million) with Rhode Island-based **GTECH Corp.** to provide and support the state's on-line gaming system; the Department of Education's two contracts (\$13.9 million total for two years) with Iowa-based **ACT** to provide student testing; and Eastern Kentucky University's two-year, \$8.75 million contract with Florida-based **Embanet-Compass Knowledge Group Inc.** to design and manage eLearning programs for the university.

Kentucky Community and Technical College System (KCTCS) issued several contracts to out-of-state businesses, including a \$5.4 million contract with Georgia-based **CedarCrestone, Inc.** to consult on technology upgrades; a \$2 million contract with Washington, D.C.-based **Blackboard, Inc.** for consulting; two contracts totaling \$1.55 million to Alabama-based **Summit 7 Systems** for server development; a \$406,000 contract with **Thorn Run Partners, LLC**, a Washington, D.C.

lobbying firm to enhance a long-term federal and state government relations program; a \$354,000 contract with Georgia-based **Slater Group, LLC** for consulting; a contract renewal for \$352,500 with **Dr. Jeff Hockaday** of Cary, N.C., to consult on college administration; a \$240,000 consulting contract renewal with Idaho-based **Leadership Advisors, Inc.**; and a \$175,000 contract renewal for web development with Minnesota-based **High Monkey Consulting**.

KCTCS also renewed a \$2.5 million contract with Louisville-based **Creative Alliance** for marketing and consulting; renewed a \$600,000 training contract with Midway-based **Solarity Group**; and renewed four contracts at \$400,000 each with Lexington and Louisville law firms to provide legal representation.

Other state contracts with Kentucky businesses include the Personnel Cabinet's one-year \$25.3 million contract with Louisville-based **Cannon Cochran Management Services, Inc.** to administer the state's self-insured workers' compensation program; a Department for Community Based Services contract (\$14.1 million for two years) with Lexington-based **Child Care Council of Kentucky** to operate a child care program in all counties; and the University of Kentucky's \$10.1 million contract with Lexington's **Omni Architects** to administer a Student Center expansion and renovation project, and two UK contracts with Lexington's **Cornett Integrated Marketing Solution**: a one-year contract for \$2 million to develop and implement a student recruitment marketing campaign, and a one-year contract for \$990,000 to provide UK's Athletics Department with public relations and media relations services.



Ethics, lobbying, & other news from across the U.S.A.

KBA discusses Kentucky lawyer suicides
KENTUCKY - Huffington Post - Don McNay -- July 5, 2014

It was a session of the Kentucky Bar Association, but it felt like a wake. A reasonably large crowd came to hear about the downbeat topic of attorney suicides. Two years ago, a number of Kentucky attorneys took their own lives. All men, mostly middle aged.

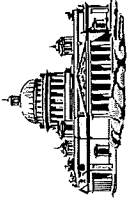
Some of the people who killed themselves were my friends. One was a good friend. Like I did, he grew up on the banks of the Ohio River in Northern Kentucky, just a few miles from where the convention was taking place. When I looked around the room, I saw two of his closest friends sitting in the front row. I knew they were thinking what I was thinking: "Could I have done anything to stop it?"

The better question is the one that the Kentucky Bar Association was putting forward: What could we do to prevent other attorneys from killing themselves?

We were there to find that answer. Lawyers are warriors who come back from adversity. So why is it that over a dozen Kentucky attorneys in the span of a couple of years decided to kill themselves?

Because there is huge burnout factor in being a warrior.

What first brought the issue of attorney suicides to the front burner was a piece called *Broken Hearted Idealists* written by Kentucky Supreme Court Justice Bill Cunningham. He cited research from the National Institute of Safety and Health that noted that attorneys were twice as likely to kill themselves.



ETHICS REPORTER

August 2014

Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
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<http://klec.ky.gov>



Lobbying interests help fund campaigns

Many businesses and organizations which lobby in Kentucky participate in funding state political campaigns through a variety of channels, including federal and state-registered political action committees (PACs).

From the start of Kentucky's current election cycle through June 30, federal and out-of-state PACs contributed a total of \$186,450 to the four caucus campaign committees (House and Senate majority and minority party committees), which help fund legislative races.

Several businesses registered to lobby have federal and out-of-state PACs which have contributed to all four of the caucus committees. Those are Amgen; CVS Caremark; General Electric; General Motors; Merck; Pfizer; and Wellpoint-Anthem.

Businesses that lobby and have affiliated federal PACs which have contributed to three of the caucus campaign committees are: Atmos Energy; Citigroup; Columbia Gas of Kentucky; Duke Energy; Enterprise Holdings; EQT Corp.; Ford Motor Co.; and Marathon Petroleum Co.; and organizations contributing to two of the committees are: Alliance Coal; Altria; Appriss; United Mine Workers of America; United Parcel Service; WellCare of Kentucky; Williams Companies; and Windstream Communications.

During the same time period, state PACs have contributed \$193,000 to the four caucus campaign committees. Employers of lobbyists with affiliated PACs that have contributed to more than one caucus campaign committee include: Associated General Contractors (two caucus committees); AT&T (four); Hinkle Contracting (two); Independent Insurance Agents of Ky. (four); Ky. American Water Co. (two); Ky. Assn. of Electric Cooperatives (two); Ky. Assn. of Health Care Facilities (two); Ky. Assn. of Nurse Anesthetists (three); Ky. Assn. of Realtors (three); Ky. Automobile Dealers Assn. (three); Ky. Bankers Assn. (four); Ky. Beer Wholesalers Assn. (two); Ky. Chamber of Commerce (two); and Ky. Coal Assn. (two).

Also: Ky. Credit Union League (two); Ky. Crushed Stone Assn. (four); Ky. Education Assn. (three); Ky. Hospital Assn. (three); Ky. Justice Assn. (two); Ky. Manufactured Housing Institute (three); Ky. Medical Assn. (four); Ky. Optometric Assn. (four); Ky. Pharmacists Assn. (three); Ky. Society of Anesthesiologists (two); Ky. Society of CPAs (four); Ky. Thoroughbred Assn. (three); Time Warner Cable (three); and LG&E and KU Energy (two).

According to the most recent information filed with the Registry of Election Finance, among businesses and organizations that lobby and have affiliated state PACs, the lobbying entities with the largest available PAC balances are: Jefferson Co. Teachers Assn. (\$1.1 million); Ky. Education Assn. (\$291,567); United Auto Workers (\$192,786); LG&E & KU Energy (\$127,747); Ky. Assn. of Realtors (\$127,346); Ky. Assn. of Rural Electric Cooperatives (\$96,500); Ind./Ky./Ohio Regional Council of Carpenters (\$84,206); Greater Louisville Association of Realtors (\$49,200); Ky. Justice Assn. (\$47,446); Ky. Chamber of Commerce (\$42,227); Ky. Automobile Dealers Assn. (\$42,199); Ky. Assn. of Health Care Facilities (\$39,161); Ky. Optometric Assn. (\$30,592); Independent Insurance Agents of Ky. (\$29,876); Ky. Society of CPAs (\$28,622); and Home Builders Assn. of Ky. (\$27,741).

The four caucus campaign committees filed their most recent campaign finance reports in June, 30 days after the May primary election. Those reports showed balances as follows: House Republican Caucus Campaign Committee (\$85,935); Kentucky House Democratic Caucus Campaign Committee (\$286,308); Senate Democratic Caucus Campaign Committee (\$96,485); and Senate Republican Caucus Campaign Committee (\$167,974).



REMINDER: Employer and Lobbyist reports covering the period from May 1 to August 31 are due September 15, 2014. Most filers submit reports on the Commission's website <http://klec.ky.gov/Electronic+Filing+System.htm>

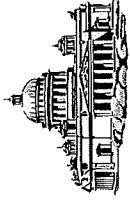


Ethics law changes take effect

The Legislative Ethics Commission is answering questions about the legislative ethics provisions adopted by the 2014 Kentucky General Assembly. The new statutory provisions were in House Bill 28, and are codified in KRS Chapter 6.

The new law took effect last month, and some of the new provisions include:

- A "no cup of coffee" provision, meaning lobbyists and their employers will be prohibited from buying a meal, or even a cup of coffee, for an individual legislator, legislative candidate, or a legislator's or candidate's spouse or child. There is no change in the law regarding events to which recognized groups of legislators are invited. **See KRS 6.811(4).**
- The new law states that a legislative agent (lobbyist) "shall not directly solicit, control, or deliver a campaign contribution, for a candidate or legislator." Lobbyists are already prohibited from giving campaign contributions to legislators and candidates at any time, and while a lobbyist can speak in support or opposition to legislators or candidates, the lobbyist should not directly solicit, control, or deliver a campaign contribution to a legislator, a legislative candidate, or a group of legislators or candidates. **See KRS 6.811(5).**



ETHICS REPORTER

September 2014

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Lobbying spending hits an all-time high

Businesses and organizations lobbying the Kentucky General Assembly spent a record \$13.6 million during the first eight months of 2014. Compared to the previous record of \$13.2 million spent in the same period in 2012, lobbying interests are on track to set a new yearly spending record in Kentucky by topping the 2012 total of \$17.8 million.

If, as expected, year-end total spending hits \$18.2 million, lobbying spending in Kentucky will have increased by 34 percent in the past 10 years. In 2004, lobbying cost \$12.1 million

Most of the top spenders this year were also among 2012's top spending lobbying interests, including Altria, Kentucky Chamber of Commerce, Kentucky Hospital Association, AT&T, and Kentucky Medical Association. However, several interests have dropped from the list, while others have spent enough to move into the top rank.

For example, Consumer Healthcare Products Association, which in 2012 spent over \$500,000 lobbying on issues relating to the sale of pseudophedrine, has cut its lobbying back by 90 percent in 2014; while CSX, Houchens Industries, Kentucky Association of Health Care Facilities, AmeriHealth Mercy, Kentucky Retail Federation, Peabody Energy, and Kentucky Optometric Association have also dropped from the list of top spenders.

Moving into the top spending list since 2012 are Kentucky League of Cities, Norton Healthcare, Wellpoint Anthem Blue Cross/Blue Shield, United Parcel Service, Pew Charitable Trusts, Molina Healthcare, Kentucky Bankers Association, and Boardwalk Pipeline Partners.

There are 646 employers and 550 lobbyists registered with the Legislative Ethics Commission. A listing of registered employers, lobbyists, and lobbying spending is available at the "View Reports" link on the Ethics Commission's website: <http://klec.ky.gov/reports/>



Lobbyists should avoid campaign contributions

The 2014 General Assembly amended the Code of Legislative Ethics to strictly limit the involvement of lobbyists in the financing of legislative campaigns, and the new statutory language codifies years of Legislative Ethics Commission opinions on lobbyists and campaign finance.

- The new law prohibits lobbyists and their employers from paying for out-of-state transportation or lodging for a legislator. See KRS 6.747(2).

New members appointed to Ethics Commission

Kentucky's Legislative Ethics Commission has two new members:

Charles R. Borders of Grayson, was appointed to the Commission by the Senate President.

Mr. Borders recently completed a four-year term as a member of the state's Public Service Commission. Prior to joining the PSC, he served in the Kentucky Senate, representing the 18th District in northeast Kentucky from 1991 to 2009. He was executive director of King's Daughters Health Foundation and director of administrative services for King's Daughters Medical Center in Ashland. Mr. Borders is a past member of the Kentucky Council on Post-Secondary Education and of the Kentucky Workforce Investment Board.

Henry L. Stephens, Jr. of Union, was appointed to the Commission by the Legislative Research Commission.

Mr. Stephens is a Professor of Law at Northern Kentucky University's Chase College of Law, and was Dean of the College of Law from 1986 to 1992, and Associate Dean from 1981 to 1985. He served as Assistant Attorney General and staff attorney for the Kentucky Department for Natural Resources and Environmental Protection, and has 16 years in general trial and environmental practice. Mr. Stephens completed mediator training at the Harvard College of Law Program for Instruction of Lawyers, and is listed in Best Lawyers In America in the category of Alternative Dispute Resolution.



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

Lawmakers pass bills to outlaw lobbyists' gifts California - *The Associated Press* - August 18, 2014

SACRAMENTO -- Questionable campaign practices at the state and local level prompted state lawmakers to approve three reform bills Monday, including one adopted after a lobbyist was fined for hosting fundraisers at his home.

SB1443 would outlaw gifts from lobbyists and reduce the annual overall gift limit for lawmakers from \$440 to \$200. It also would ban the most extravagant types of gifts, such as sports and concert tickets, for elected officials and legislative staff.

The bill by Sen. Kevin de Leon of Los Angeles, follows \$133,500 in fines levied by the state's campaign finance watchdog commission this year against lobbyist Kevin Sloat's firm in part for hosting fundraisers that exceeded what is allowed by state law. Among those entertained at Sloat's

For over 20 years, the Code has prohibited lobbyists from making a campaign contribution to a legislator or legislative candidate. With the 2014 amendment to the Code (in KRS 6.811), the statute now states that a lobbyist "shall not directly solicit, control, or deliver a campaign contribution, for a candidate or legislator."

Likewise, KRS 7.767 prohibits a legislator or legislative candidate from accepting a campaign contribution from a lobbyist.

In an informal opinion, the Ethics Commission advised a legislative candidate to return a contribution from a PAC, because the contribution arrived in an envelope which also included the business card of a lobbyist.

While the lobbyist did not personally deliver the campaign contribution, the business card in the envelope with the organization's campaign contribution gives the appearance that the lobbyist is delivering it. While it may turn out that the lobbyist didn't send the contribution and didn't put the card in the envelope, those facts could only be confirmed after a full investigation by the Commission in response to a complaint.

With the 2014 changes, Kentucky's ethics law is the strictest in the nation on issues relating to lobbyist involvement in the financing of legislative campaigns. Ethics Commission staff members are available to answer any questions that may arise, and as it has for over 20 years, the Commission advises lobbyists to avoid campaign finance situations which could lead to the filing of a complaint.



Lobbying events held in six states

In addition to their home state, Kentucky legislators were invited to lobbying events held in recent months in Alaska, Arkansas, Massachusetts, Minnesota, and Texas.

The local events include a Derby Day brunch at the **Brown & Williamson Club** at Cardinal Stadium in Louisville, to which all members of the General Assembly were invited, and on which **AT&T** spent \$5,000, **Churchill Downs** spent \$4,221, and **Churchill Downs** lobbyist Sean Cutter spent \$1,250. **AT&T** also reported spending \$2,000 on an August event in Covington in conjunction with **Southbank Partners** Developers Day.

The **Kentucky Chamber of Commerce** invited all legislators to its Business Summit in July at the **Louisville Marriott Downtown**, and reported spending \$4,031 on legislators at the event.

Lobbyists and their employers sponsored "Kentucky Night" events in conjunction with the annual meetings of several national organizations. At the **American Legislative Exchange Council (ALEC)** meeting in Dallas, Texas, 33 employers and seven lobbyists reported spending \$2,621 on an event at **Rosewood Mansion** on Turtle Creek.

At the **National Conference of State Legislatures (NCSL)** meeting in Minneapolis, Minnesota, 69 employers and 16 lobbyists reported spending \$7,610 on Kentucky Night at The Venue.

At the **Southern Legislative Conference (SLC)** in Little Rock, Arkansas, 75 employers and 17 lobbyists spent \$5,069 on an event at the Capital Hotel, and at the **National Conference of Insurance Legislators** in Boston, Massachusetts, six employers and two lobbyists spent \$1,145 at **Bistro du Midi** on an event to which all members of the Joint Committee on Banking and Insurance were invited.

Lobbyist **John T. McCarthy** reported spending \$7,703 on six dinners to which he invited either all members of the Senate or all members of the House. At **NCSL** in Minneapolis, McCarthy spent \$1,615 on Senators at **Murray's Restaurant** and \$1,352 on Representatives at **Coup d'état**; at **ALEC** in Dallas, he spent \$1,086 on Senators at the **Mansion on Turtle Creek**; and at **SLC** in Little Rock, he spent \$599 on Senators at **Boscovs River Market Restaurant**.

In early August, the **Council of State Governments** national conference was held in Anchorage, Alaska, and McCarthy spent \$1,875 on Senators at **Orso**, and \$1,178 on Representatives at **Sacks Café & Restaurant**.



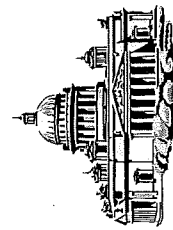
Ten employer reports are late

Spending reports for the period of May 1 through August 31 were due by September 15, but 10 employers have not filed the required reports as of September 30. The employers who have not filed are: **Boone County Education Association**; **Equine Health & Welfare Alliance**; **Jefferson County Teachers Association**; **Johnson Controls**; **KY-811**; **Kentucky Quarter Horse Racing Association**; **Preservation Kentucky**; **Town Branch FOP Lodge #83**; **United Auto Workers**; and **Wine Institute**.



New lobbying interests register; others quit

Fourteen businesses and organization have recently registered to lobby the Kentucky General Assembly. Those include: **Accreditation Association for Ambulatory Health Care**, which develops standards for ambulatory health care; **CareSource Management Services Co.**, non-profit public sector managed care company; **HIMCO - Harford Investment Management Co.**, an institutional asset management firm; **Institute for Justice**, which describes itself as a libertarian public interest law firm; **Kentuckians for Entrepreneurs and Growth**, a beer distributors' association; **Kentucky Limousine Association**; and **Kentucky Ready Mix Concrete Association**, a trade association representing the ready mixed concrete industry.



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Other new registrants are: **The Kidz Club**, a program that provides skilled nursing services in a daycare setting for children who are medically fragile; **Merscorp Holdings**, which operates an electronic registry known as the MERS system designed to track servicing rights and ownership of mortgage loans; **SelfRefind**, which offers drug and alcohol addiction treatment; **Special Olympics of Kentucky**, which provides training and competition for individuals with mental retardation; **Uber**, a ridesharing service that uses a smartphone application to connect passengers with drivers of vehicles for hire in Louisville, Lexington, and Cincinnati; **Walden University**, an online college; and **Woodford Forward**, land use advocates in Woodford County.

The businesses and organizations which have terminated their registrations and will no longer lobby in Kentucky include: **AK Steel**; **Appian**; **Celgene Corp.**; **Ethics & Public Policy Center**; **HealthPort**; **IronRock Capital Partners**; **Kentucky Association of Circuit Court Clerks**; **Kentucky LECET (Laborers Employers Cooperation and Education Trust)**; **Lloyd's America**; **Louisville Convention & Visitors Bureau**; **Louisville Metro Affordable Housing Trust Fund**; **National Conference of Firemen and Others**; **One Call Medical**; **Pain Management Group**; **Pikeville Medical Center**; **Shelbyville Laundry**; **Westfield Group**; and **Williams Partners**.



Omission in August issue

The August issue of the *Ethics Reporter* listed **Kentucky Crushed Stone Association** as having an affiliated political action committee (Highway Industries PAC), but failed to note that the PAC is also affiliated with **Kentucky Association of Highway Contractors and Plantmix Asphalt Industries of Kentucky**. We regret the omission.



Ethics and lobbying news from around the U.S.

Wealthy citizens have more clout in state government, but stricter lobbying rules can help close the gap. Baylor study finds
NATIONAL - *Baylor Media* - by Terry Goodrich -- Sept. 16, 2014

WACO, Texas - State legislators are more attentive to wealthy citizens' political opinions compared to poor citizens' opinions when making policy decisions, but stricter regulations on professional lobbyists can help curb this trend and promote more equal political representation, according to a Baylor University study.

\$313 million in tax incentives approved



In the first nine months of 2014, Kentucky's Economic Development Finance Authority (KEDFA) approved 230 tax incentive packages for private sector projects.

If all the projects are completed as planned, businesses will keep over \$313 million they would otherwise pay to state government in taxes. 134 of the projects worth \$148 million received final approval from KEDFA, while 96 projects worth \$165 million got preliminary approval.

At least 82 of the projects will allow businesses to keep over \$1 million they would have paid to state government. In addition to the 230 incentive packages, 93 other companies were approved to receive state grants or tax credits ranging from \$6,000 to \$200,000 for training employees.

The largest tax incentive project will allow **General Electric** to keep up to \$40 million of tax money to help pay for \$277 million in upgrades at Appliance Park in Louisville.

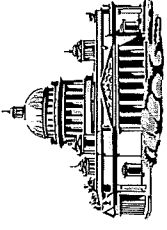
Other beneficiaries of KEDFA incentive packages include:

Metalsa Structural Products, a Mexican company that makes vehicle frames for **Toyota** and **GM** in Elizabethtown. If **Metalsa** adds 539 jobs at its plant, the company will be able to keep \$21 million it would otherwise pay in taxes;

Westlake Vinyls, which has a chemical plant in Calvert City, will keep \$20 million in tax incentives after spending \$301 million to expand its operation;

Aleris Corp. will get \$11.75 million in state tax incentives if they continue to employ about 800 people at the company's Hancock County rolling mill;

Quiver Ventures LLC, a partnership between French and Japanese aluminum companies, will receive \$6 million in state incentives to develop an aluminum sheet-producing plant employing 80 people in Bowling Green, and the city will donate land in the Transpark for the new development. Also, Warren County approved the issuance of up to \$160 million in industrial revenue bonds for the construction of **Quiver's** building. The bonds will be repaid over 20 years by **Quiver**, which will pay no property taxes to the city and county for eight years, followed by 12 years of paying 25 and 50 percent of its property taxes;



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CafePress will keep \$10 million toward a \$16.5 million expansion to move its global headquarters to Louisville from northern California. The company does digital printing on a variety of products, including apparel, ceramics, and paper products;

Champion Petfoods USA, a Canadian company, will get \$10 million from the state for bringing 147 jobs to Logan County at the company's first U.S. plant, and the company will buy ingredients from local farmers and suppliers;

General Dynamics Information Technology will keep \$9.3 million after bringing 750 jobs to call centers in Laurel (600 jobs) and Clark (150 jobs) Counties. The call centers provide technical assistance for implementation of the federal government's Affordable Care Act;

TeleTech Services Corp. will keep \$6 million after promising to bring as many as 700 jobs to a call center in Hopkinsville;

IPSCO Tubulars will get \$5 million for keeping about 300 jobs at its steel pipe plant in Wilder after an expansion. **IPSCO** is owned by **TMK**, a major Russian manufacturer of steel pipe;

U.S. Smokeless Tobacco, an Altria company, can keep up to \$4.5 million in state taxes if it creates 42 new jobs at its Hopkinsville plant. Christian County and Hopkinsville combined to contribute another \$1.4 million to the company's expansion.

Other significant tax incentive packages were approved for:

TPUSA Inc. (\$3.8 million) for a call center in Louisville; **Riverine Fisheries International** (\$3.75 million) for an Asian carp fish processing facility in Hickman; **Dana Sealing** (\$3.75 million) for its Danville manufacturing facility; **Texas Roadhouse** (\$3.5 million) toward a \$13.4 million project to expand its headquarters in Louisville; **Faurecia Automotive Seating** (\$3 million) toward a new plant in Simpsonville; **Universal Woods, Inc.** (\$3 million) toward expansion of its Louisville plant; **Brady Worldwide** (\$3 million) toward a manufacturing facility in Louisville; **Carhartt, Inc.** (\$3 million) for its apparel distribution facility in Hopkins County; **Herb Inc.** (\$3 million) for the internet retailer of nutritional supplements to establish a distribution center in Boone County; and **Propulsys Inc.** (\$3 million) to retain 207 jobs in its Hopkinsville plant where it makes hydraulic motors and brakes.

2015 Ethics sessions set for General Assembly members

The Current Issues ethics sessions for all Kentucky legislators are set for Wednesday and Thursday, January 7 and 8, 2015, during the first week of the 2015 General Assembly.

The Wednesday session will include remarks by Anthony J. Gray, President and CEO at the **Institute for Global Ethics**.

On Thursday, guest speakers will include former Missouri House Speaker Rod Jetton, who wrote a book titled **Success Can Kill You: One man's story of success, failure and forgiveness**; and former Missouri Senator Jeff Smith, who is a writer for **The Recovering Politician**, a blog for former elected officials.

Businesses failed to collect big tax break offers

Three of the largest private projects approved for tax breaks from Kentucky state government are "inactive" and apparently will not be built or receive any tax dollars.

The projects were approved under the Incentives for Energy Independence Act (IEIA), adopted by the General Assembly in the August, 2007 Special Session "to induce the location of innovative energy-related businesses in the Commonwealth."

In an eight-month period after the IEIA was enacted, the state gave preliminary approval for \$880 million in incentives for three large coal projects which are now listed as inactive on the website of the state's Cabinet for Economic Development.

According to the website, the largest project ever approved for tax breaks is a \$7.6 billion dollar coal-to-diesel plant which **Clean Coal Power Operations LLC** said it would build at Paducah's Riverport.

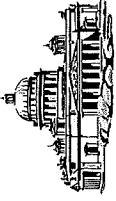
In 2008, the company said it would hire 830 people, and produce 40,000 barrels of synfuels per day from coal. The state committed \$550 million in economic development incentives, but since the project never started, there was apparently no public money lost.

Another energy proposal that didn't launch was approved in 2007. **Peabody Energy** received approval for \$250 million in state money for its **Kentucky Syngas** facility in Muhlenberg County, plus a \$400,000 cash grant to the company for a feasibility study of the project.

Peabody committed to spending \$3 billion and creating 175 jobs to produce substitute natural gas through the gasification of coal and petroleum coke. Over a year later, when **Peabody** failed to start the study, the state revoked the grant, and the project is shown as inactive.

The third large project approved for IEIA funding was **Coal Synthetics LLC's** plan to develop an \$800 million coal-to-gas plant in Hawesville and hire 115 people. **Coal Synthetics** was incorporated in late 2007, and four months later, the project got preliminary approval for \$80 million in state funding. The project never started, and **Coal Synthetics** was dissolved in 2010.

The Cabinet's list also includes several large incentive projects that were approved and did receive state funding. The biggest of those is the \$290 million commitment of tax dollars to **Ford Motor Co.**, which in 2007 promised to spend \$1.8 billion to upgrade the Kentucky Truck Plant and create 1,500 new jobs.



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Legislator and lobbyist training in January

In the first week of the 2015 General Assembly, the Legislative Ethics Commission will conduct ethics education sessions for members of the General Assembly and for legislative agents (lobbyists) and their employers.

Legislators

On Wednesday, January 7 and Thursday, January 8, at 9 a.m. in Room 154 of the Capitol Annex, the Commission will offer the ethics sessions which all legislators are required to attend.

Following the Wednesday ethics session, in the same room, the Legislative Research Commission will conduct the workplace harassment training course required by KRS 7.101, and which all legislators are required to attend.

Lobbyists and employers

On Friday, January 9, the Commission will conduct a "Lobbyist Workshop" at 11 a.m. in Room 154 of the Capitol Annex.

The workshop will give lobbyists and their employers the opportunity to discuss the Commission's website-based filing process, along with the 2014 changes in the Code of Legislative Ethics, which were adopted by the General Assembly in April.

New employers register to lobby

The following organizations recently registered to lobby the Kentucky General Assembly: DCI Group, LLC, a Washington, D.C.-based lobbying and consulting firm which is representing **Shatterproof/Stronger Than Addiction**, whose advocacy efforts are "aimed at state legislation that will contribute to the reduction in deaths due to overdose"; **EquiLottery**, a Louisville firm which is marketing a game that "allows lottery players and horseplayers to play in the same wagering pools to produce payouts on the results of live horse racing"; and **Expanded Horizons of Kentucky**, a Louisville firm lobbying on reimbursement rates for counseling developmentally disabled people.

ADT, a security company, and **Competitive Carriers of the South, Inc.** have terminated their lobbying registration.

In 2013, **Toyota Motor Manufacturing** was approved to receive \$149.5 million from the state for upgrades at its Scott County automotive facility. When Toyota came to Kentucky in the mid-1980's, the company received incentives worth about \$147 million.

The next largest incentive package on the Cabinet's list is the \$140 million approved in 1994 to help **Gallatin Steel** build a recycling mill in northern Kentucky; then \$103 million to **International Paper** for its Henderson facility; \$100 million to **Domtar Paper** for its Hancock County facility; \$94 million to **Tyson Chicken** for its slaughtering, processing, and packaging plant in Henderson; \$45 million to **Tower Automotive** for its assembly operation in Nelson County; and \$40 million for **AK Steel's Ashland Works** in Boyd County.

New employers register to lobby

Several organizations recently registered to lobby the Kentucky General Assembly. They are: **Amazon**; **Genentech, Inc.**; **Interventional Pain Specialists of Bowling Green**; **KWIK Consortium**; **PROTECT**; **Saratoga Harness Racing, Inc.**; **United Services Automobile Assn.**; and **Vertex Pharmaceuticals Inc.**

Three organizations terminated lobbying registrations: **Ellis Park Race Course, LLC**; **Ersig Properties**; and **Pennyroyal Mental Health Center**.

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Ethics and lobbying news from around the U.S.

Ethics changes among first bill Arkansas lawmakers file for 2015 ARKANSAS - Associated Press - by Andrew DeMillo - November 17, 2014

LITTLE ROCK — Arkansas lawmakers moved to clarify new ethics rules contained in a constitutional amendment as they began filing legislation for next year's session. One bill is aimed at enforcing the constitutional amendment voters approved Nov. 4 that imposes several new ethics restrictions on elected officials. The amendment bans most lobbyist gifts to elected officials, bars corporate contributions to state campaigns and lengthens the amount of time before a legislator can become a lobbyist from one to two years.

Spending reports due by January 15

Employer and Legislative Agent Updated Registration Statements for the period of September 1 to December 31, 2014 are required to be filed by January 15, 2015.

To file forms quickly and easily, please use the Legislative Ethics Commission's website <http://klec.ky.gov/Pages/default.aspx>. The **File Forms Online** box is on the front page of the website.

If there are questions about an employer's or legislative agent's form, please contact the Commission office at (502) 573-2863.



Ethics & Lobbying News from around the U.S.

Associations spent \$1.6 billion lobbying Congress WASHINGTON, D.C. - *CQ RollCall* - by Glen Justice - December 15, 2014

Associations spent more than \$1.6 billion on lobbying Congress from the first quarter of 2013 to the third quarter of 2014, according to *Political MoneyLine*. That's an average of roughly \$2.6 million a day for 638 days straight. Many of the associations either lobby in Kentucky or have local affiliates which lobby in the state.

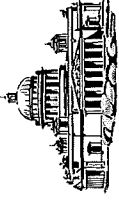
The largest spenders are also some of the largest advocacy associations in Washington. U.S. Chamber of Commerce led the list, spending roughly \$170 million overall, or an average of about \$266,000 a day on lobbying. National Association of Realtors was second, spending about \$80.1 million, or \$125,500 a day, and the American Hospital Association came in third, spending \$33.8 million, or \$53,000 a day.

The rest of the top 10 lobbying spenders includes: American Medical Association, \$33.1 million or \$52,000 per day; National Cable and Telecommunications Association, \$31.8 million or \$50,000 per day; Pharmaceutical Research and Manufacturers of America, \$31.3 million or \$49,000 per day; National Association of Broadcasters, \$28.4 million or \$44,500 per day; Blue Cross Blue Shield Association, \$26.6 million or \$42,000 per day; Business Roundtable, \$22.9 million or \$36,000 per day; and CTIA - The Wireless Association (Cellular Telecommunications Industry Association, \$18.7 million or \$28,000 per day.

New study finds companies' campaign donations linked to lower tax rates ARIZONA - *ASU News* - by Debbie Freeman -- December 01, 2014

Many politicians will tell you that donating to their campaigns does not affect the way they vote or design laws.

However, a new study from the W. P. Carey School of Business at Arizona State University suggests regular ongoing contributions help provide access to influential lawmakers, and that companies making campaign contributions specifically to tax-writing members of Congress wind up paying lower tax rates over time.



ETHICS REPORTER January, 2015

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Lobbying spending breaks record again

In 2014, a record-breaking total of \$18.4 million was spent on lobbying the Kentucky General Assembly. That's a 3.2 percent increase over the previous spending record of \$17.8 million, set in 2012, and a 34 percent increase in the 10 years since \$12.1 million was spent in 2004.

In the largest spending category, \$16.8 million was spent last year by employers compensating lobbyists, a 5.7 percent increase over 2012, the previous even-numbered year with a 60-day legislative session.

With about 660 businesses and organizations lobbying in 2014, the top five spenders accounted for over \$1 million of spending, and the 12 top-spending employers spent more than \$2 million, or more than 11 percent of the year's total.

As in four of the previous five years, the leading spender on legislative lobbying in 2014 was Altria Client Services and its affiliates, including Philip Morris USA and U.S. Smokeless Tobacco, which spent \$323,097, including paying \$234,000 to five lobbyists. Altria's spending increased 14 percent from the \$279,009 the company spent on lobbying in 2012.

Other leading spenders for the year were: Kentucky Chamber of Commerce, which spent \$291,158, including \$281,958 to six lobbyists; Kentucky Hospital Association, which spent \$183,919; AT&T (\$169,006); Kentucky Medical Association (\$164,362); Amheuser-Busch Companies (\$160,064); Kentucky Justice Association (\$155,551); Kentucky Farm Bureau Federation (\$133,174); Community Ventures Corp. (\$127,855); and Buffalo Trace Distillery (\$120,000).

The rest of 2014's top 20 lobbying spenders are: Hewlett-Packard (\$120,000); Molina Healthcare (\$120,000); Churchill Downs (\$118,479); Kentucky League of Cities (\$117,742); Anthem, Inc. (\$111,250); Home Builders Association of Kentucky (\$109,854); Norton Healthcare (\$107,712); United Parcel Service (\$107,341); EQT Corporation (\$106,006); and Century Aluminum of Kentucky (\$104,020).

For a complete list of lobbying spending by all businesses and organizations, and compensation paid to each of the 600+ lobbyists, see the website of the Legislative Ethics Commission: <http://klec.ky.gov/Reports/Pages/Employers-and-Legislative-Agents.aspx>

Commission issues advisory on advertising and lobbyist co-hosting

At its January meeting, the Legislative Ethics Commission answered two questions that have arisen with respect to changes in the Code of Legislative Ethics made in 2014.

The first question relates to the change to KRS 6.821(4)5.a., which now requires an employer of a legislative agent to report on its updated registration statement:

"[t]he cost of advertising which appears during a session of the General Assembly, and which supports or opposes legislation, if the cost is paid by an employer [of a legislative agent] or a person or organization affiliated with an employer."

The specific question is whether the employer of a legislative agent is under a duty to report the cost of advertising expended by a person or organization affiliated with the employer, if the employer has not requested the affiliated person or organization to do the advertising, and the employer does not pay for the advertising or reimburses the affiliate for the advertising costs.

It appears that the intent of this statutory provision is that an employer report the costs of advertising which it pays for, or which is made by an affiliate at the employer's direction or request. If the employer directs or asks an affiliate to do the kind of advertising described in the statute and the affiliate complies, the employer should report the cost of such advertising.

If the employer reimburses the affiliate, either directly or indirectly, for the costs of such advertising, even if it were not done at the direction or request of the employer, the employer should also report the amount thus reimbursed as advertising costs.

The second question involves whether a change to KRS 6.811(5) which states that a legislative agent (lobbyist) "shall not directly solicit, control, or deliver a campaign contribution for a candidate or legislator" precludes a legislative lobbyist from serving as a host or co-host of a fundraising event for the campaign of a candidate for the General Assembly or a legislator.

In OLEC 07-01, it was held that a lobbyist could serve as a co-sponsor or co-host of a fundraising event for the campaign of a legislator seeking election to a state office. That opinion was based, in part, on prior opinions (OLEC 95-8 and 95-14) which held that a lobbyist could solicit a campaign contribution for a member of the General Assembly.

Because the statute now prohibits a lobbyist from directly soliciting a campaign contribution for a legislative candidate or a legislator, and one who acts as the host or co-host of such an event is engaging in the solicitation of funds for a campaign, it is no longer proper for a lobbyist to act in such a capacity.



Legislators' financial disclosure statements due Feb. 17

Since February 15 is a Sunday, and February 16 is President's Day, legislators' financial disclosure statements are due by 4:30 p.m., Tuesday, February 17.

Newly-registered lobbying interests and terminations

Since January 1, the following businesses and organizations have registered to lobby the General Assembly: American Paint Horse Association; Arthritis Foundation Great Lakes Region; Baptist Health Madisonville; ePAD Council, Inc.; IGT - International Gaming Technology; Inrepid Brands LLC; Kentucky Nonprofit Network; Sanofi Pasteur; Sanofi US; Service Contract Industry Council; and Weber Merritt, a Washington D.C. public affairs company which is lobbying on behalf of Zogenix, a California-based pharmaceutical company.

The following have terminated registration and will not be lobbying in the 2015 General Assembly: Bullitt Trusts; Cash America International, Inc.; CorriSoft; Coventry First; Elevator Industry Work Preservation Fund; Jobathco Enterprises; Prison Fellowship Ministries; Saratoga Harness Racing, Inc.; and Westcare Foundation.



U.S. News on Ethics and Lobbying

Top D.C. lobbying victories of the year

WASHINGTON, D.C. - *The Hill* -- By Megan R. Wilson - December 11, 2014

A legislatively lackluster year forced Washington's influence industry to fight its battles on all fronts in 2014, as lobbyists grappled with congressional gridlock, and increasingly turned their attention to the executive branch. Many of the year's biggest lobbying wins came playing defense against bills, shaping regulations in the pipeline at agencies, and bending the ear of the White House.

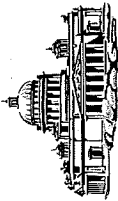
Lobbyists, unions, trade associations and public interest groups of all stripes got into the action. Here are some of the most prominent victories they scored in 2014:

SECOND EMPLOYER MANDATE DELAY

In February, the Obama administration announced a second delay in the deadline for mid-size businesses to provide health insurance to their employees, while also easing some of the ObamaCare rules for larger companies.

The U.S. Chamber of Commerce, the International Franchise Association, Retail Industry Leaders Association and the National Retail Federation were among the business groups that lobbied heavily for the changes to the healthcare law.

Employers with 50 to 99 employees will now have until 2016 to provide their employees with health coverage. Businesses that employ more than 100 people still have to comply with the regulations by 2015, but will only have to insure 70 percent of their workforce by that time, instead of the 95 percent that was originally required.



ETHICS REPORTER February, 2015

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



Newly-registered lobbying interests and terminations

As the 2015 General Assembly moved into its second month, a record 677 businesses and organizations are registered to lobby, including 25 registered in the past 30 days. The new registrants include: **AARP Government Affairs**, the Washington, D.C. advocacy arm of the organization formerly known as the **American Association of Retired Persons (AARP)**, whose Kentucky chapter also employs lobbyists; **Alzheimer's Association**; **Americans for Prosperity**, a Virginia-based organization whose website describes it as an organization that mobilizes citizens in support of lower taxes and limited government; **American Suntanning Association**, a Michigan-based coalition of tanning salons; **Appian**, an Indianapolis transportation consulting firm; **Best Friends Animal Society**, a Utah-based animal welfare organization; and **Cal-Tex Protective Coatings**, a Texas manufacturer of vehicle protection and anti-theft products.

Other newly-registered lobbying interests include: **CASA-Court Appointed Special Advocates**; **Celgene Corporation**, a New Jersey pharmaceutical company; **Charter Communications**, a South Carolina telecommunications business; **Cimarex Energy**, a Denver-based oil and gas exploration company; **Correct Care Solutions**, a Nashville company that provides inmate health care; **D&S Community Services**, which provides community-based services to individuals; **Educational Services of America**, a Nashville company that contracts with school districts to provide special education programs; **First Kentucky Securities Corp.**, a Lexington municipal finance firm; **Green Turtle Bay**, a resort and marina on Lake Barkley; **Hopcat-Lexington**, a Michigan-based chain of restaurants; and **Kentucky Kingdom**, a Louisville amusement park lobbying on 'rider responsibility' legislation.

The new registrants also include: **Kentucky Life Sciences Council**, an association of health-related organizations such as **Amgen** and **Pfizer**, lobbying to limit out-of-pocket costs for patients with chronic illnesses; **Logan Economic Alliance for Development**, a Logan County economic development group; **Maximus**, a Virginia company that operates state health insurance eligibility and enrollment services in support of the Affordable Care Act; **Mothers Against Drunk Driving-Perry County**; **Perdue Farms**, a Maryland-based food producer; **Pharmaceutical Care Management Association - PCMA**, a Washington, D.C.-based trade association for pharmacy benefit managers; and **Teva Pharmaceuticals**, an Israeli company lobbying on 'opioid abuse deterrent technology'.

Several businesses and organizations terminated registrations and are no longer lobbying, including: **Aleris International, Inc.**; **American Society of Landscape Architects - Kentucky Chapter**; **IBM**; **Self Storage Association**; **Stop Predatory Gambling**; and **Zenith Motors**.

Employers who have not filed required reports

Although lobbying reports for January were due by February 16, and several weather-related extensions were granted, the following employers of lobbyists have not filed the required spending reports:

Alpha Natural Resources; American Paint Horse Association; Brennan Center for Justice; Central Bridge Company; Eckman Freeman & Associates; FedEx Corporation; Fortress Capital Formation; I Drive Safely; International Sign Association; Kentucky Credit Union League, Inc.; Kentucky Partners L.P.; Kentucky Rent-A-Car Association; Lyft; Mulzer Crushed Stone; and Save The Children Federation.

Lobbying spending for January 2015

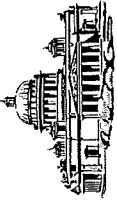
Almost \$1.8 million was spent on Kentucky lobbying in the first month of 2015. Although the General Assembly met for only a few days to convene the 2015 session, many employers pay their lobbyists on a monthly basis throughout the year, so spending for those employers is relatively consistent over the 12-month period.

The top spending employers in the first month of 2015 were: **Kentucky Chamber of Commerce** (\$32,235); **Altria Client Services, Inc.** (\$27,544); **Kentucky Hospital Association** (\$25,975); **Ascential Care Partners, LLC** (\$20,000); **Kentucky Medical Association** (\$18,870); **Kentucky Bankers Association** (\$18,080); **Wine Institute** (\$17,500); **Anthem, Inc.** and **It's Affiliates** (\$17,000); **Norton Healthcare** (\$16,500); **BSB Coalition** (formerly **Build Our Bridge Now**) (\$16,146); **AT&T** (\$14,168); **Kentucky Justice Association** (\$13,915); **Anheuser-Busch** (\$13,822); **Kentucky Beer Wholesalers** (\$12,748); and **Swedish Match North America** (\$12,718).

Compared to one year ago, several of the top spenders are the same, but **Ascential Care Partners**, **Wine Institute**, **Anthem**, **BSB Coalition**, **Anheuser-Busch**, **Kentucky Beer Wholesalers**, and **Swedish Match NA** moved onto the top-spending list. Dropping off the list of top spenders from one year ago are: **Kentucky Retail Federation**, **Teachers Insurance and Annuity**, **Kentucky Association of Electric Co-ops**, **Lloyd's America**, **United Parcel Service**, **CSX**, and **Kentuckians for the Commonwealth**.

Legislators' financial statements on line

All members of the General Assembly are required to file financial disclosure statements for the preceding calendar year. The statements are available from the Legislative Ethics Commission, and all will posted by March 3 on the Commission's website <http://klec.ky.gov>. The statements of the candidates in the upcoming special election in Senate District 27 are also posted on the website.



ETHICS REPORTER
March, 2015

Kentucky Legislative Ethics Commission
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Over \$4 million spent on lobbying. Advertising is now reported

About \$4.2 million was spent on lobbying during the first two months of the 2015 General Assembly. In addition, businesses and organizations spent \$574,000 on advertising in support or opposition to legislation pending before the legislature.

Under a law passed by the 2014 General Assembly, this is the first session in which employers are required to report lobbying-related advertising. While spending on lobbying this year is at about the same level as the first two months of the previous 30-day session in 2013, the new advertising reporting requirement provides more information on activities conducted in support of legislative lobbying.

Including spending on advertising, the top spenders for first two months of the session were: Anheuser-Busch Companies (\$290,908, including \$261,000 on advertising); American Cancer Society Cancer Action Network (\$132,453, including \$104,000 on advertising); and Kentuckians for Entrepreneurs & Growth (KEG) (\$117,085, including \$97,500 on advertising).

Other top spenders include: Altria Client Services (\$92,199); Kentucky Beer Wholesalers (\$75,837, including \$50,000 on advertising); AT&T (\$68,955, including \$23,089 on advertising); Kentucky Chamber of Commerce (\$64,840, including \$4,477 on advertising); Kentucky Hospital Association (\$60,842); Kentucky Retail Federation (\$58,061, including \$26,250 on "patch-through calls" from citizens to the legislative message center); Kentucky Medical Association (\$40,196); BSB Coalition (\$39,518, including \$4,900 on advertising); Kentucky Bankers Association (\$36,160); Kentuckians for the Commonwealth (\$36,145); Anthem, Inc. (\$34,000); Norton Healthcare (\$32,500); and Kentucky Justice Association (\$32,169).

Other two-month totals include: Kentucky LIFT (\$29,620, including \$2,618 on advertising); Kentucky League of Cities (\$27,947, including \$850 on advertising); Century Aluminum (\$28,670); CSX (\$27,929); Kentucky Association of Electric Cooperatives (\$27,629); Home Builders Association of Kentucky (\$26,606); Kentucky Association of School Administrators (\$23,300); Kentucky Association of Manufacturers (\$23,210); Baptist Health (\$22,899); Molina Healthcare (\$22,672); and Humana (\$21,648). Hopcat-Lexington LLC, part of a Michigan-based restaurant chain which plans to open in downtown Lexington, registered on February 23, and spent \$20,000 in February to lobby on Senate Bill 81.

Spending totals for the 688 businesses and organizations registered to lobby are on KLEC's website: <http://klec.ky.gov/Reports/Pages/Employers-and-Legislative-Agents.aspx>

Lobbying events in the 2015 General Assembly

In the first two months of the 2015 General Assembly, lobbyists and their employers spent \$84,000 on receptions, meals, and events to which members of the General Assembly were invited. The most expensive event was the February 10th Railroad Reception, which was held on railroad cars parked on Broadway in Frankfort. CSX Corp., Norfolk Southern Railway, and Paducah & Louisville Railway combined to spend \$11,675 on that event.

That same night, employers and lobbyists spent about \$7,900 on "Louisville Night" at the Kentucky History Center, with contributions from Louisville & Jefferson County Metropolitan Sewer District (\$1,500); Louisville Regional Airport Authority (\$1,500); University Health Care (\$750); General Electric, Greater Louisville, Inc., and Louisville Convention & Visitors Bureau (\$475 each); and lesser amounts from Churchill Downs; Humana; J.P. Morgan Chase Bank; KentuckyOne Health; LG&E & KU Energy; Louisville Water Co.; United Parcel Service; and Yumi Brands.

On February 24, Kentucky Coal Association and Kentucky Oil & Gas Association combined to spend \$7,670 on the Energy Reception at Buffalo Trace Distillery in Frankfort; and Kentucky Cable Telecommunications Association spent \$6,429 on its February 4th reception at the Capital Plaza Hotel.

In the first week of the session, Kentucky Chamber of Commerce (\$4,092); AARP (\$3,000); AT&T (\$456); University Health Care (\$350); and Kentucky Association of Realtors (\$175) spent a total of \$8,073 on "Chamber Day", an event at Heritage Hall in Lexington.

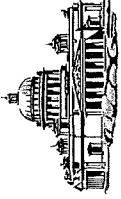
Kentucky League of Cities spent \$3,950 on a February 11th City Night Reception at the Frankfort Convention Center; Kentucky Equine Education Alliance (KEEF) spent \$2,520 on a February 11th reception at the Capital Plaza Hotel; Kentucky Travel Industry Association spent \$2,261 on a February 12 luncheon in the Capitol Annex; Baptist Healthcare spent \$2,149 on a reception at the History Center; and 16 insurance companies and their representatives spent \$1,900 on February 9th at Frankfort's Berry Hill Mansion for a dinner to which members of the Interim Joint Committee on Banking and Insurance were invited.

International Sign Association and Peskin have failed to file

The 688 businesses and organizations and the 594 lobbyists (many representing multiple employers) who are registered with the Legislative Ethics Commission are required to file six spending reports per year, so citizens can see who is spending money to lobby the General Assembly and which public policy issues are being lobbied.

While a handful of reports may be a few days late, there is usually 100 percent compliance with the filing requirements, and about 2,700 reports are filed, most through a very simple filing system on the Commission's website: <https://apps.klec.ky.gov/lsc/onlinefiling.aspx>

However, only one organization, International Sign Association (ISA) and its lobbyist Kenneth Peskin, have repeatedly failed to file a required report, and in fact, both have failed to file since September 2014.



ISA is a trade association headquartered in Alexandria, Virginia, and the organization has failed to file three consecutive lobbying spending reports. ISA represents manufacturers, users and suppliers of "on-premise signs" and in February 2014, the group registered to lobby in Kentucky on "billboard regulations that also impact on-premise signs."

Regarding its 2014 lobbying in Kentucky, ISA claims on its website that "in states like Wisconsin, Kentucky and Colorado, we've defeated business crushing legislation that would make it hard for sign companies to do business."

Since ISA registered, David Hickey, ISA's Vice-President for Government Relations, and lobbyist Peskin have failed on several occasions to comply with KRS 6.807, the Kentucky law requiring the filing of lobbying spending reports. ISA and Peskin were both late on half the filings due in 2014, and both paid fines for late filing. Now, both have failed to file lobbying reports due this year on January 15, February 15, and March 15.

KRS 6.807(7) states: "Any legislative agent or employer who fails to file the . . . updated registration statement, or who fails to remedy a deficiency in any filing in a timely manner, may be fined by the commission an amount not to exceed one hundred dollars (\$100) per day, up to a maximum total fine of \$1,000 without the necessity of a complaint being filed . . ."

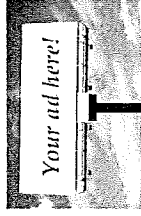
Additionally, if a complaint for non-compliance is filed against an employer or its lobbyist, and if the Commission conducts an adjudicatory proceeding and finds a violation, the Commission may revoke the lobbying registration of the agent and the employer for up to five years. During that time, the lobbyist and employer would be prohibited from lobbying in Kentucky.

ISA and Peskin could each owe \$1,000 for each of the three reports which have not been filed. Additionally, ISA and Peskin could be banned from lobbying in Kentucky for five years. ISA's case will be pursued by the Commission's Enforcement Counsel.

Newly-registered lobbying interests

Several businesses and organizations registered in the past month to lobby in the final weeks of the 2015 General Assembly and for the remainder of 2015. Those include: Alliance for Solar Choice; BJ Novelty; Child Care Advocates of Kentucky; Commonwealth Extracts LLC; Elevator Industry Work Preservation Fund; Gateway Health; GEICO; Kentucky Nursery and Landscape Association; KRM Wagering; Kentucky Creditors' Rights Bar Association; Kentucky Wineries Association; Tantus Tobacco; UC Health; and Volunteers of America of Kentucky.

GlaxoSmithKline and Kentucky Consumer Credit Company, which were registered, recently terminated their registration and stopped lobbying in Kentucky.



Advertising spending makes totals jump

Lobbyists and their employers reported spending about 11 percent more in the recently completed 2015 General Assembly than was spent during the previous 30-day session, held in 2013. This year, \$6.98 million was reported, compared to \$6.2 million spent two years ago.

However, almost all of the increase is attributed to the new ethics law requiring employers to report all spending on advertising which supports or opposes legislation. Employers reported spending \$752,000 on advertising during the 2015 session.

Anheuser-Busch was the leading spender in this session, reporting \$381,221, including about \$330,000 spent on advertising, which supplemented Anheuser Busch's lobbying on legislation relating to ownership of beer distributorships.

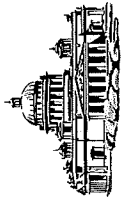
Other lobbying interests involved in the same issue were also among the top spenders, including Kentuckians for Entrepreneurs and Growth, which spent \$130,118, including \$101,000 on advertising; and Kentucky Beer Wholesalers, which spent \$83,585, including \$50,000 on advertising.

Lobbying on the "smoke free" legislation, the American Cancer Society Cancer Action Network spent \$135,928, including \$104,173 on advertising.

The session's other top spenders include: Altria Client Services (\$120,860); Kentucky Chamber of Commerce (\$95,857); AT&T (\$86,137, including \$28,265 on advertising); Kentucky Hospital Association (\$79,565); Kentucky Retail Federation (\$77,330); BSB Coalition (\$71,311); Kentucky Medical Association (\$61,071); Kentucky Bankers Association (\$54,240); and Anthem Inc. (\$51,000).

Also: Norton Healthcare (\$48,000); Century Aluminum of Kentucky General Partnership (\$46,353); Kentucky League of Cities (\$45,631); Americans for Prosperity (\$45,141); Kentucky Justice Association (\$44,618); Kentuckians for the Commonwealth (\$44,079); and Home Builders Association of Kentucky (\$42,043).

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PACs spend \$2.9 million on legislative races

In the most recent legislative election cycle, many businesses and organizations that employ lobbyists participated in funding Kentucky legislative campaigns through state or federal political action committees (PACs), which are affiliated with the lobbyist employers.

PACs are funded by the members, officials, and employees of a business or organization, and others who support the business or organization.

In 2014, the General Assembly strengthened Kentucky's legislative ethics law by prohibiting PAC contributions to legislative campaigns during regular sessions of the General Assembly. Kentucky's year-round ban on lobbyist campaign contributions and the in-session ban on PAC contributions are the strongest ethics provisions in the nation relating to campaign finance and the legislative process.

According to the Registry of Election Finance, state-registered PACs contributed \$1,882,732 to Kentucky legislative campaigns in the 2014 election cycle, while federally-registered PACs contributed \$1,066,634 in that same cycle, so PAC contributions to 2014 legislative campaigns totaled \$2,949,366.

Many of the PACs affiliated with lobbyist employers contributed to individual campaigns for legislative seats, and to the General Assembly's four caucus campaign committees. Each caucus committee is made up of the majority or minority party members in the Senate or House of Representatives, and is controlled by the party leaders in each chamber.

Ky. Optometric Association's state PAC gave a total of \$127,650 to legislative campaigns in the 2014 election cycle, including the maximum allowable (\$20,000 or \$5,000 each) to the four caucus committees; and General Electric's federal PAC also contributed \$20,000 to the four caucuses.

Other lobbyist employers whose PACs contributed to all four caucus committees and totals contributed to legislative campaigns, including the caucuses, are: Ky. Bankers Association, whose state PAC contributed \$113,500 to legislative campaigns, including \$18,500 to caucuses; Atmos Energy's federal PAC contributed \$66,250 to legislative races, including \$12,000 to the four caucuses; Ky. Assn. of Electric Cooperatives (\$61,225 to legislative races, including \$7,500 to caucuses); LG&E and KU Energy (\$58,750 to legislative races, including \$12,000 to caucuses); and Enterprise Holdings, parent company of Enterprise Rent-A-Car, National Car Rental, and Alamo Rent a Car (\$58,500 total, including \$16,250 to caucuses).

Commission gets two appointments

The President of the Senate and Speaker of the House recently made appointments to four-year terms on the Legislative Ethics Commission.

Senate President Robert Stivers appointed former Sen. Ken Winters of Murray. Winters was president of Campbellsville University from 1988 to 1999, served in the Senate from 2005 to the end of 2013, and chaired the Senate Education Committee for eight years.

House Speaker Greg Stumbo reappointed Elmer George of Lebanon. George is a practicing attorney in Marion County, and is a graduate of Bellarmine University and the University of Kentucky College of Law.

Former Commission Chair Judge Lester dies

Judge Charles B. Lester, former Chairman of the Kentucky Legislative Ethics Commission, passed away on Sunday, April 26, 2015.

The Speaker of the House appointed Judge Lester to the Commission in 1996, and he served as Chairman for five years. Earlier that year, he retired from the Kentucky Court of Appeals where he served for 20 years, the last five and one-half of which he was Chief Judge.

Judge Lester earned an A.B. and B.C.L. degree at the College of William and Mary, Williamsburg, Virginia and continued his legal and judicial education at Harvard Law School and University of Edinburgh, Scotland, and Oxford University, in the United Kingdom. He and his wife Jackie lived in Cold Spring, Kentucky.

Lobbying starts for some, ends for others

The following businesses and organizations registered with the Legislative Ethics Commission in April, and are now lobbying in Kentucky: **Kentucky Nursery and Landscape Association; Kentucky Right to Work Committee, Inc.; and Nationwide Insurance.**

The businesses and organizations which recently terminated their registration and quit lobbying include: **Allergan, Inc.; ePAD Council, Inc.; Kentucky Academy of Anesthesiologist Assistants; and Nature Conservancy**

The **International Sign Association (ISA)** also terminated its lobbying registration. ISA is a trade association headquartered in Alexandria, Virginia, and in February 2014, the group registered to lobby in Kentucky on "billboard regulations that also impact on-premise signs."

However, ISA never lobbied the General Assembly, and did not spend any money on Kentucky lobbying. After paying a fine for failing to file several spending reports, ISA terminated its registration.



Several employers quit lobbying after 2015 GA ends

PACs affiliated with the following lobbyist employers also contributed to all four caucus committees: **Ford Motor Co.** (\$49,200 total on legislative races, including \$17,500 to caucuses); **Ky. Medical Assn.** (\$46,750 total, including \$15,500 to caucuses); **Ky. Crushed Stone Assn., Ky. Assn. of Highway Contractors, and Plantmix Asphalt** (\$39,500 total, with \$15,000 to caucuses); **Ky. Society of CPAs** (\$39,500 on legislative races, including \$10,500 to caucuses); **Independent Insurance Agents of Ky.** (\$35,250 total, including \$7,000 to caucuses); **AT&T** (\$34,900 total, with \$11,000 to caucuses).

Other PACs that contributed to four caucuses are those affiliated with: **Merck Sharp & Dohme, a subsidiary of Merck & Co.** (\$31,000, including \$18,500 to caucuses); **Pfizer** (\$24,500, including \$13,500 to caucuses); **Amgen** (\$21,000, including \$9,500 to caucuses); **Ky. Distillers Assn.** (\$20,500 total, including \$7,500 to caucuses); **Wal-Mart** (\$19,500 total, including \$12,200 to caucuses); **CVS Health** (\$16,000 to caucuses); **General Motors** (\$14,000 total, including \$2,900 to caucuses); **Ky. Society of Anesthesiologists** (\$9,500 to caucuses); **Alkermes** (\$6,500 to caucuses); and **Ky. Manufactured Housing Institute** (\$3,500 to caucuses).

PACs affiliated with the following employers contributed to three caucus committees and to other legislative races. Those include: **Ky. Education Assn.** (\$108,000 to legislative campaigns, including \$15,000 to caucuses); **Ky. Realtors Assn.** (\$68,300 to legislative campaigns, including \$9,300 to caucuses); **Time-Warner Cable** (\$59,500 total, including \$15,000 to caucuses); **Ky. Hospital Assn.** (\$54,650 total, including \$12,000 to caucuses); **Marathon Petroleum** (\$55,500 total, including \$8,500 to caucuses); **Ky. Chamber of Commerce** (\$36,500 total, including \$9,000 to caucuses); **Duke Energy** (\$25,800 total, with \$7,500 to caucuses); **Pfizer** (\$24,500 to legislative campaigns, with \$13,500 to caucuses); **Wine & Spirits Wholesalers** (\$21,550 total, with \$4,000 to caucuses); **UPS** (\$21,500 total, with \$6,500 to caucuses); **Ky. Pharmacists Assn.** (\$20,450 total, including \$9,000 to caucuses); **WellCare of Kentucky** (\$20,000 to legislative races, with \$8,000 to caucuses); **Williams Companies** (\$18,000 total, \$10,500 to caucuses); **EQT Corp.** (\$17,000 total, with \$8,000 to caucuses); **Altria** (\$12,500 total, including \$9,500 to caucuses); and **Windstream** (\$8,750 total, with \$4,500 to caucuses).

Other lobbyists' employers with affiliated PACs spent the following amounts in the 2014 legislative election cycle: **Ky. Justice Assn.** (\$77,000); **Ky. Automobile Dealers Assn.** (\$74,700); **Ky. Assn. of Health Care Facilities** (\$58,750); **Century Aluminum** (\$50,000); **Jefferson County Teachers' Assn.** (\$48,000); **CSX Transportation** (\$42,250); **Associated General Contractors** (\$39,650); **Humana Inc.** (\$30,500); **Alpha Natural Resources** (\$17,500); and **Alliance Coal** (\$16,000).

Additionally, the law and lobbying firm of **Frost Brown & Todd**, which has lobbyists on its staff, has an affiliated state PAC that spent \$29,500 on contributions to legislative campaigns.

In the 2012 legislative election cycle, employers with affiliated PACs included: **Ky. Bankers Assn.**, whose PAC spent \$124,000 by making 151 contributions to legislative campaigns; **Kentucky Assn. of Health Care Facilities**, whose PAC spent \$98,750 by making 105 contributions; **Ky. Justice Assn.**, whose PAC spent \$52,500 by making 65 contributions; **AT&T**, whose PAC spent \$34,450 by making 68 contributions; and the **Ky. Assn. of Electric Cooperatives**, which spent \$33,400 by making 79 contributions.

The following businesses and organizations terminated lobbying registration after the end of the 2015 session of the General Assembly and are no longer lobbying in Kentucky: **American Sunanning Association**; **Code.org**; **Companion Data Services**; **DCI Group, LLC**; **IGT - International Game Technology**; **Institute for Justice**; **Hinkle Contracting, LLC**; **Kentuckians for Entrepreneurs and Growth**; **KY LIFT, Inc.**; **Main Street Revitalization, LLC**; and **Weber Merritt**.

HID Global is now registered to lobby in Kentucky. **HID Global** is headquartered in Austin, Texas, and is owned by **Assa Abloy**, a Swedish supplier and manufacturer of locks. **HID Global's** government ID offerings include cards, card printers, readers, software, and professional services for government-issued credentials.

Ethics, Lobbying, and campaign finance news from across the U.S.

Amid gridlock in D.C., influence industry expands rapidly in the states

WASHINGTON, D.C. — *Washington Post* -- by Reid Wilson -- May 11, 2015

Lobbyists aren't having much luck on a gridlocked Capitol Hill — so more and more, they're opening their wallets in state capitols around the country. Not keeping pace with the surge, say watchdog groups: the disclosure laws that are supposed to keep the influence industry in check.

Battles in legislatures between rival energy companies; powerful medical interests like doctors, hospitals and insurers; and even environmentalists and plastic bag manufacturers have fueled huge growth in lobbying spending at the state level, even as spending has plateaued — and even waned — at the federal level.

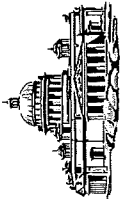
A *Washington Post* review of lobbying spending in states shows professional advocates reported spending at least \$2.2 billion on activity aimed at influencing state legislators in 28 states where data was available during the 2013-2014 biennium — with virtually every state seeing dramatic growth over the last decade.

At the same time, total spending on federal lobbying activities has fallen. After hitting a peak in 2010, when advocacy groups reported spending \$3.52 billion on lobbying, that number dropped to \$3.24 billion in 2014, according to data maintained by the **Center for Responsive Politics**.

"When nothing's happening in Washington, D.C., it's happening in the states," said Frank McNulty, a former speaker of the Colorado House of Representatives who retired from office earlier this year.

ETHICS REPORTER June, 2015

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Ethics Commission will meet July 21

The Legislative Ethics Commission will meet on Tuesday, July 21 at 10 a.m. in Room 131 of the Capitol Annex in Frankfort.

The July meeting will be the final meeting with Judge Anthony Wilhoit as the Commission's Executive Director. At the conclusion of the meeting, in Room 125 of the Annex, there will be a public reception to honor Judge Wilhoit's 60 years of public service, and the long-time service of Connie Evans, who is retiring after nearly 18 years as the Commission's staff assistant.



Lobbyists can't contribute to legislators seeking other offices

This notice from the Legislative Ethics Commission advises that each of Kentucky's 572 registered legislative agents (lobbyists) is prohibited from making a campaign contribution to a member of the General Assembly who is a candidate for any state office, including a member who is on a slate of candidates.

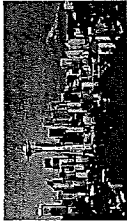
Each lobbyist is also prohibited from serving as a campaign treasurer, or directly soliciting, controlling, or delivering a campaign contribution for a legislator.

The Legislative Ethics Commission issued a formal opinion (OLEC 95-8) on this question in 1995, and this advisory notice relies on that opinion. In that opinion, the Commission cited the statute (KRS 6.811) in the Code of Legislative Ethics, which specifies that "a legislative agent shall not make a campaign contribution to a legislator . . ."

Based on that statute, the Commission advised that a legislative agent is prohibited by the ethics code from making a campaign contribution to a member of the General Assembly seeking a statewide office. The opinion also states that the code of ethics does not apply to candidates for statewide office who are not members of the General Assembly.

In 2014, the General Assembly amended KRS 6.811 to add language prohibiting a lobbyist from directly soliciting, controlling, or delivering a campaign contribution to a legislator or a candidate for election to the General Assembly.

Likewise, KRS 6.767 in the ethics code states that a member of the General Assembly shall not accept a campaign contribution from a legislative agent, and that prohibition applies whether the legislator is seeking re-election to the General Assembly, or election to another state office.



Ethics code applies at 2015 Conferences

Kentucky's Code of Legislative Ethics applies to legislators and lobbyists who attend legislative conferences in other states. This includes the 2014 ethics code amendments prohibiting lobbyists and employers from buying food and beverages for individual legislators, and prohibiting lobbyists and employers from providing out-of-state transportation or lodging for legislators.

Legislative conferences this summer include:

- **National Conference of State Legislatures Legislative Summit** -- August 3-6, 2015, Seattle, Washington at the Washington State Convention Center, with speakers including Robert Gates, former Secretary of Defense; Jon Meacham, author of *Thomas Jefferson: The Art of Power*; and Sheryl Connelly, manager of Global Consumer Trends for Ford Motor Co.
- **Southern Legislative Conference Annual Meeting** -- July 18-22, 2015, Savannah, Georgia at the Hyatt Regency Savannah and the Savannah International Trade & Convention Center, with speakers including former U.S. Sen. Saxby Chambliss and Vince Dooley, former Georgia football coach and athletics director; along with a Kentucky Kick-Off Reception in anticipation of SLC's 2016 Annual Meeting in Lexington.
- **American Legislative Exchange Council Annual Meeting** -- July 22-24, 2015, San Diego, California at the Manchester Grand Hyatt, with speakers including U.S. Sen. Ted Cruz; Mike Huckabee, former Governor of Arkansas; and Wisconsin Gov. Scott Walker.

Commission employs new executive director

The Kentucky Legislative Ethics Commission has chosen John Schaaf as the Commission's new Executive Director, effective August 1 when Judge Anthony Wilhoit retires.

In searching for its next Executive Director, the citizen-run, bi-partisan Commission advertised locally and nationally, and worked with the Council on Governmental Ethics Laws (COGEL) to recruit applicants.

"We received 38 applications from all over the U.S., and interviewed four very capable people before making our decision," said Commission Chairman George Troutman of Louisville.

Judge Wilhoit has led the Commission staff since 1997, shortly after he retired as Chief Judge of the Kentucky Court of Appeals, on which he served for 21 years. Prior to that, he was the state's first Public Defender, and served as Woodford County Attorney and Police Judge.

In 2012, Judge Wilhoit received the COGEL Award, the highest honor given by the international organization of public and private organizations working in the fields of ethics, campaign finance, elections, and open records.

In 1992, Schaaf worked with the Task Force on Governmental Ethics to draft the legislation the General Assembly enacted as the Code of Legislative Ethics, which created the Legislative Ethics Commission. The Commission is the only citizen-run (no current legislators) legislative ethics commission in the nation.

Schaaf has worked as the Commission's legal counsel since 2004. For 16 years prior to that, he was General Counsel for the bipartisan Legislative Research Commission.

In addition to Chairman Troutman, other members of the Ethics Commission are: Vice-Chair Pat Freibert of Lexington; former Sen. Charlie Borders of Grayson; Deborah Jo Durr of Richmond; Bob Fulkerson of Louisville; attorney Elmer George of Lebanon; retired Judge Paul Gudge of Lexington; Henry L. Stephens, Jr. of Union; and former Sen. Ken Winters of Murray.



Two former Kentucky legislators convicted

Two former members of the Kentucky General Assembly were recently convicted of illegal activities in which they engaged while serving as legislators.

Although neither was convicted of a crime related to misuse of his legislative office, part of what their convictions demonstrate is that legislators' actions are subject to a high level of public scrutiny, even when they are outside the legislative arena.

Last week, a U.S. District Court jury in Pikeville found former Rep. Keith Hall of Phelps guilty of paying over \$46,000 in bribes to a state coal mine inspector to ignore violations at Hall's surface mines. According to Hall's indictment, bribes were paid between May 2009 and December 2010 by two of Hall's coal companies to a shell company created by Hall and the mine inspector. During that time period, the U.S. Attorney said the inspector ignored violations that occurred on Hall's property. The U.S. Attorney said the evidence established that the two men disguised the payments as consulting fees.

In April, former Rep. Ben Waide of Madisonville pled guilty in Franklin Circuit Court to attempting to accept illegal campaign contributions and attempted unlawful campaign expenditures. Waide's crimes relate to his 2010 campaign for state representative, and he was charged after a complaint filed with the Registry of Election Finance by shareholders of a company partly owned by Waide. Waide illegally accepted campaign contributions from the company, used campaign funds for illegal expenditures, and sought personal reimbursements for campaign advertising expenses that were either nonexistent or paid for by the company.