

The Ethics Reporter

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KENTUCKY LEGISLATIVE ETHICS COMMISSION
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KLEC.KY.GOV

Required training for legislators and legislators-elect

Did you know?



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

The Legislative Ethics Code requires newly elected legislators to have 2 hours of orientation training on ethics, and also requires all legislators to receive 2 hours of current issues training on ethics each year.



The new legislator ethics orientation will be held on **December 14, 2022**, in conjunction with the LRC's new legislator training.

Legislators should be sure to put these important trainings on their schedules, and bring any questions that they have about the Ethics Code.

The annual current issues training will be held on **January 4, 2023** from 9 to 11 a.m. for all legislators.



Is there a fee for registration as an employer of lobbyists?

Answer on page 4

New lobbying employers for November

Several newly registered lobbying employers are: **Barnyard (The); Bullitt County; Dream Corps; ECL Entertainment LLC; Educational Testing Services (ETS); KY Center for Grieving Children and Families; KY Educational Development Corp.; Pathways, Inc.; Recreation Vehicle Dealers Assn.; TJ Samson Community Hospital; and WestPatrick Corp.**

Two employers recently terminated lobbying efforts in Kentucky: **AppHarvest Operations, Inc;** and **KY RV Coalition.**

Financial disclosures for legislators and major management personnel due February 15

The Legislative Ethics Code requires that legislators, candidates and major management personnel of the Legislative Branch file financial disclosures with the Ethics Commission by February 15, 2023. The content of the disclosures is found in KRS 6.787. The filed disclosures are a matter of public record, and are posted on the Commission's website. Commission staff will send an email with the forms required to legislators and staff in January.



“No legacy is so rich as honesty”

– William Shakespeare

New York Times investigation shows how sports gambling industry exploited Kansas legislators

KANSAS-Kansas Reflector— by Sherman Smith-November 29, 2022

A New York Times investigation into the gambling industry’s bare-knuckled lobbying efforts provides insight into concessions Kansas lawmakers provided when they legalized sports betting earlier this year.

Among the revelations from the report, published recently as part of a series on “a relentless nationwide campaign” to expand sports betting: Kansas lawmakers slashed an already generous tax rate from 20% to 10%, and exempted some bets from being taxed at all, before passing the sports gambling package after midnight in the final hours of the legislative session.

The final vote came two days after a lobbying event that promised “something for everyone.” There, The New York Times documented how Rep. John Barker, who helped orchestrate the sports gambling package, reveled in 30-year-old Irish whiskey while Sen. Jeff Pittman, a Leavenworth Democrat, secured an extra bag of pricey Honduras cigars. At the party, Pittman called it a “terrible” bill, but he voted in favor it anyway.

After the law took effect in September, Kansans wagered \$350 million in the first two months — yielding just \$271,000 in tax revenue.

Max Kautsch, president of the Kansas Coalition for Open Government, said the New York Times report “drives home the need for greater transparency in the legislative process.”

“Kansans should be disappointed to learn this holiday season that our leaders in Topeka are more interested in giving unprecedented tax breaks to the gambling industry than in meeting their fiduciary duties to be good stewards of public funds,” Kautsch said.

The sports gambling package exemplifies transparency concerns with the last-minute avalanche of bills the Legislature passes in the closing days of the session, often with unvetted policy provisions inserted under pressure from dark interests.

The Kansas Reflector previously reported on this practice, which is designed to avoid public scrutiny. “Perhaps if Rep. Barker and his allies feared that their constituents would learn about these acts against the public interest in real time,” Kautsch said, “rather than months later as the result of a nationwide investigative report that chose to kick off an article totaling thousands upon thousands of words with an anecdote about whiskey and cigars in the Kansas Statehouse, they would think twice before leaving us with lumps of coal each legislative session.”

Lobbying rules

The flyer for an April 26 lobbying event invited all 165 legislators and special guests to enjoy prime rib, seafood, desserts, wine, craft beer, fine cigars, classic cars, single malt scotch and single barrel bourbon.

Twenty-one lobbyists sponsored the event, titled “Cigars, Cars and Bars,” at M&D Classic Car Storage, a few blocks north of the Statehouse on Kansas Avenue.

A New York Times reporter and photographer found Barker with Redbreast Irish whiskey and a Don Tomas cigar from Honduras. “They keep a special bottle for me up there — they know I like it,” Barker told the Times. “I’m in my element when I have a whiskey and a cigar.”

John Federico, a powerful lobbyist who cosponsored the gathering, told the Times it was a social

event and not a lobbying event.

Kansas law provides ample wiggle room for lobbyists and lawmakers — and makes it virtually impossible for journalists or the public to document the influence of such an event.

When every lawmaker is invited, lobbyists don’t need to itemize the costs on expense reports with the state ethics commission. Rules that restrict gifts to lawmakers provide exemptions for food and beverages.

And while Kansas law forbids gifts that cost more than \$40, the cost of a gift can be split evenly among co-sponsors to push it below the legal limit. A group of 10 lobbyists, for example, could provide a \$300 gift — such as an expensive bottle of whiskey — to a legislator without violating the law.

Additionally, if the cost of a lobbying expense is less than \$2 for a legislator, it doesn’t have to be reported. For an event with 165 legislators and 21 sponsors, the threshold would be \$6,930. Hitting the jackpot

The gambling industry’s fingerprints were on nearly every page of the 50-page sports gambling bill, The New York Times reported.

Barker and other legislative leaders agreed to cut in half the planned 20% tax rate — already substantially lower than the tax rate in other states. The bill also allows gambling companies to deduct “free bets” and other promotions from their taxable income.

None of the \$271,000 in taxes the state collected on the first \$350 million in bets will be used to fight gambling addiction.

Public Corruption Directly Undermines Faith In Hawaii's Government

HAWAII— *Honolulu Civil Beat*-Opinion by Robert Harris, Executive Director of Hawaii State

Protecting our island ecosystem depends upon honest leaders, who can appropriately balance the needs of our economy and environment. Corrupt leaders no longer act in the best interest of the public.

Put simply, a healthy environment depends on a governmental system run with integrity.

For that matter, most public policy issues – such as health care, improving education, or strengthening the social safety net — depend on a fair governmental system. For a democratic system to truly work, it must serve in the public's interest.

With the public corruption charges recently brought against two state legislators and several county employees, many have become disillusioned with government. Some have reasonably adopted a “vote the buggahs out” attitude or used this news as a reason to disengage from the democratic process (such as not voting in the most recent election).

This disillusionment, while disappointing, is not surprising. Elected officials and state employees are supposed to serve and act on behalf of the public-at-large. Public corruption directly undermines faith in our governmental system.

As the executive director and general counsel of the Hawaii State Ethics Commission, I was recently asked if my job was to help maintain public confidence in government. My knee-jerk response was to say, “no.” I said my job was to advise state employees about ethics and, when necessary, enforce the state Ethics Code and the state lobbyists law.

The Ethics Code includes laws relating to the acceptance and reporting of gifts, confidential information, fair treatment (the prohibited misuse of official position), conflicts of interests, state contracts, and post-employment restrictions, along with financial disclo-

sure requirements.

Last year, the commission responded to 851 requests for advice from state legislators, employees, lobbyists, and members of the public. The hard-working commission members and staff additionally investigated 123 complaints and resolved 10 charges publicly.

And yet, my knee-jerk answer was wrong.

A core reason why Hawaii has an Ethics Commission is to maintain public confidence in our system of government. Ronald Reagan said that “democracy is not a fragile flower; still it needs cultivating.”

Enforcement of our civil and criminal laws is a necessary step to help “cultivate” democracy and help restore public trust in our government and its officials.

To some extent, the recent news of public corruption is an example of government working properly: truly corrupt and illegal activity is being caught and publicly called out. But the severity of recent public corruption charges demonstrates more work is needed.

The Ethics Commission is actively developing several specific legislative policy changes for consideration next year in the Hawaii Legislature. While none of these concepts will magically prevent all violations in the future, they cumulatively represent solid steps toward a more transparent system that reduces the potential for unethical conduct and helps restore public confidence in our democratic system.

For example, the Ethics Commission proposes to directly prohibit nepotism: expressly eliminating the ability for state employees to hire or supervise a spouse or family member. A bright-line approach to nepotism will help address a practice that, from a public perspective, reasonably appears unethical.

Another proposal is to increase transparency around legislators' financial connections with lobbyists or businesses that hire lobbyists. Legislators are, by design, part-time employees.

Although the Ethics Code does not prohibit legislators from having outside employment, some legislators may work with, or be employed by, businesses that have a direct interest in legislation. The public has a right to know of these potential conflicts of interests, especially when a substantial amount of money is involved.

Further, when conflicts of interests exist, legislators should recuse themselves from discussing, deliberating, or voting on that issue. Many may remember a John Oliver skit blasting Hawaii legislators for finding “no conflict” in a vote over 10-cent fees for plastic checkout bags, when a legislator was a paid consultant for a plastic bag manufacturing association.

Another Ethics Commission proposal would make recusal a requirement when a financial conflict exists, or where a reasonable person would perceive a conflict.

Like all of us, I care about the future of Hawaii. I want to see great decisions by leaders who genuinely care about the public's interest first and foremost.

The Hawaii Constitution states that “public officers and employees must exhibit the highest standards of ethical conduct.”

I hope you will join the Ethics Commission and me in pushing for common-sense principles that will hold the nearly 60,000 state employees and elected officials to this standard and commitment. Let's restore confidence in government together.

MEMBERS OF THE
LEGISLATIVE ETHICS
COMMISSION

David Nicholas, Chair
Tanya Pullin, Vice Chair
Sheldon Baugh
Ernie Harris
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, 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, 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

Yes, the fee is \$250 per employer, and covers as many lobbyists as the employer needs to register. The fee has never been increased by the General Assembly since passage of the Ethics Code.