

# The Ethics Reporter

MARCH 2023

KENTUCKY LEGISLATIVE ETHICS COMMISSION  
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KLEC.KY.GOV

## 2023 continues record lobbying spending trend

Did you know?



The next filing date for employers' and legislative agents' spending disclosures is **Monday, April 17, 2023**.

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



*May a legislator take food or drink from lobbyists or their employers?*

*Answer on page 4*

In the wake of record lobbying spending for the month of January, lobbying interests spent a record \$5.987 million for the first two months of the year, eclipsing the previous record of \$5.6 million set in 2018.

A record-breaking 862 lobbying businesses and organizations registered to lobby in Kentucky, spending \$5.83 million. 694 lobbyists were paid \$4.84 million in compensation, and also reported \$156,266 in expenses.

The top two overall spenders switched places from last month. **Kentucky Merchants and Amusement Coalition, Inc.** spent \$315,425, the majority, \$309,672, on advertising against legislation regulating "gray machines". This was the highest amount spent on advertising in the first two months of the session.

The second highest overall spender, **Kentuckians Against Illegal Gambling**, paid all but \$1,000 of the entire amount of its lobbying expenditures, \$287,623, on advertising opposing "gray machines", garnering the second highest ad spending.

The third highest spender was **KY Chamber of Commerce** (\$96,854). The Chamber also posted the highest amount spent on lobbyists' compensation, \$89,253. Next was the **American Civil Liberties Union of KY (ACLU)** (\$75,743), which spent the second highest amount on lobbyist compensation, at \$61,326. Fifth place spender **Pace-O-Matic of KY** (\$59,150) also was the third highest spender on lobbyist compensation, at \$55,100.

The rest of the top 10 were: **Kentucky Hospital Association** (\$55,059) also fifth in lobbyist compensation (\$49,191); **Kentucky Medical Association** (\$51,213) also third in advertising spending; **Greater Louisville, Inc.** (\$50,334) also fourth in lobbyist compensation; **Altria Client Services LLC** (\$48,421); and **LG&E and KU Energy LLC** (\$41,124).

The remaining top 20 are: **KY League of Cities** (\$34,919); **Elevance Health and Affiliates DBA Anthem, Inc.** (\$34,568); **KY Retail Federation, Inc.** (\$32,160); **Keeneland Association** (\$28,155); **KY Bankers Association** (\$27,890); **KY Distillers' Association** (\$26,594); **KY Power Company** (\$26,538); **KY Association of Electric Cooperatives** (\$26,134); **Academic Partnerships, LLC** (\$25,600); and **KY Association of Counties** (\$25,112).

**Duke Energy** and **KY Retired Teachers Association** came in fourth and fifth in advertising spending.

Lobbying interests spent \$135,227 on receptions, meals and events for legislators and legislative staff.

The **KY Chamber of Commerce's** annual Chamber Day Dinner held at the Central Bank Center in Lexington, Kentucky on February 9, 2023, was the most expensive event to which legislators were invited, costing \$18,379. This cost was borne by the **KY Chamber** and other lobbying employers, **Association of Independent KY Colleges & Universities**, **AT&T**, **Biotactical Solutions**, **Cincinnati/Northern KY International Airport**, and lobbyists Katelyn Bunning, Karen Kelly, and Ethan Witt.

The second most expensive event was a reception on February 16, for legislators and legislative staff, paid for by the **KY Coal Association**, **KY Oil & Gas Association**, **Marathon Petroleum**, and **TC Energy**, at the Foundry on Broadway in Frankfort, which cost \$14,166.

A "Welcome Back to Frankfort" reception for legislators and staff held by Top Shelf Lobby & Government Strategies in their offices cost \$10,728, and was paid for by **Associated Builders & Contractors Indiana/KY**, **Cincinnati Bell**, **Comcast Cable Communications Management**, **KY Assn. of Master Contractors**, **KY Beer Wholesalers**, **KY Manufactured Housing Institute**, **Saint Elizabeth Healthcare**, and **U.S. Precedent**, as well as lobbyists Bart Baldwin, Rachel Bayens, Rusty Cress, Mike Helton, Dustin Miller, Kevin Payton, Jena Scott, Michael Shea, Leigh Thacker, and Marc Wilson.

The **KY State Police Professional Association (KSPPA)**, held a series of four Friday morning breakfast events for legislators in January and February, in the Capitol Annex cafeteria, totaling \$8,380.

**Kentucky Merchants and Amusement Coalition, Inc.** together with **Pace-O-Matic** spent a fifth-place \$8,100 on a luncheon event for legislators and staff held in the Capitol Annex on February 16, 2023.

Spending disclosures may be found on KLEC's website at [klec.ky.gov/Reports/Pages/Employers-and-Legislative-Agents.aspx](http://klec.ky.gov/Reports/Pages/Employers-and-Legislative-Agents.aspx) along with a list of bills lobbied by each employer and the searchable database is available at [apps.klec.ky.gov/searchregister.asp](http://apps.klec.ky.gov/searchregister.asp)

**What's next in Ohio corruption probe after guilty verdicts?***OHIO— Associated Press — by Julie Carr Smyth—March 14, 2023*

The largest corruption case in Ohio history culminated last week with guilty verdicts for ex-House Speaker Larry Householder and lobbyist Matt Borges, the former head of the Republican Party. But the state's attorney general said it's "only the beginning of accountability" for the now-tainted \$1 billion bailout of two aging nuclear power plants.

Householder, 63, and Borges, 50, could spend up to 20 years in prison for their racketeering conspiracy convictions. The jury agreed with prosecutors that Householder orchestrated a \$60 million bribery scheme, secretly funded by Akron-based FirstEnergy Corp., to secure his power, elect his allies and pass the bailout bill — and that Borges took part in a dirty-tricks campaign to protect the bailout law from referendum.

The investigation remains open, and additional lawsuits and regulatory actions remain unresolved. Here's a look at where things stand:

**COULD THE SENTENCES BE APPEALED?** It's likely. Householder and Borges are out on bond. They have until next Thursday to file any motions, including for a new trial. They'll be sentenced once those motions are resolved and the probation office's pre-sentence investigation is complete, which could take weeks. They will then have 14 days to appeal their sentence to the U.S. Court of Appeals for the Sixth Circuit, the U.S. Attorney's Office said

These were the last of the parties arrested in July 2020. Political strategist Jeffrey Longstreth, who worked on Householder's [election](#) campaign, and lobbyist Juan Cespedes pleaded guilty and testified in the seven-week trial. The government will likely recommend reduced sentences for them.

Generation Now, a "dark money" group that was used to funnel FirstEnergy's millions to Longstreth, Householder and others, also pleaded

guilty for its role. A fifth individual charged, longtime Statehouse lobbyist Neil Clark, died by suicide in March 2021.

**WHO ELSE MIGHT BE CHARGED?**

As the government's investigation continues, a number of other names have surfaced. In a deal to avoid prosecution, FirstEnergy admitted paying a \$4.3 million bribe for favorable treatment to Sam Randazzo, the state's former top utility regulator, who had ties to the company. Randazzo resigned a day after the FBI searched his home. Randazzo has denied wrongdoing and hasn't been charged.

There also have been no charges against the FirstEnergy executives fired after Householder and others were arrested. Those executives include former CEO Chuck Jones and former Vice President for External Affairs Michael Dowling, whose texts, emails and travel itineraries factored heavily into the case against Householder.

Prosecutors say the executives met with Householder to hatch the scheme over a fancy dinner in Washington — which Householder refuted on the stand. Jones says neither he nor any other FirstEnergy employee engaged in "unlawful activities in their dealings with government officials," speaking through a New York-based public relations firm.

Individuals with ties to Republican Gov. Mike DeWine have also come up through investigations or lawsuits. Lt. Gov. Jon Husted was considered an ally by the FirstEnergy executives in their fight for the bailout bill.

Dan McCarthy was a former FirstEnergy lobbyist and Husted confidante who formed another dark money group involved, then worked as a lobbyist on the governor's behalf.

Mike Dawson was a onetime consultant to FirstEnergy. His wife Laurel Dawson was the governor's chief of staff, and she helped vet Randazzo

for the utility regulator chairmanship and approved sending a state plane to pick up lawmakers for the bailout vote. The flight ultimately never happened.

The governor's office says all its employees' actions were above board — and notes that no staff have been questioned.

**WHAT'S HAPPENING IN THE OTHER LAWSUITS?**

Republican Ohio Attorney General Dave Yost asked a Franklin County judge last week to lift the stay on discovery in the state's separate civil racketeering case. That would let him continue collecting documents and deposing witnesses, which he said could "reveal an expanded number of defendants."

**WHAT STATEHOUSE SOLUTIONS ARE PROPOSED?**

Legislation containing the bailout gave FirstEnergy a guaranteed-profit subsidy, but that was nixed by a settlement agreement last year. The nuclear bailout provisions of the bill also were repealed. Some lawmakers are fighting to repeal other energy subsidies included in the sweeping measure, which ratepayers are still paying for.

Different groups of House Republicans and Democrats introduced anticorruption legislation this session. They say the proposed laws could address gaps in campaign finance law highlighted by the case — gaps that allow uncontrolled raising and spending of money through dark money groups.

Others are calling for more transparency under Ohio's lobbying laws, which required few to no details be made public about the plane trips, wining and dining, sports tickets and other perks Householder testified to receiving. Those bills' prospects are unclear.

*"Honor your  
commitments  
with  
integrity"*  
—Les Brown

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## Revolving door at Minnesota Capitol creates windstorm

MINNESOTA— *Minnesota Reformer*— by Michelle Griffith—March 15, 2023

A bevy of former lawmakers roaming the Capitol this session aren't just catching up with old friends — now they're lobbyists trying to influence former colleagues on behalf of Google, Delta Airlines, Apple and big tobacco and mining companies.

Legislators becoming lobbyists isn't a new phenomenon, but heavy turnover at the state Capitol has clients turning to legislators-turned-lobbyists who are still plugged into the game.

Sen. Matt Klein said ex-legislator lobbyists who recently left office have an advantage in information and relationships — and questioned the propriety of the arrangement.

“The people of Minnesota place a certain amount of trust in you to be acting on their behalf, and now very shortly after leaving the Legislature — still armed with that body of information and relationships that you have — you're acting for financial gain and on behalf of some client,” Klein said. “I think there's some ethical concerns there.”

As the executive director of Common Cause in 1999, David Schultz testified in favor of a “revolving door” bill that would force former legislators to take a break before engaging in lobbying. Otherwise, former legislators will “cash in on friendships and knowledge and relationships that they have with legislators to give their clients special advantage or special access to the legislative process or to leaders,” said Schultz, who is a political science pro-

fessor at Hamline University.

And that special access for clients who can afford to hire a former lawmaker could mean less access for average Minnesotans.

Minnesota remains one of a few states without a statewide revolving door policy. These laws prohibit former lawmakers or state officials from becoming lobbyists for a certain time period — often one year — after leaving office.

At the federal level, U.S. House members must wait one year after leaving office before registering as lobbyists, and U.S. Senators cannot lobby their former colleagues for two years.

For years, Sen. John Marty has introduced legislation to enact a policy for Minnesota lawmakers and state commissioners — to no avail.

Marty is trying again this session, and on Monday he introduced a bill (SF 2864) that would prohibit legislators, constitutional officers and state agency heads from lobbying for seven years after leaving their position. He argued it's appropriate and better for public perception of the lawmaking process.

Minnesota has two thresholds that require a person to register as a lobbyist. First, if a person is paid over \$3,000 in a calendar year to represent corporations or groups, then they must register. The second requires a person to register if they spend over \$250 of their person-

al funds in a calendar year for lobbying purposes.

In addition, legislators cannot lobby while they are in office.

The revolving door between public interest and private gain can trigger questions about a lawmaker's motive even when they're in office, said Schultz, the Hamline University professor.

“How do you know a legislator is making decisions based upon, ‘This is good legislation’ versus ‘This gets me a job with ‘X’ hospital chain,’” Schultz said.

The Minnesota House does have a provision stating former members cannot register as lobbyists within one year of leaving office. However, Minnesota Campaign Finance and Public Disclosure Board Executive Director Jeff Sigurdson noted that House rules apply to current members only, so it's unclear how that rule is enforced for someone out of office. The Senate has no such rule.

Even though the Legislature came half way to passing revolving door legislation nearly a quarter century ago, Schultz isn't optimistic about one passing this year.

“I wouldn't be surprised if a few legislators are thinking, ‘Well heck, I'm getting paid \$48,000 a year. (If I) do this a couple of terms, I can turn around and get a job as a lobbyist being paid two or three times this. Why should I cut my own future income off or potential job opportunities off?’”

## New and terminated lobbying employers

Several organizations recently registered to lobby legislators in Kentucky: **Air-Conditioning, Heating, and Refrigeration Institute; American Assn. of Public Insurance Adjusters; Cedar Lake; Club for Growth; Eagle View Technologies; FanDuel; FBG Enterprises OPCO; Flock Safety; Koppers; McDonald's Corporation; Milburn Group; Nuclear Energy Institute; Petland; SidePrize; Sound Money Defense League; Teachers Insurance & Annuity Assn. (TIAA); Underdog Sports; Wendell Foster; and Wonderschool.**

Organizations recently terminating their lobbying registration are: **Association of Equipment Manufacturers (AEM); Bitactical Solutions; CorneaGen; CT Pharmaceutical; Genesis Health Technologies; Lexington Legends; One Forty One Well Co.; Students for Life Action; Sunovion Pharmaceuticals; and Thinking Media/Learning Blade.**

A searchable database of legislative lobbyists and employers, and their expenditures, is available on our website at [apps.klec.ky.gov/searchregister.asp](https://apps.klec.ky.gov/searchregister.asp)

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**NEXT MEETING OF THE  
COMMISSION**

The Kentucky Legislative Ethics Commission's next regular meeting is scheduled for Tuesday, May 9, 2023 at 9:30 a.m. Capitol Annex, Room 171 in Frankfort, Kentucky.

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

## Training/Overview of the Code

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

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

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

## Legislators' Financial Disclosures

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

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

To register as a lobbyist or employer, please email the scanned paperwork to Donnita Crittenden or Lori Smither or fax to (502) 573-2929. Blank forms may be found here:  
<https://klec.ky.gov/Forms/Pages/Get-Blank-Forms.aspx>

Please contact us with any questions or concerns!

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### Trivia Answer

**No. However, legislators may attend events where food/drink is served if all legislators, a joint committee, LRC-approved caucuses, and individuals w/permission of their presiding officer are invited.**