

# The Ethics Reporter

JUNE 2022

KENTUCKY LEGISLATIVE ETHICS COMMISSION  
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KLEC.KY.GOV

## A new look for the Ethics Reporter

The Kentucky Legislative Ethics Commission has been pleased to offer its Ethics Reporter as a free service to the public since 1999, when Peggy Williams wrote the first edition. Anthony Wilhoit and John Schaaf then continued the publication.

The Reporter seeks to provide helpful information about the Kentucky Code of Legislative Ethics, practical issues that arise in its enforcement, news about the Kentucky Legislative Ethics Commission, and ethics news from across the country and world.

We distribute the Reporter to legislators, legislative staff, news organizations, and anyone who wishes to receive it, via email. Previous issues may be found on our website.

Let us know if you want to be added or taken off the email list, or have other comments or suggestions. As always, we can answer particular questions about the application of the Code.



Thanks to all the loyal readers over the years and your attention to legislative ethics issues!

- **Laura H. Hendrix, Executive Director**

Important upcoming date:

Updated registration statements from lobbyists and employers are due **September 15, 2022** for the time period of May 1 to August 31, 2022.

Legislators' and candidates' financial disclosures are on [klec.ky.gov](http://klec.ky.gov)

## Legislative Ethics Code applies at conferences

June's a good time for a reminder that Kentucky's Code of Legislative Ethics applies to legislators, lobbyists, and employers of lobbyists who attend summer, fall, and winter legislative conferences, or who sponsor events in conjunction with those conferences.

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

Kentucky lobbyists and their employers are re-

quired to report the value of food, beverages, and other expenses contributed to events to which approved groups of Kentucky legislators are invited.

Lobbyists and employers are also required to report other expenses incurred in conjunction with the meetings, if the expenses are directly associated with the employer's or lobbyist's lobbying activities.

Lobbyists and employers are prohibited from buying food and beverages for **individual** legislators, and lobbyists and employers

can't furnish or pay for out-of-state lodging or transportation, or anything of value such as conference registration.

Legislative conferences for the upcoming year include: Southern Legislative Conference-July 9-13, Oklahoma City, OK; National Conference of State Legislatures-August 1-3, Denver, CO; and Council of State Governments-December 7-10, Honolulu, HI.



*May current members of the General Assembly serve on the Kentucky Legislative Ethics Commission?*

*Answer on page 4*



*“Action indeed is the sole medium of expression for ethics.”*

*–Jane Addams,*

*Democracy and Social Ethics, 1907*

## Lobbyists, Legislators, and Campaigns: Oh my!

The Legislative Ethics Code **strictly** limits the involvement of lobbyists in the financing of legislative campaigns.

Lobbyists are prohibited from making a campaign contribution to a legislator or legislative candidate. A lobbyist also may not make a campaign contribution to a caucus campaign committee, which consists of legislators who are members of party caucuses in the Senate or House. The Code states that a lobbyist “shall not directly solicit, control, or deliver a campaign contribution, for a candidate or legislator.”

A legislator or legislative candidate is also prohibited from

accepting a campaign contribution from a lobbyist. It is improper for a legislator or legislative candidate to solicit help from a legislative agent in obtaining funds for a campaign.

Lobbyists who provide professional political consulting services to candidates must be particularly careful. A rebate, discount, or free consulting services provided by a lobbyist engaged in political consulting to legislators or legislative candidates falls squarely in the definition of “anything of value” and is prohibited. Consulting, at a fee normally charged, may have to be reported as a “financial transac-

tion” by the lobbyist.

Lobbyists may properly exercise the ability to be involved by volunteering a wide range of campaign activities on behalf of a state legislative campaign. However, providing services or activities for which someone would normally be paid, or involvement in solicitation of contributions should be scrupulously avoided.

As always, call the staff and we can give you guidance, before you take any action.

## New and terminated lobbying employers

Several newly registered lobbying employers are: **Community Wellness; DIRECTV LLC; Financial Services Institute, Inc.; HEOPS Inc.; Life Coordinated Inc.;** and **Praeses.**

Two employers terminated their lobbying activity recently: **Financial Services Institute, Inc.; Mr. Salt-E;** and **Scientific Games Corporation.**

Anyone may check the up-to-date Searchable Register of Employers and Legislative Agents on the Commission’s website at <http://apps.klec.ky.gov/searchregister.asp>

## Contact persons or employees may be lobbyists

Legislative agents are individuals who are employed or retained for compensation for the purpose of lobbying. This includes employees who spend **any portion of their time** lobbying. “Lobby” means to promote, advocate, or oppose the passage, modification, defeat, or executive approval or veto of any legislation by **direct communica-**

**tion** with any member of the General Assembly, the Governor, the secretary of any cabinet listed in KRS 12.250, or their staff.

If lobbying activities are within the scope of the contact person or other employee’s job duties for any portion of time, for which they are paid, then they meet the definition of legis-

lative agent and are required to register and report as such. ***So if a contact person/president/other employee directly communicates with a legislator on legislative matters and is paid, they would have to register, even if it’s for one day.*** Call us—we’ll tell you if you need to register.



## Layers of Lobbying: An examination of 2021 state and federal lobbying from K Street to Main Street. *Opensecrets.org* By Dan Auble, Brendan Glavin and Pete Quist, June 22, 2022

Lobbying spending continues to grow at both the state and federal levels, highlighting the importance of shining light on these efforts to impact public policy. Federal lobbying spending in 2021 reached nearly \$3.8 billion, its highest level in nominal dollars ever and one of the most expensive years adjusted for inflation. In fact, 2022 first quarter disclosures indicate spending this year may set a new record.

Similar spending increases happened in the 19 states [including Kentucky] where OpenSecrets has collected state lobbying spending data since 2015. Spending in 2021 exceeded \$18 billion a record in nominal dollars and second only to 2019 in inflation-adjusted spending.

The health sector led the federal and state lobbying spending in 2021, continuing a trend from 2019 and 2020.

As with federal lobbying, state lobbying spending demonstrates stability among the top

economic sectors. Just as they had in 2019 and 2020, the top five state lobbying sectors matched the federal list with the exception of communications interests being replaced at the state level with governmental interests. The health sector topped both the federal and state lists once again in 2021.

The list of the biggest federal lobbying firms tends to be relatively static, and the firms paid the most to lobby at the federal level continued to be among the highest-grossing firms in 2021. Eight of the top 10 were among the top-paid firms in the 2019 and 2020 session as well.

While two of the top 10 state firms also paid to lobby heavily at the federal level, most of the top state lobbying firms focus solely on state-level lobbying.

Spending from industries within the health sector at the state level in 2021 kept roughly on the same trajectory as spending in 2019 and 2020 in the 19

states from which OpenSecrets has data. Health care facilities again led the broader sector in lobbying spending, followed by the pharmaceutical industry.

Many pharmaceutical companies lobby heavily at both the state and federal levels. Pharmaceutical Research & Manufacturers of America (PhRMA), led spending from this industry at both the federal and state levels. Four other lobbying clients were among the top 10 pharmaceutical lobbying spenders at both the federal and state levels, as well: Pfizer, Gilead Sciences, Eli Lilly & Co. and the Pharmaceutical Care Management Association.

The top 10 spenders at the federal and state level within the pharmaceutical industry were rounded out by additional large drug makers. Any company reaching the top 10 in federal spending was among the top 20 for state spending in the 19 states with available data, and vice versa.

Within the industry, PhRMA's

lobbying resources can hardly be overstated. Their members are over 30 of the biggest pharmaceutical manufacturing companies in the world, and PhRMA was outspent by only two organizations at the federal level last year. Among the 19 states OpenSecrets tracks, they ranked fifth in 2021.

The top pharmaceutical spenders at the federal and state levels greatly overlapped in 2021 but generally paid different firms for state lobbying than federal lobbying. This is a continuation of the trend found in 2019 and 2020 data, and clearly highlights the strategy by national companies to hire local lobbyists that have strong relationships with government officials and expertise in each state's legislative processes.

## Editorial: State reps, keep your hands to yourselves. *Pittsburgh Post-Gazette (AP)*, June 20 2022

Keep your hands to yourself, leave other people's things alone and be kind to one another. That's the way Lt. Tim Cotton ends every post on the famous Facebook page of the Bangor Police Department in Maine. It's good, normal advice. It's too bad some of our elected officials apparently don't follow it.

State representative Kate A. Klunk, has proposed an addition to the legislative rules governing the legislators' professional conduct. The current

rule allows the chamber to take action against members who sexually harass other legislators and employees of the House of Representatives, independent of criminal proceedings.

That's obviously too narrow. Legislators hold power over many people they work with who are not employed by the legislature. These people want or need something from the legislators, who can be tempted to use this power in sexually exploitative ways. Ms.

Klunk wants to add a line to the current House rules to include sexual harassment of anyone with whom a legislator does legislative business, and with anyone while they are in the House's facilities.

She's absolutely right: Legislators don't stop acting as legislators when they leave the Capitol. The chamber should be able to enforce professional standards of conduct on its members wherever their business takes them.

The rules already forbid

them from abusing their office financially. But exploiting others sexually is at least as much a crime against the people and the institution as demanding kickbacks. It degrades the House's ability to do the work it is supposed to be doing.

MEMBERS OF THE  
LEGISLATIVE ETHICS  
COMMISSION

David Nicholas, Chair

Sheldon Baugh

Ernie Harris

Tanya Pullin

Katherine Gail Russell

Arnold Simpson

Anthony M. Wilhoit

## Training/Overview of the Code

Our lobbyist training video, which gives an overview of the Code and walks through the registration and online filing process step by step, is available on [klec.ky.gov](http://klec.ky.gov), and also on the LRC Capitol Connection page at <https://www.youtube.com/watch?v=ojKIWUNV8po&feature=youtu.be>

We also are happy to set up a training on request! Just contact us.

Our PowerPoint overview of the Legislative Ethics Code is available for reference on [klec.ky.gov](http://klec.ky.gov), and also on the LRC Capitol Connection page at <https://www.youtube.com/watch?v=I4FjvhrSoao>. Feel free to watch!

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

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

Please contact us with any questions or concerns!

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### Trivia Answer

**No. KRS 6.651 states that no sitting member of the General Assembly is eligible for appointment to the Commission.**