

Kentucky Legislative Ethics Commission

Kentucky Legislative Ethics

Commission Members

George Troutman, Chair
Pat Freibert, Vice-Chair

Bob Fulkerson
Anthony Wilhoit
Paul Gudgel (term ended 4/2016)
Henry Stephens, Jr. (term ended 4/2016)

Elmer George
Deborah Jo Durr
Tom Jensen
Ken Winters

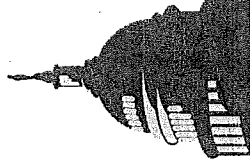
Commission Staff

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
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ANNUAL REPORT



FY 2015-2016

FOREWORD

I am pleased to submit the 23rd 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

Legislative Ethics Commission Member Profiles

Tom Jensen – Mr. Jensen was appointed to the Commission by the President of the Senate in 2016. He is a former circuit court judge who was elected in 2012 in the 27th Judicial Circuit, which is Knox and Laurel counties, and he retired in 2016. Judge Jensen is a former member of the State Senate, serving from 2005 to 2013, and a former member of the State House of Representatives, serving from 1984 to 1986, and from 1989 to 1996. He was House Republican Floor Leader from 1991 through 1994. Judge Jensen was Chair of the Kentucky Republican Party and a delegate to the 1996 Republican National Convention. Judge Jensen earned his undergraduate degree in secondary education from Cumberland College and his J.D. from the Chase College of Law at Northern Kentucky University in 1978. He has practiced law since 1978, and he lives in London with his wife, Nannette.

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.

Henry L. Stephens, Jr. - Term ended April, 2016 - 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 experience 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.

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. Gudgel - Term ended April, 2016 - Judge Gudgel was appointed to the Commission by the Speaker of the House in 2002. Judge Gudgel 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 Gudgel earned a Master of Laws degree from the University of Virginia, and served as a member of the Judicial Conduct Commission for 22 years. He and his wife, Katherine, reside in Lexington.

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

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.

Anthony Wilhoit – Mr. Wilhoit was appointed to the Commission by the Speaker of the House in 2016. He was the Executive Director of the Legislative Ethics Commission from November, 1997 until he retired in July, 2015. In 1976, he joined the Kentucky Court of Appeals, and he retired as Chief Judge in 1997. Judge Wilhoit also served as a police judge, Versailles City Attorney, Woodford County Attorney, state public defender, and deputy secretary of the Justice Cabinet. 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. He lives in Versailles.

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 was 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, Mrs. Smither 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.

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

FY 2015-2016

Number of Employers: 696

Number of Legislative Agents: 597

Updated Registration Statements were filed on:

- September 15, 2015
- January 15, 2016
- February 15, 2016
- March 15, 2016
- April 15, 2016
- May 15, 2016

In January 2016, all employers and legislative agents were required to re-register with the Kentucky Legislative Ethics Commission. Approximately 2700 forms were received and entered.

The Kentucky Legislative Ethics Commission (KLEC) continues 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."

**Education and Training
FY 2015-2016**

August, 2015	John Schaaf, presentation on ethics at the State Government Bar Association
September, 2015	John Schaaf, presentation on ethics at Kentucky State University
November, 2015	John Schaaf, presentation on ethics at the Louisville Bar Association
December, 2015	John Schaaf attended and presented at the Council on Governmental Ethics Laws (COGEL) Conference in Boston, MA
December, 2015	John Schaaf and Kara Daniel, presentation at freshman legislator orientation at the Capitol Annex in Frankfort, KY
January, 2016	Current Issues Seminar for Members of the General Assembly conducted by LEC Staff. Speakers: Mickey Edwards, College Professor and former Congressman; Preet Bharara, U.S. Attorney for the Southern District of New York, NY
January, 2016	Donnita Crittenden and Kara Daniel, Employer and Legislative Agent Training Session
February, 2016	John Schaaf and Kara Daniel, presentation to legislative interns at the Capitol Annex in Frankfort, KY
May, 2016	John Schaaf attended the COGEL Steering Committee meeting and session in New Orleans, LA

During the fiscal year, the Commission staff:

- Provided various in-house training sessions, as requested
- Reviewed, approved, and posted (on website) 282 Financial Disclosure forms for legislators and candidates
- Issued 62 written informal advisory opinions and one formal opinion
- 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, LRC staff, 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).

LOBBYING EXPENSES AS REPORTED 1993 - 2016

**Complaints and Administrative Actions
FY July 1, 2015 - June 30, 2016**

Complaints:

There were two formal complaints against legislators filed during this fiscal year. Both complaints were dismissed for lack of probable cause.

Administrative Fines Levied by the Commission:

Legislative Agents \$1,950.00
Employers \$3,750.00
Total Fines Collected \$5,700.00

These fines were assessed due to failure to file updated registration statements and initial 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.

YEAR	EMP FB	EMP AE	EMP RME	EMP EXP	LA FB	LA RME	LA EXP	LA COMP	TOTAL
**2016	0	151,804	154,819	391,812	0	2,898	390,805	8,457,670	9,549,808
2015	50	1,017,588	\$190,100	\$600,903	50	\$13,484	\$781,811	\$16,692,957	\$19,296,843
2014	\$149	N/A	\$185,402	\$563,386	50	\$8,685	\$831,507	\$16,872,398	\$18,411,527
2013	\$429	N/A	\$154,182	\$453,074	\$30	\$11,648	\$852,342	\$14,970,623	\$16,442,328
2012	\$539	N/A	\$143,154	\$858,368	50	\$16,407	\$945,621	\$15,813,368	\$17,771,457
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	\$943,378	50	\$28,206	\$1,188,642	\$14,382,024	\$16,692,839
2009	\$236	N/A	\$135,943	\$462,256	50	\$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	\$16,992,528
2006	\$423	N/A	\$227,190	\$803,103	\$157	\$19,631	\$1,061,624	\$13,362,476	\$15,474,604
2005	\$420	N/A	\$214,397	\$615,303	\$268	\$24,663	\$902,410	\$10,808,709	\$12,566,170
2004	\$561	N/A	\$204,701	\$819,692	\$150	\$10,003	\$213,134	\$10,836,866	\$12,085,107
2003	\$542	N/A	\$193,663	\$848,670	50	\$4,639	\$0*	\$8,141,073	\$9,188,587
2002	\$262	N/A	\$188,446	\$1,008,768	\$20	\$8,248	\$0*	\$9,088,595	\$10,294,339
2001	\$160	N/A	\$136,819	\$608,853	\$73	\$4,201	\$0*	\$6,132,887	\$6,882,993
2000	\$95	N/A	\$136,032	\$857,075	50	\$13,424	\$0*	\$8,295,998	\$9,302,624
1999	\$248	N/A	\$30,082	\$411,981	50	\$1,562	\$0*	\$3,989,617	\$4,433,490
1998	\$20	N/A	\$82,741	\$939,643	\$10	\$4,500	\$0*	\$7,086,054	\$8,112,968
1997	\$14	N/A	\$22,072	\$420,529	50	\$4,019	\$0*	\$3,137,175	\$3,583,809
1996	\$589	N/A	\$40,822	\$880,518	\$301	\$3,939	\$341,893	\$6,037,002	\$7,305,064
1995	\$177	N/A	\$15,692	\$318,105	\$107	\$534	\$144,098	\$2,254,114	\$2,732,827
1994	\$852	N/A	\$34,117	\$1,356,719	\$350	\$2,305	\$514,701	\$4,557,014	\$6,466,058
1993	\$81	N/A	\$1,426	\$552,648	\$3	\$108	\$0	\$986,811	\$1,541,077
Totals	\$7,149	\$1,169,392	\$3,249,844	\$16,291,696	\$1,567	\$272,996	\$12,282,711	\$235,806,758	\$269,082,113

Guide to Abbreviations:

- EMP.FB (Emp. Food and Beverage)
- EMP.RME (Emp. Reception, Meals & Events)
- EMP.EXP (Emp. Expenses)
- 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.

**2016 figures include totals through April 30, 2016, the last reporting period of the fiscal year.

2015 was first year for reporting EMP.AE

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



KENTUCKY LEGISLATIVE ETHICS COMMISSION

George Troutman, Chair
Pat Freibert, Vice Chair

H. John Schaaf, Executive Director

Bob Fulkerson
Ken Winters
Deborah Durr

Tom Jensen
Elmer George
Anthony Wilhoit

The use of online tools such as crowdfunding and social networking websites is subject to the limits set forth in the Code of Legislative Ethics at KRS 6.731, 6.767, and 6.811.

KRS 6.731(5) provides that a legislator *"by himself or through others, shall not intentionally use public funds, time, or personnel for partisan political campaign activity."* This would preclude a legislator or candidate from using state computers, time, employees, or other public resources to create, maintain, publicize, or otherwise oversee a fundraising webpage.

KRS 6.731(6) states that a legislator shall not *"by himself or through others, use his official legislative stationery, or a facsimile thereof, to solicit a vote or a contribution for his or another person's campaign for election or reelection to public office, or use the great seal of the Commonwealth on his campaign stationery or campaign literature."* This would preclude the use of the seal of the Commonwealth or any image of legislative stationery on a fundraising webpage.

As we stated in OLEC 14-01, these two provisions taken together "strongly state the General Assembly's intent that public funds, personnel, and other resources shall not be used for political campaign activity." These provisions mean that social networking accounts maintained by LRC or the General Assembly's minority or majority caucuses that are not political in nature and which are used to provide factual information about legislative work, should not provide links to or otherwise publicize fundraising webpages. See OLEC 14-01.

KRS 6.767(1) states that a legislator, candidate, or campaign committee *"shall not accept a campaign contribution from a legislative agent."* KRS 6.767(2) states that a legislator or candidate *"shall not, during a regular session of the General Assembly, accept a campaign contribution from an employer of a legislative agent, or from a permanent committee as defined in KRS 121.015."* To comply with these provisions, a legislator, candidate, or campaign committee must take steps to ensure that any contributions received through a webpage or other online methods comply with these requirements. This would preclude the acceptance of anonymous contributions. Additionally, legislators and candidates must comply with the requirements of the Kentucky Registry of Election Finance.

KRS 6.811(5) states that *"a legislative agent shall not serve as a campaign treasurer, and shall not directly solicit, control, or deliver a campaign contribution, for a candidate or legislator."* This would preclude a legislative agent from emailing, sharing, or otherwise publicizing a link to or information about the fundraising webpage.

OPINION

OLEC 16 - 01

June 14, 2016

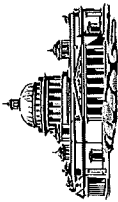
QUESTION PRESENTED:

The Ethics Commission has been asked whether it is permissible under the Code of Legislative Ethics for a legislator or legislative candidate to use crowdfunding sites such as GoFundMe in conjunction with social networking websites to raise funds for legislative races. This opinion is based on the relevant provisions of the Code of Legislative Ethics. It does not reflect any policy or provision under the jurisdiction of the Registry of Election Finance.

DISCUSSION:

GoFundMe is a crowdfunding website that allows people to raise money for a wide range of purposes by soliciting donations. A user can utilize GoFundMe to create a webpage to describe the purpose of the fundraising effort and people can donate to the user's cause with a debit or credit card. After a GoFundMe webpage is created, the user can share the webpage through social networking (Facebook, Twitter, etc.) to publicize the fundraising effort.

There is nothing in the Code of Legislative Ethics that would prohibit a legislator or legislative candidate from using GoFundMe or social networking tools to raise campaign funds for legislative races so long as they are used in accordance with the Code's fundraising restrictions. If a legislator or legislative candidate is using crowdfunding or social networking to raise campaign funds, the provisions of the Code apply in the same manner as they apply to more traditional methods of fundraising.



Kentucky Legislative Ethics Commission
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OLEC 16-01
JUNE 14, 2016
PAGE THREE

Universities issue lobbying contracts



Several state universities and the community and technical college system are contracting with lobbying firms to represent them in Frankfort and in Washington, D.C.

Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, University of Kentucky, and the Kentucky Community and Technical College System (KCTCS) use contract lobbyists, primarily to bring in state and federal dollars.

Among Kentucky's higher education community, the University of Kentucky recently issued the largest contract for government relations work, a 14-month, \$540,000 deal with Cornerstone Government Affairs, a Washington, D.C. based lobbying firm.

On April 30, Cornerstone began helping UK with "obtaining federal resources", including increases in federal research and development funding, arranging opportunities for UK administrators and faculty to testify before Congressional committees, and monitoring "contemplated legislative and regulatory changes" that will affect UK. The contract is being paid by the UK Research Foundation.

Just before contracting with Cornerstone, the UK Research Foundation ended a nine-month, \$108,000 lobbying contract with the Washington, D.C. law firm of Baker, Donelson, Bearman, Caldwell & Berkowitz. On that firm's website, a note from 2008 states the firm "Assisted the University of Kentucky in doubling its annual direct earmarked appropriations from \$16 million to around \$30 million for projects in most of the funding bills including agriculture, science, defense, energy and water, homeland security and health and human services."

Eastern, K-State, Morehead, Murray, and KCTCS have also retained lobbying firms to represent them. Between July 2009 and December 2014, the four universities and KCTCS have issued about \$2.5 million in contracts for lobbying.

In the last 10 years, KCTCS has awarded contracts totaling more than \$1.8 million to two Washington, D.C. lobbying firms.

From 2006 to 2010, KCTCS issued two consecutive two-year contracts at \$310,000 each to The Federalist Group, which, during that time, was bought and renamed Ogilvy Government Relations. Both of those contracts, plus three subsequent two-year, \$406,000 contracts with Thorn Run Partners have described the contractor's primary work as providing orientation and training to KCTCS leadership for the KCTCS government relations program.

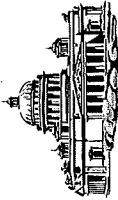
OPINION:

It is permissible under the Code of Legislative Ethics for legislators or candidates to create and maintain campaign fundraising webpages using crowdsourcing websites such as GoFundMe and to use social networking to publicize the fundraising effort, so long as they are used in accordance with the requirements of the Code.

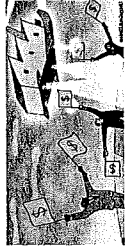
Public resources, including state funds, equipment, time, and employees, should not be used to create, maintain, or monitor a fundraising webpage and a fundraising webpage should not display any image of legislative stationery or the seal of the Commonwealth. Additionally, when using crowdfunding, social networking, or any other means of fundraising, legislators and candidates are prohibited from accepting contributions from legislative agents at any time, and they are prohibited from accepting contributions from employers of legislative agents and from permanent committees (PACs) as defined by KRS 121.015 during a regular session of the General Assembly.

Any social networking accounts that are maintained by members or employees of the House and Senate Majority and Minority Caucuses to provide factual information about legislative work, rather than for political purposes, should not be used to publicize or link to fundraising webpages of legislators or candidates. See OLEC 14-01. A bright line should be maintained between informational, non-political activities that can properly be carried out using public resources, and partisan political activity for which public resources cannot be used.

ETHICS REPORTER August, 2015



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<http://klec.ky.gov>



Tax incentives hit \$830 million since 2012

In the first eight months of 2015, the Kentucky Economic Development Authority (KEDFA) gave final approval to \$124.4 million in tax incentives for businesses locating or expanding in Kentucky.

So far, this year's biggest incentive package was awarded to **AMZN WACS**, a wholly-owned subsidiary of **Amazon Fulfillment Services**, which in turn is a wholly-owned subsidiary of **Amazon.com** (\$10.25 million for a technology center in Winchester). This year's other largest incentives went to: **ConAgra's Carriage House Co.** (\$10 million) for a food production facility in Oldham County, where the company makes sauces, syrups, and jams and jellies; **Httachi Automotive Systems** (\$9 million for two projects); **Dr. Schneider Automotive Systems** (\$7 million); **ISP Chemicals** (\$5.3 million); and **Senture** (\$4.7 million).

In 2014, tax incentives worth \$170.2 million were given final approval by KEDFA, including **Metalsa Structural Products** (\$21 million); **Westlake Vinyls** (\$20 million); **CafePress** (\$10 million); and **General Dynamics Information Technology** (\$9.3 million for two projects).

2013 was KEDFA's biggest recent year, as \$371.6 million in tax incentives were given final approval, with \$149.1 million going to **Toyota Motor Manufacturing** for two projects. Other awards included: **Flex Films** (\$20 million); **Century Aluminum Sebree** (\$15 million); **Metalsa Structural Products** (\$14 million); **General Motors** (\$12 million); **Lockheed Martin** (\$10.8 million); and **Martinrea Heavy Stampings** (\$10 million).

In 2012, KEDFA approved \$163.9 million in incentives, including **General Electric** (\$20.5 million); **ZF Steering Systems** (\$15 million); **Faurecia** (\$14 million for two projects); **Magna Seating** (\$8.5 million); **Hill's Pet Nutrition** (\$8.3 million); **Jim Beam Brands** (\$6.3 million); U.S. Bank National Assn. (\$4.4 million); and **Remington Arms** (\$4.1 million).

Summer lobbying reports due by September 15

There are 570 legislative agents (lobbyists) registered in Kentucky, and they're working for 673 employers. By **Tuesday, September 15, 2015**, all lobbyists and employers are required to file Updated Registration Statements for the period May 1 through August 31, 2015. Forms may be filed online, by fax or mail. If filing online, go to <http://klec.ky.gov> and click "file forms online."

EKU employs the law and lobbying firm of **McBrayer, McGinnis, Leslie & Kirkland (MML&K)** on a \$60,000 annual contract to bring in grant funding and federal and state appropriations. The **EKU Foundation** also employs a lobbyist, who's been paid \$25,000 since January 2014.

K-State (\$60,000) and **Morehead** (\$59,640) have similar contracts with **MML&K**. The firm also has a two-year, \$400,000 contract with **KCTCS** to provide legal services on a variety of regulatory matters.

Murray State has a \$66,000 contract with **Capitol Solutions**, a lobbying firm that represents the university with Congress and federal agencies, and with the legislative and executive branches of state government.

Lobbying interests come and go

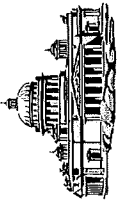


Since the end of the 2015 General Assembly, several businesses have registered to lobby, while others have terminated registration and are no longer lobbying in Kentucky.

The newly-registered businesses include: **BioDelivery Sciences International**, a 15-year-old, North Carolina-based specialty pharmaceutical company that develops pharmaceutical products aimed principally in the areas of pain management and addiction; **Hudson Holdings**, a Florida-based developer which has indicated it will pursue historic tax credits to help finance the renovation of the Starks Building in Louisville; **ITG Brands**, the third-largest tobacco company in the U.S., whose brands include: **Winston**, **Kool**, and **Salem** cigarettes; **Dutch Masters** cigars; and **blu eCigs** electronic cigarettes; and **Jobs for Kentucky's Graduates**, a dropout-prevention program for disadvantaged and at-risk youth, which helps people attain a high school diploma and postsecondary education or training leading to a career.

Other new lobbying interests are: **Kentucky Electronic Security Association**, a trade association representing companies that install and monitor intrusion and fire detection, and video surveillance systems for commercial, residential, industrial and governmental clients; **Little Clinic**, which is owned by **The Kroger Co.**, and which operates over 165 clinics in select Kroger and other retail stores in 10 states; **Rural/Metro of Southern Ohio & Mercury Ambulance Service**, which operates private ambulance and fire protection services in 21 states, and is owned by **Warburg Pincus**, a private equity firm; and **TAC Air**, which provides aviation services such as ground handling, aircraft fueling, hangar development, and cargo handling, and including a Lexington operation.

Those organizations which are no longer lobbying include: **American Paint Horse Association**; **Kentucky Life Sciences Council**; **Legal Aid Society**; **Lorillard**; **Lyft**; **Tantus Tobacco**; and **United Healthcare Services**.



ETHICS REPORTER September, 2015

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



2015 likely to set new lobbying spending record

Lobbyists and the businesses and organizations that employ them spent \$13.7 million in the first eight months of 2015, and lobbying spending is on track to break all records, even though this year's General Assembly session was only half as long as the 60-day session held in even-numbered years.

The record for lobbying spending was set last year, when \$18.4 million was spent. If spending continues at its current pace, at least \$5 million could be spent in the last four months of the year, sending the 2015 total to an all-time high of \$18.7 million.

Lobbying spending increased every year from 1993 until the 2008 market crash and subsequent recession. Spending went down in 2010 and 2011, then recovered in 2012 (\$17.7 million), and has been back on an upward trend since then.

In the last two years, the number of businesses and organizations employing lobbyists has risen from 651 to 667, but the number of lobbyists has decreased from 604 to 563. This trend appears to indicate that, instead of sending their own employees to the State Capitol, more employers are contracting with one of the many lobbying firms which have opened or expanded in Frankfort.

The largest lobbying firms represent from 20 to 50 clients, and generally, each client pays from \$2,000 to \$6,000 a month for legislative lobbying services. The same firms may also lobby executive branch officials for additional compensation.

Top 10 spenders on lobbying this summer were: **Altria** (\$77,329); **Century Aluminum** (\$66,600); **KY Chamber of Commerce** (\$63,912); **KY Justice Assn.** (\$53,219); **KY Hospital Assn.** (\$50,138); **AT&T** (\$49,831); **Molina Healthcare** (\$45,344); **KY Medical Assn.** (\$41,154); **Buffalo Trace Distillers** (\$40,000); and **Hewlett-Packard** (\$40,000).

Also, **Beam Suntory** (\$35,000); **Humana** (\$35,640); **SAS Institute** (\$34,000); **Lifepoint Health** (\$33,597); **Woodford Forward** (\$33,445); **Kentucky Farm Bureau** (\$33,149); **EQT** (\$32,596); **AmeriHealth Caritas** (\$32,288); **Kentucky Beer Wholesalers** (\$32,000); **Anthem Trace Distillers** (\$31,622); and **KentuckyOne Health** (\$30,200).

A large component of lobbying in the summer months is sponsorship of events that are held in conjunction with national legislative conferences. This year, 17 lobbyists and 114 employers spent \$19,695 on two events at the **Southern Legislative Conference** in Savannah, Georgia. All Kentucky Senators were invited to the **SLC Senate Dinner** at The Olde Pink House, and the next night, all members of the General Assembly were invited to Kentucky Night at The Brice Hotel.

New registrants and terminations

Three organizations which recently registered to lobby in Kentucky are: **Iron Workers District Council of Southern Ohio & Vicinity**; **Luckett & Farley**, a Louisville architecture and construction management firm; and **United Naturals**, a manufacturer of natural products

Hartford Investment Management Co., and **Brooks & Hendricks, PLLC** have terminated lobbying registration and are no longer lobbying.



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

Harassment and hostile work environment are major complaints of congressional employees, report says FEDERAL - Washington Post -- by Joe Davidson -- July 30, 2015

Working in Congress might carry a certain status in some circles, but employees there have the same complaints as workers elsewhere, yet they are not covered by the same laws protecting others.

The largest category of issues raised by Capitol Hill workers concerned "harassment/hostile work environment" in fiscal year 2014, according to a report released by the congressional Office of Compliance. Of 163 "requests for confidential counseling," which is the first step in the dispute resolution process, 48 were for this category.

"Disparate treatment" is the second largest category and was cited 29 times. Together, the top two categories, out of 20, make up almost half of all inquiries. No other one was cited more than 14 times. The other categories include discharge, discipline and leave.

Despite a broad range of issues raised by congressional employees, they do not have the same protection as their counterparts in the government's executive branch or the private sector.

"Congress is not covered by certain workplace rights laws required for U.S. businesses and the Federal Executive Branch, such as mandatory notice-posting of workplace rights, mandatory anti-discrimination training, and whistleblower protections for employees who report waste, fraud, and abuse," the report says.

On discrimination issues, inquiries related to sex, gender and pregnancy led the list with 60. "Race/color" was not far behind with 55 out of a total of 236.

The Congressional Accountability Act of 1995 does apply "a number of private sector and Executive Branch workplace rights, occupational safety and health, accessibility, and labor statutes to Congress," the report says, but there are gaps.

To help fill those gaps, the Office of Compliance made these recommendations:

Commission members referred to numerous opinions issued since the Commission's 1993 creation, in which the Commission holds that the Code of Legislative Ethics prohibits legislators from soliciting lobbyists for campaign fundraising. For example, in OLEC 07-02, the Commission said:

"The Commission has long held that it is improper for a legislator to solicit help from a lobbyist in obtaining funds for a campaign."

KRS 6.731(3) forbids a legislator from using his or her official position to secure advantages or treatment for himself or others in direct contravention of the public interest at large. The "public interest" is set forth at KRS 6.606, which provides that the purpose of the Code of Legislative Ethics is "that a public official not use public office to obtain private benefits" and "that a public official avoid action which creates the appearance of using public office to obtain a benefit."

Because of the unique nature of the relationship between a legislator and a lobbyist, it is inevitable that a legislator seeking campaign fund-raising assistance from a lobbyist would be perceived as violating KRS 6.731(3) by using his official position to secure advantages for himself or others in direct contravention of the public interest at large."

See also OLEC 05-01, which states: *"The Commission has consistently ruled that a legislator may not solicit the help of a lobbyist in raising campaign funds for the legislator himself or for another legislator . . . This follows logically from the KRS 6.767 prohibition against a legislator accepting a contribution from a lobbyist, as well as from the KRS 6.731(3) prohibition against a legislator using his position to secure advantages or treatment for himself, herself or others in contravention of the public interest, when the relationship between a legislator and lobbyist is taken into account."*

So, the immediate concern is that lobbyists may be receiving fundraising solicitations from legislators, as this raises potential for violation of the Code of Legislative Ethics. The Commission directed its staff to increase efforts to inform members of the General Assembly about this issue, and to caution them regarding seeking fundraising assistance from lobbyists.

Since 1993, the Commission has recognized that a lobbyist may properly provide a wide range of information to a PAC (and presumably, the lobbyist's employer) on such issues as voting records, legislative history, and political intelligence related to members and candidates for legislative office. Such activity is within the scope of responsibilities associated with the duties of a lobbyist.

However, with the enactment of KRS 6.811(5), the Code of Legislative Ethics now includes a restriction on a lobbyist's ability to "directly solicit" a campaign contribution for a legislator or candidate for election to the General Assembly.

The Commission is of the opinion that if a lobbyist's correspondence informs the recipient of the amount of money to be paid for attendance at a legislator's fundraising event and to whom payment for attendance is to be made, it would go beyond merely furnishing information and would constitute the solicitation of a contribution by the lobbyist acting, in effect, as an agent for the sponsor of the event, and that would contravene KRS 6.811(5).

At the National Conference of State Legislatures Legislative Summit in Seattle, Washington, 15 lobbyists and 88 employers combined to spend \$19,111 on three events to which legislators were invited. On August 3, all House members were invited to a reception at the Motif Hotel, and all Senate members were invited to a dinner at the Metropolitan Grill. The next night, all members were invited to the Bluegrass Social at the Edgewater Hotel on the Seattle waterfront.

The American Legislative Exchange Council Annual Meeting in San Diego featured two events to which all Kentucky legislators were invited. On July 23, the ALEC Legislative Dinner was at Eddie V's Prime Seafood restaurant, and on July 24, Kentucky Night was held at the Hotel del Coronado, the site of the meeting. A total of \$5,368 was spent on the events by 51 employers and four lobbyists.

Another event during the recent reporting period was the Kentucky Derby Brunch, held on May 2 at the Brown and Williamson Club in Louisville. Led by AT&T (\$5,000); Humana (\$3,100); KentuckyOne Health (\$2,022); and RAI Services (\$2,022), 28 employers spent \$15,656 on this Derby Day event to which all Kentucky legislators were invited.

On August 27, the Kentucky Farm Bureau Federation spent \$5,134 and invited all legislators to the Kentucky Country Ham Breakfast at the State Fair.

On July 27, the Kentucky Chamber of Commerce spent \$3,984 on a two-day Business Summit at the Marriott Hotel in Louisville, to which all legislators were invited.

On July 16, the Indiana/Kentucky/Ohio Regional Council of Carpenters spent \$2,667 on an event at the group's headquarters in Louisville to which all members of the Interim Joint Committees on Economic Development and Labor and Industry were invited.

On June 6, the Kentucky Distillers Association spent \$2,000 on the Kentucky Bourbon Affair at Bowman Field in Louisville, and all legislators were invited.



Commission responds to lobbyist fundraising inquiry

At its recent meeting, the Legislative Ethics Commission discussed a question raised by a legislative agent (lobbyist). The question is: "If a lobbyist receives a campaign fundraising solicitation from a member of the General Assembly, may the lobbyist forward the solicitation to the lobbyist's employer?"

The short answer is a lobbyist can inform his or her employer of a fundraising effort, but forwarding information regarding the amount of money to be paid for attendance at an event, and to whom payment for attendance is to be made, would go beyond merely furnishing information and would constitute solicitation of a contribution by the lobbyist acting, in effect, as an agent for the sponsor of the event.

From the discussion at the meeting, Commission members are most concerned about members of the General Assembly (or their campaign representatives) sending political fundraising appeals to legislative agents.



Kentucky Legislative Ethics Commission
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<http://lrec.ky.gov>



Bourbon industry gets state money to increase production and tourism

As the popularity of Kentucky bourbon has grown, distillery production has increased and more tourists are interested in visiting the state's distilleries. In response, state government is making millions of dollars available to distilleries to help build and expand to increase production and provide visitors' centers at the distilleries.

A year ago, a report titled *The Economic and Fiscal Impacts of the Distilling Industry in Kentucky* estimated that gross revenues to Kentucky distillers from U.S. sales of bourbon were around \$1.25 billion in 2013. Kentucky's whiskey exports topped \$300 million in 2012 and 2013, and have grown in dollar terms by 55 percent since 2010. Production has risen 150 percent in the last 15 years, and the number of distilleries has increased more than 200 percent since 2012.

With the growth in the production and sale of bourbon, the Kentucky Economic Development Finance Authority (KEDFA) has approved millions of dollars in incentives to help distilleries build and expand their facilities with corporate tax credits and wage assessments, which allow the businesses to keep money they would otherwise send to Frankfort.

Likewise, Kentucky's Tourism Development Finance Authority (KTDFFA) is giving significant financial support to distilleries for the development of bourbon-related tourist centers.

Starting in 2008 with a \$3.73 million tourism tax incentive for the **Jim Beam Distillery** Visitors' Experience in Clermont, and including \$1 million for **Beam's Urban Stillhouse** in downtown Louisville, state government has approved about \$9 million in tax incentives to distilleries to open or expand visitors' centers.

Since 2012, in addition to the tourism incentives, KEDFA has approved **Beam** for more than \$8.5 million in incentives to expand distilleries in Frankfort and in Nelson County, and open a business service center in Louisville. **Beam** is owned by **Suntory Holdings Ltd.**, a Japanese brewing and distilling company group.

Maker's Mark, another Kentucky distiller owned by **Suntory**, has received \$5.5 million in economic development and tourism tax incentives in the last two years, and has preliminary approval for another \$1 million toward a \$4 million visitor center in Loretto.

Sazerac North America Inc., a Louisiana-based company, is the largest distilling company in the United States, and it appears to be the second largest distillery recipient of financial assistance from Kentucky taxpayers. In the last five years, the state has approved at least \$12.2 million in economic development and tourism incentives for the company.

Sazerac's facilities that have qualified for tax incentives are the **Barton 1792 Distillery** in Bardstown, **Buffalo Trace Distillery** in Frankfort, the former **Glennmore Distillery** (now a bottling plant in Owensboro), and an office in Louisville.

Louisville-based **Brown-Forman Corp.** has qualified for at least \$4.9 million in tax incentives in the last two years. Most of that money is the result of the company's production and visitor center expansion at the **Labrot & Graham Woodford Reserve Distillery** near Versailles.

The largest bourbon-related tourism project is **Rabbit Hole Distilling's** \$16.8 million dollar distillery and coffee-tasting facility on East Jefferson Street in Louisville. In June, KTDFFA gave preliminary approval to incentives that could be worth up to \$4.2 million to **Rabbit Hole**. The company has also received approval for \$650,000 in state economic development incentives.

Diageo plc, based in London, England, owns **Bulleit Bourbon Distillery**, which is building a distillery in Shelby County, and **Sitzel-Weller Distillery** in Louisville. The company has been approved for \$4 million in state tax benefits, including recouping Kentucky sales and use tax on construction costs, building fixtures, and equipment used in research and development.

Until its new distillery is producing, **Diageo** has said **Bulleit Bourbon** is distilled at the **Four Roses Distillery** in Lawrenceburg, which is owned by the **Kirin Brewery Co.** of Japan. In the last seven months, **Four Roses** has received KEDFA approval for \$1.95 million in tax incentives for its distillery and its **Bullitt County** warehouse and bottling facility.

Also in Lawrenceburg, **Wild Turkey Distillery**, owned by Italy-based **Gruppo Campari**, is approved for \$3.35 million in state money for a packaging facility project and a new visitors' center.

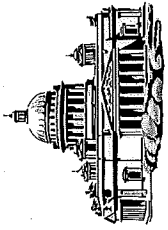
A locally owned company, **Peristyle LLC**, is renovating the **Old Taylor Distillery** in Woodford County, and has qualified for \$1.95 million in state money, mostly for its work on the 125 year-old distillery buildings and grounds.

In 2014, **Terressentia**, a Charleston, South Carolina company doing business under the name of **TerrePURE**, purchased the **Charles Medley Distillery** in Owensboro, and has qualified for \$1.3 million in KEDFA incentives to help renovate and equip the distillery. The company says it uses the "patented **TerrePURE**® technology to create award-winning spirits for retailers and brand owners."

Bardstown Bourbon Co. LLC, owned by Virginia-based **Clarion Spirits**, plans to open a distillery in the Nelson County Industrial park. KEDFA has approved the company for tax incentives of up to \$1.3 million.

Locally-owned **Heaven Hill Distilleries** was approved for \$1.2 million in tax incentives for expansion of its Nelson County facilities and renovation of its Louisville office building to create a working distillery, tourism attraction and retail shop.

In addition to the tax incentive help which Kentucky gives these companies, the businesses are also eligible to receive resources from the Kentucky Skills Network. Through the Kentucky Skills Network, companies are eligible to receive no-cost recruitment and job placement services, reduced-cost customized training, and job training incentives. Last year, the Kentucky Skills Network trained more than 84,000 employees from more than 4,100 Kentucky companies.



ETHICS REPORTER

November 2015

Kentucky Legislative Ethics Commission
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<http://klec.ky.gov>



Kentucky ethics laws in the top 10 in U.S.

With changes enacted by the 2014 General Assembly, Kentucky has some of the nation's strongest government ethics and accountability laws, according to a national survey of state laws.

Only three states - Alaska, California, and Connecticut - received higher grades than Kentucky in the 2015 *State Integrity Investigation*, a data-driven assessment of all 50 state governments by **The Center for Public Integrity** and **Global Integrity**.

This year's results show a significant improvement for Kentucky, which leaped to the top tier of the list after ranking 19th among the 50 states in the previous *Integrity Investigation*, compiled in 2012.

Credit for much of the improvement is attributed to the 2014 General Assembly, which adopted important changes in the Code of Legislative Ethics, including a ban on lobbyist-funded travel for legislators, a ban on lobbyists buying meals for individual legislators, and a ban on in-session campaign contributions from PACs and employers of lobbyists.

The survey measures hundreds of variables in all three branches of state government to compile transparency and accountability grades, and Kentucky scored particularly well on several aspects of legislative ethics.

For example, Kentucky's system of "political financing" was ranked fourth in the nation, based in part on the year-round ban on campaign contributions from lobbyists, and the 2014 ethics code amendment that bans employers of lobbyists from contributing during legislative sessions.

Kentucky also received high scores in the "legislative accountability" category, finishing fifth nationally. "That lofty ranking stems in part from tightened ethics laws, which the legislature also updated in 2014 to ban lawmakers from accepting even a cup of coffee from lobbyists," according to **The Center for Public Integrity**.

Additionally, the state scored well for requiring spending reports from lobbyists and their employers, and providing public access to those lobbying disclosure documents, which are available within a reasonable time and at no cost to citizens, and for imposing penalties as necessary when lobbying reporting requirements are violated. The easy access that Kentuckians have to legislators' financial disclosure statements also earned the state a high score on the survey.

Kentucky was also awarded the highest scores possible on questions relating to legislators' full compliance with the strict laws governing gifts and hospitality, and compliance with the ethics code's two-year "revolving door" ban on former legislators becoming lobbyists in the private sector.

Time to register for 2016-2017 lobbying



Employers' and legislative agents' registration with the Legislative Ethics Commission will expire on December 31, 2015. Check the Ethics Commission's website <http://klec.ky.gov/> for the Initial Registration Statement for the two-year period beginning January 1, 2016 and ending on December 31, 2017. For your convenience, we will also send out an email mid-November with instructions and forms attached.

Beginning December 1, 2015, the Commission will accept completed registrations. Initial registration forms CANNOT be filed online.

A registration fee of \$250 must be paid by the employer of one or more legislative agents. This fee may be paid by cash, check, Visa, MasterCard, American Express, or Discover. If the registration is mailed with a check, the check should be payable to **Kentucky State Treasurer**.

If paid by credit card, the registration may be faxed, or scanned and e-mailed, along with the completed credit card form. The Initial Registration Statement may be copied.

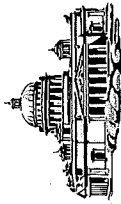
Please remember the employer must sign the registration form of each legislative agent. If more information is needed, please contact the Commission at (502) 573-2863, or e-mail Donnita.Crittenden@LRC.ky.gov



12 new employers register; others terminate

The employers who have recently registered to lobby the General Assembly are: **American Congress of Obstetricians and Gynecologists; Baptist Life Communities; Breen Farms, Inc.; Insurance Auto Auction Inc.; David J. Joseph Co.; Kentucky Guild of Brewers, Inc.; Kentucky State Police Professional Association; National Waste & Recycling Association; Public Consulting Group; Telmate; and University of Louisville.**

The businesses and organizations that terminated registration, and are no longer lobbying are: **Brooks & Hendricks, PLLC; Cal-Tex Protective Coatings, Inc.; Christian Care Ministries; Commonwealth Altadis; Commonwealth Extracts; Geico; Level 3 Communications, Inc.; Newport on the Levee, LLC; and Orexo US, Inc.**



ETHICS REPORTER December, 2015

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Legislator and lobbyist training in January

In the first week of the 2016 General Assembly, the Legislative Ethics Commission will conduct ethics current issues sessions for members of the General Assembly and for legislative agents (lobbyists) and their employers.

Legislators

The ethics sessions will take place on **Wednesday, January 6** and **Thursday, January 7**, in **Room 154 of the Capitol Annex**. The sessions will begin each day at **9 a.m.** and last until **10:30 a.m.**

The guest speaker on Wednesday will be **Preet Bharara, U.S. Attorney** for the Southern District of New York. Mr. Bharara has pursued public corruption cases against a dozen current and former state officeholders since 2009. *(More on those cases, starting on page 3 of this newsletter.)*

The guest speaker on Thursday will be **former Congressman Mickey Edwards** of Oklahoma. Mr. Edwards was a member of Congress for 16 years, and is vice president of the Aspen Institute, where he directs a bipartisan program for elected public officials.

Lobbyists and employers

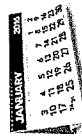
On **Thursday, January 7**, beginning at 8:20 a.m., the Legislative Research Commission will conduct a "Legislative Agent Workshop" in Room 149 of the Capitol Annex.

Lobbyists and their employers will have the opportunity to learn about the legislative process, hear from legislative leaders, and discuss the Ethics Commission's website-based filing process, along with recent changes in the Code of Legislative Ethics.

Spending reports due by January 15

Employer and Legislative Agent Updated Registration Statements for the period of September 1 to December 31, 2015 are required to be filed by January 15, 2016.

To file forms quickly and easily, please use the Legislative Ethics Commission's website <http://klec.ky.gov>. 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.



Time to register for 2016-2017 lobbying



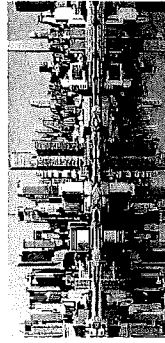
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Ethics news from around the U.S.

Executive Says Dean Skelos Provided Valuable Business Intelligence

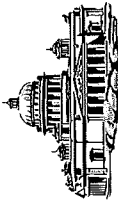
NEW YORK – *The New York Times* -- By William K. Rashbaum – November 23, 2015

The founder of the struggling environmental services company at the heart of the federal corruption case against State Senator Dean G. Skelos and his son testified at their trial that days after Hurricane Sandy hit in 2012, the senator provided valuable business intelligence that the company felt would be helpful.

The testimony, by Glenn R. Rink, the founder and chief executive of the company, **AbTech Industries**, came as the bribery and extortion trial entered its second week in Federal District Court in Manhattan before Judge Kimba M. Wood.

ETHICS REPORTER January, 2016

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Record \$19.2 spent on lobbying last year

The 2015 General Assembly was a "short session" of 30 days, but lobbying spending for the year eclipsed all previous years, reaching a total of \$19.2 million.

In the largest spending category, \$16.6 million was spent last year by employers compensating lobbyists, a 10 percent increase over the \$15 million in compensation paid in 2013, the previous odd-numbered year with a 30-day legislative session.

In 2015, for the first time, a change in the lobbying law required businesses and organizations that employ lobbyists to report their spending on advertising connected to lobbying, and that additional requirement accounts for most of the increase in reported spending. Slightly more than \$1 million was reported spent on lobbying-related advertising.

Anheuser-Busch, a wholly-owned subsidiary of the Belgian company **Anheuser-Busch InBev**, was Kentucky's top spender in 2015, as the company spent \$447,342 on lobbying and advertising, primarily in opposition to legislation which prohibits an out-of-state brewery from owning a Kentucky distributorship. The total includes \$329,694 the company spent on advertising.

At \$359,624, the year's second-biggest lobbying spender was **Americans for Prosperity (AFP)**, an Arlington, Virginia-based organization that lobbied in favor of bills prohibiting mandatory membership in a labor organization as a condition of employment, establishing a medical review panel system, and establishing a state commission to authorize charter schools without local approval. **AFP** reported spending \$307,000 on advertising in 2015.

Richmond, Virginia-based **Altria Client Services** and its affiliates, including **Philip Morris USA** and **U.S. Smokeless Tobacco**, was the third-largest spender, at \$294,375, followed by the **Kentucky Chamber of Commerce** (\$277,906), and **AT&T**, which lobbied on a telecommunication deregulation bill (\$188,480).

The rest of the top 10 spenders were: **Kentucky Hospital Association** (\$188,472); **Century Aluminum** (\$172,386); **Kentucky Justice Association** (\$155,602); **Kentucky Beer Wholesalers Association** (\$154,084); and **American Cancer Society Cancer Action Network** (\$139,528).

The bottom half of the top 20 includes: **Kentucky Medical Association** (\$138,094); **Molina Healthcare** (\$136,032); **Kentucky Retail Federation** (\$133,813); **Kentuckians for Entrepreneurs and Growth** (\$133,297); **Anthem Inc. and Affiliates** (\$126,000); **Buffalo Trace Distillery** (\$120,000); **HP, Inc.**, the larger successor of **Hewlett Packard** (\$120,000); **Humana**

Time to register for 2016-2017 lobbying



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The Commission began accepting completed registrations on December 1st. Initial registration forms **CANNOT** be filed online.

A registration fee of \$250 must be paid by each employer of one or more legislative agents. This fee may be paid by cash, check, Visa, MasterCard, American Express, or Discover. If the registration is mailed with a check, the check should be payable to **Kentucky State Treasurer**.

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The employer must sign the registration form of each legislative agent. If more information is needed, please contact the Commission at (502) 573-2863, or e-mail Donnita.Crittenden@LRC.ky.gov

New employers register to lobby

Several businesses and organizations registered to lobby in the last few months of 2015. With descriptions from the organizations' websites, the newly-registered employers are: **Child Care Council of Kentucky, Inc.**, which administers the Child Care Assistance Program throughout the state; **Equal Justice USA**, a national organization that works to make the criminal justice system more fair, effective, and responsive; **Full House Resorts, Inc.**, a casino developer and operator based near Las Vegas; **Hewlett Packard Enterprise**, a technology company; and **Innocence Project**, an organization dedicated to exonerating wrongfully convicted individuals through DNA testing and reforming the criminal justice system.

Other new registrants include: **Kentucky Baptist Convention**, an organization made up of nearly 2,400 Baptist churches in Kentucky; **Kentucky Home Birth Coalition, Inc.**, an organization working to license direct-entry midwives in Kentucky; **Kentucky Smoke Free Association**, an organization that advocates the use of personal vaporizers (electronic cigarettes) and other smokeless tobacco products; **Marsy's Law for All**, an organization dedicated to the cause of ensuring that crime victims' rights are codified in law throughout the United States; and **Waterfront Botanical Gardens**, an organization working to create a botanical garden and conservatory in Louisville.

DirectTV terminated its lobbying registration in November, and is not lobbying in Kentucky.

Legislator and candidate financial disclosure statements due by Feb. 16

Members of the General Assembly, legislative candidates, and major management personnel at LRC are required to file Financial Disclosure Statements with the Kentucky Legislative Ethics Commission.

Statements from legislators, candidates, and top LRC staff are due on or before **Tuesday, February 16, 2016.**

Candidates in the March 8 special elections must file their disclosure statements by **Wednesday, February 10, 2016.**

Information packets, including disclosure statements are going out in the mail to May primary candidates. A blank disclosure statement and a sample completed form are available at <http://klec.ky.gov/Forms/Pages/default.aspx>

After review, the forms will be uploaded to the Ethics Commission's website.

Employers who have not filed spending reports for end of 2015

The following businesses and organizations have not filed the lobbying spending reports for the last four months of 2015, which were due by January 15, 2016: **Automotive Service Council of Kentucky; Brotherhood of Maintenance Way Employees; Daymar Colleges Group, LLC; Kentucky Fire Fighters Association; Liberty Mutual Insurance Group; and Saint Claire Regional Medical Center.**



Ethics and Lobbying News Around the U.S.

Preet Bharara in Kentucky rails against corruption
U.S. attorney, whose Manhattan office recently secured convictions of two powerful New York state lawmakers, addresses legislators in Frankfort

KENTUCKY -- *The Wall Street Journal* -- By Rebecca Davis O'Brien -- January 6, 2016

FRANKFORT, Ky. - Preet Bharara, the U.S. attorney in Manhattan who recently secured the convictions of two top New York lawmakers, said the blame for corruption lies not only with bad actors but also with the "good people" who don't try to stop it.

"People knew, and did nothing," said Mr. Bharara, referring to the corruption cases in Albany during a speech before the Kentucky Legislature. "This, perhaps, is the most unfortunate feature of the status quo in my home state - the deafening silence of the many individuals who ... saw something and said nothing."

(\$109,253), **Kentucky Farm Bureau Federation** (\$103,308); and **Home Builders Association of Kentucky** (\$100,895). 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>



Informal opinion on PAC contributions

The question relates to the interpretation of a 2014 statute -- KRS 6.767(2), which prohibits a legislator or legislative candidate from accepting contributions during a regular session from a PAC. The question is, when is a campaign contribution accepted?

For 2016, if checks from state-registered PACs are dated or postmarked prior to January 5, when the General Assembly session convened, those checks will be characterized as accepted prior to the start of the session, as provided in KRS 6.767(2), and recipients can deposit those checks.

Those checks should be deposited as soon as possible to avoid questions which could arise if a check is held for a longer time.

Some PACs sent checks to legislators in the last 30 to 60 days of 2015, and many of those checks went to campaign treasurers and were not immediately deposited. Since the enactment of the statute, this is the first legislative election year in which the General Assembly has been in session and PAC checks have been issued.

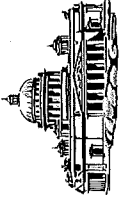
Here's the relevant statutory language (*in red italics*):

6.767 Prohibitions against acceptance of campaign contributions from legislative agents at any time and from employers of legislative agents or permanent committees during regular sessions -- Penalties.

(1) A member of the General Assembly, candidate for the General Assembly, or his or her campaign committee shall not accept a campaign contribution from a legislative agent. Violation of this provision is ethical misconduct.

(2) *A member of the General Assembly, candidate for the General Assembly, or his or her campaign committee shall not, during a regular session of the General Assembly, accept a campaign contribution from an employer of a legislative agent, or from a permanent committee as defined in KRS 121.015.* This subsection shall not apply to candidates for the General Assembly in a special election held during a regular session of the General Assembly. Violation of this provision is ethical misconduct.

This is an informal advisory opinion of the staff of the Legislative Ethics Commission, has not been approved by a majority vote of the Commission, and is not binding on the Commission in any subsequent proceeding.



Kentucky Legislative Ethics Commission
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http://klec.ky.gov



Top Spenders of the 2016 Legislative Session

658 businesses and organizations were registered to lobby in the first month of the 2016 General Assembly. Together with their legislative agents (lobbyists), they spent over \$2.3 million on their lobbying efforts in the first month of the session.

The top lobbying spenders for the month were:

Kentucky Hospital Association \$33,714; Kentucky Chamber of Commerce \$31,856; Kentucky Retail Federation \$30,430; Altria \$25,824; Kentucky Justice Association \$23,926; Teachers, Insurance and Annuity \$23,332; Kentucky League of Cities \$21,047; Legalize Kentucky Now \$19,270; Kentucky Bankers Association \$18,080; Wine Institute \$17,500; Norton Healthcare \$17,070; Anthem \$17,000; Home Builders Association of Kentucky \$16,503; Baptist Health \$15,536; Kentucky Association of School Administrators \$15,300; Century Aluminum \$14,900.

Humana \$14,285; Kentucky Farm Bureau Federation \$14,251; Kentucky Association of Electric Cooperatives \$14,244; Kentucky Association of Health Care Facilities \$13,126; Swedish Match North America \$12,974; Kentucky School Boards Association \$12,848; Kentucky Medical Association \$12,739; Kentuckians for the Commonwealth \$12,198; CSX \$12,171; AT&T \$11,473; and Kentucky Coal and Mineral County Coalition \$11,139.



Legislative Campaign Fundraising

The Code of Legislative Ethics impacts legislative campaign fundraising, and includes several provisions that apply specifically during a regular session of the General Assembly. Here's a summary of key ethics law provisions as they apply to legislators, legislative candidates, lobbyists, employers of lobbyists, and PACs.

Legislators and Legislative Candidates

Relevant provisions from the ethics code and opinions of the Commission:

- KRS 6.767(2) and OLEC 05-01 prohibit a member of the General Assembly, his or her campaign committee, a caucus campaign committee (which is a group of legislators), and legislative candidates from accepting a campaign contribution during a regular session from a state-registered PAC, or from a business or organization that employs a lobbyist. (This does not apply to candidates in special elections held during a regular session.)

- KRS 6.767(1) prohibits legislators and candidates from accepting a campaign contribution from a lobbyist, but the Code does not prohibit a political party from accepting contributions from lobbyists.

- KRS 6.731(3) prohibits a legislator from using or attempting to use "his official position to secure or create privileges, exemptions, or treatment for himself or others in direct contravention of the public interest at large." Based on that provision and on KRS 6.767, the Commission has consistently ruled that a legislator may not solicit the help of a lobbyist in raising campaign funds for the legislator or for other campaigns.

The restrictions on legislators' solicitations and acceptance of contributions apply to a small group of potential contributors: lobbyists all the time, and acceptance of contributions during a session from employers of lobbyists, and state-registered PACs. Legislators and legislative candidates may solicit and accept contributions at any time from all other individuals, organizations, family, and friends, consistent with campaign finance and other applicable law.

A legislator may accept, at any time, an individual campaign contribution from a person who works for a business or organization that employs a lobbyist, as long as that person is not a registered lobbyist.

There is often a danger of an appearance of impropriety if a legislator solicits contributions from an organization or person who has an interest in a matter before the General Assembly. Legislators are well-advised to take steps to avoid any appearance of impropriety.

Lobbyists

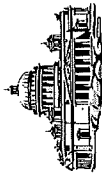
A lobbyist is not allowed to make a campaign contribution to a legislator, legislative candidate, or legislative campaign committee. KRS 6.811(6). Similarly, a lobbyist shall not serve as a campaign treasurer or directly solicit, control, or deliver a campaign contribution for a legislator or legislative candidate. KRS 6.811(5).

Although barred from making a campaign contribution to a legislator or legislative candidate, a lobbyist is permitted to express political views in many other ways, including speaking in favor of a legislator or candidate, displaying yard signs, or volunteering for a campaign in a capacity that does not involve providing services for which the lobbyist would ordinarily be paid, or raising or handling campaign contributions.

Finally, although legislators are prohibited from soliciting contributions from a lobbyist for a political party, a lobbyist is free to make a contribution to a political party so long as the contribution is to the party generally and is not earmarked for any particular legislative campaign or legislator. A lobbyist may attend campaign and party fundraisers, as long as the lobbyist does not contribute to a legislator or legislative candidate.

These campaign finance provisions of the Code are intended to address a specific aspect of the relationship between legislators and lobbyists that, in the past, has given rise to illegal activity in Washington, D.C., and in many states, including Kentucky.

This is an informal advisory opinion of the staff of the Legislative Ethics Commission, has not been approved by a majority vote of the Commission, and is not binding on the Commission in any subsequent proceeding.



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Newly-Registered Lobbying Businesses and Organizations

As of late February, 675 businesses and organizations are registered to lobby during the 2016 General Assembly, and 586 people are lobbying on behalf of those employers. More than 40 of the employers were not registered during the previous year.

Employers not registered in 2015, and who registered in January are:

Westcare Foundation; Newtown Springs; Agentis Management; Kentucky Smart on Crime; Kentucky Public Library Association; National Alliance on Mental Illness Kentucky; Assured Neace Lukens; Biotechnology Innovation Organization; Messer Construction; Sugar Creek Capital; Nucor; Legalize Kentucky Now; Superior Van and Mobility; Family and Children's Place; NCP Finance Kentucky; Leitchfield Grayson County Industrial Authority; SolarCity; Access to Justice Foundation; Teamsters Local 89; Excellence in Education in Action; Shelbyville Laundry; Cerner; Teamsters Local 783; Fiserv Solutions; Expedia; and Access Financial.

New employers registered in February are:

Laborers International Union of North America, Local 576; Independent Electrical Contractors of Kentucky/Southern Indiana; New Beginnings Family Services; HDR Engineering; Smart Transportation Division; RJ Corman Railroad; Westfield Capital Management; OpenGov; ACT; United Health Actuarial Services; Lockridge Grindal Nauen; Kentucky Wired Operations; AbbVie; Baxalta US; Commercial Specialty Truck Holding; Magellan Health; Elisabeth M. Goth; and Custom Data Processing.

St. Claire Regional Medical Center in Morehead and Kentucky Safe Vapor registered to lobby, then terminated their registrations on January 31.



Ethics and Lobbying News from around the U.S.

Former Juneau Lawmaker Fined \$18K for Allegedly Helping Oil Companies While Seeking Oil Jobs

ALASKA - KT00 -- by Matt Miller -- February 17, 2016

Former Juneau Rep. Bruce Weyhrauch has been fined \$18,104 for asking for an oil company job while sitting as a state lawmaker who helped draft oil tax legislation.

But his attorney said the opinion released by a legislative ethics committee may not be the final word on the matter.

Lobbying spending near \$5 million in the first half of 2016 session



Lobbying spending in Kentucky continues its upward trend, with almost \$5 million spent on lobbying in the first two months of the 2016 General Assembly, a 12 percent increase over the same period in 2014 (the most recent 60-day budget session).

The number of businesses and organizations which are lobbying also climbed to a record high, as 696 employers registered to lobby, a five percent increase since 2014.

The uptick in lobbying spending may be partly attributed to the increased size of the state budget, compared with the two-year budget adopted in 2014. For example, House and Senate versions of the state's budget for the next two years include \$24.9 billion in federal funds, which is \$4.1 billion or 16.5 percent more in federal funds than the last budget.

House and Senate versions of this session's budget also include about \$2 billion more in the General Fund than the budget adopted in 2014.

Most of the increase in federal funds is attributable to increased Medicaid benefits which are paid through state government to health care providers and managed care organizations. The 2014-16 budget included \$12.1 billion in federal funds for Medicaid benefits, while this year's House and Senate budget versions include \$16.9 billion, a 28.5 percent increase in federal funds to pay providers for services covered by Medicaid.

In the first two months of 2016, lobbying spending by health care providers, health insurance companies, and other health-related businesses and organizations totaled about \$1.26 million, which is 26 percent of all lobbying spending, and a 30 percent increase over health-related lobbying spending in the same period in 2014.

The biggest spending lobbying interests in the first half of the 2016 session were: Kentucky Chamber of Commerce (\$71,456); Altria (\$69,075); Kentucky Hospital Association (\$65,799); Kentucky Retail Federation (\$59,965); Kentucky Justice Association (\$53,675); Marsy's Law for All (\$44,498); Kentucky Farm Bureau Federation (\$37,822); Kentucky Bankers Association (\$36,160); Kentucky League of Cities (\$35,145); Norton Healthcare (\$34,214); Anthem Inc. (\$34,000); Kentucky Association of Electric Cooperatives (\$31,931); Kentucky Association of School Administrators (\$31,650); Home Builders Association of Kentucky (\$30,677); and Humana Inc. (\$29,767).

Complete reports of lobbying spending are available at the Legislative Ethics Commission's website: <http://klec.ky.gov/reports/>



Newly-registered lobbying interests

Businesses and organizations which recently registered to lobby in the 2016 General Assembly include: **Addiction Recovery Care Inc;** **AK Steel Corp.;** **American Rental Association;** **Bluegrass Gaming, LLC;** **Botany Bay;** **Brutus Capital Holdings, LLC;** **DNA Saves, Inc.;** **Fayette County Public Schools;** **Foundation for Government Accountability;** **Hellervik Oilfield Technologies, LLC;** **Kentucky Voices for Health;** **Lexington Center Corp.;** **MAGO Construction;** **National Association of Charter School Authorities;** **Northern Kentucky University;** **Red Mile;** **Reid Investments, LLC;** **Retailer Commission for Economic Growth;** **Telrite Corp.;** and **TRT Holdings, Inc.**

Education Management Corp. recently terminated its registration and is no longer lobbying in Kentucky.



ETHICS & LOBBYING NEWS FROM AROUND THE U.S.

Lobbyists would take anti-sexual harassment training under measure

MISSOURI – *St. Louis Post-Dispatch* – by Alex Stuckey -- Mar 22, 2016

JEFFERSON CITY -- When state Rep. Gina Mitten comes to the Capitol every January for the Legislative session, she's in constant contact with her staff, other lawmakers and interns.

The same can be said for lobbyists and legislative liaisons. And that's why she's calling for mandatory sexual harassment training for those individuals as well.

Lobbyists and liaisons "are in contact with my staff and I, and they're in contact with interns," said Mitten, of St. Louis. "Why shouldn't they have the same training" as lawmakers, interns and staff?"

After two lawmakers resigned amid intern-related scandals last year, legislative leaders vowed to clean up the culture at the Capitol by bolstering their sexual harassment and intern policies as well as pushing ethics reform.

Among other things, the new policy requires all lawmakers, staff and interns to participate in yearly sexual harassment training.

Under a measure sponsored by Mitten this year, lobbyists and liaisons would have to take similar training within 90 days of registering or being appointed. The Missouri Ethics Commission would develop the content of the training and offer it four times a year. A list of who completed the training would be posted online.

Lobbying events in the 2016 General Assembly



Lobbyists and their employers spent about \$114,000 on receptions and events in the first two months of the 2016 General Assembly.

The most expensive event to which all legislators were invited was the Energy Reception at Frankfort's Buffalo Trace Distillery, where six groups spent a total of \$13,967. Sponsors were Coal Operators and Associates (\$5,171); Duke Energy (\$604); Kentucky Association of Electric Cooperatives (\$1,813); Kentucky Coal Association (\$5,171); Kentucky Power (\$604); and LG&E and KU Energy (\$604).

Other events at Buffalo Trace were a reception co-sponsored by Teamsters Local 89 (\$6,000) and Kentucky State Building and Construction Trades Council (\$2,000); and a chili dinner, sponsored by Kentucky Professional Fire Fighters (\$2,117).

Events held at the Capital Plaza Hotel in Frankfort include: receptions sponsored by Family Resource and Youth Services Coalition of Kentucky (\$7,785); Kentucky Cable Telecommunications Association (\$4,378); Kentucky School Boards Association (\$4,302); and Northern Kentucky Chamber of Commerce (\$1,000); and a breakfast sponsored by Kentucky Rural Water Association (\$4,069).

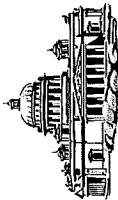
CSX (\$2,474), Norfolk Southern (\$2,474), and Paducah & Louisville Railway (\$2,474) co-sponsored a \$7,422 reception held on rail cars parked in downtown Frankfort; and Kentucky Chamber of Commerce spent \$6,710 on a Chamber Day event at the Lexington Convention Center.

Several organizations sponsored luncheons in meeting rooms in the Capitol Annex. Those include: Kentucky Travel Industry Association (\$5,200); Kentucky Justice Association (\$4,937); Kentucky Society of Certified Public Accountants (\$2,686); Kentucky Hospital Association (\$1,677); Kentucky Optometric Association (\$1,278); and Kentucky Dental Association (\$1,085).

In the Capitol Annex Cafeteria, Kentucky State Police Professional Association spent \$4,438 on six breakfast events in January and February; and Kentucky Council of Area Development Districts spent \$1,380 on a breakfast at the Capitol Annex Cafeteria.

The following businesses and organizations contributed a total of \$6,169 to a Louisville Night reception at the Kentucky History Center: AT&T (\$750); Beam Suntory (\$84); Churchill Downs (\$84); Greater Louisville Inc. (\$338); Humana (\$225); KentuckyOne Health (\$225); LG&E and KU Energy (\$225); Louisville & Jefferson County Metropolitan Sewer District (\$1,500); Louisville Regional Airport Authority (\$2,250); Louisville Water Co. (\$84); Norton Healthcare (\$84); University Health Care (\$84); Waterfront Botanical Gardens (\$84); and Yum! Brands (\$150).

In addition to Louisville Night, AT&T contributed \$2,846 to four other receptions, and 16 insurance companies and associations spent a total of \$1,357 on an Insurance Industry reception at Berry Hill Mansion in Frankfort to which all members of the House and Senate Committees on Banking and Insurance were invited.



Legislators and candidates file disclosures

138 members of the General Assembly and 136 candidates for the General Assembly have filed financial disclosure statements with the Commission this year, and those statements are posted on the Commission's website: www.kiea.ky.gov/Reports/Pages/Legislators-and-Candidates.aspx

This is an increase from the 104 candidates who filed statements with the Commission in 2014, but a decrease from the 170 who filed in 2012.

Ethics Commission appointments

Former legislator and circuit judge Tom Jensen of London was recently appointed by Senate President Robert Stivers to serve on the Legislative Ethics Commission. Judge Jensen served in the House Representatives and the Senate, before being elected as a circuit judge. He retired from the bench in February.

Bob Fulkerson of Louisville was recently reappointed to a four-year term on the Ethics Commission by Senate President Stivers. Mr. Fulkerson has served 12 years on the Commission since then-Senate President David Williams appointed him in 2004.

Lobbying starts for some, ends for others

Two businesses have recently registered to lobby in Kentucky. The newly-registered employers are **Edchoice Kentucky, Inc.**, which supports a scholarship tax credit program for donors who provide tuition assistance for students attending non-public schools; and **Pearson Education Inc.**, British-owned education publishing and assessment service.

Three employers of lobbyists recently terminated their registrations and are not lobbying in Kentucky. They are: **David J. Joseph Co.**; **National Conference of Firemen & Oilers SEIU, 32Bj**; and **Southern States Cooperative.**



ETHICS & LOBBYING NEWS FROM AROUND THE U.S.

Former congressman's chief of staff charged in ethics case
FEDERAL -- Associated Press -- April 6, 2016

WASHINGTON — A former congressman's chief of staff has been charged with using congressional funds to pay a campaign consultant.

The Justice Department announced the eight-count indictment of 45-year-old David G. Bowser of Arlington, Virginia.

Prosecutors did not identify the former congressman for whom Bowser worked, but he had been chief of staff to a Georgia's U.S. Representative Paul Broun.



\$7.5 million spent on lobbying in first three months

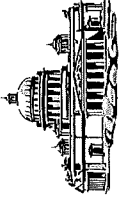
Businesses, organizations, and legislative agents spent \$7.5 million lobbying in the first three months of the 2016 General Assembly, and if April spending continues at that pace, total spending for the session will easily eclipse the previous spending record of \$8.8 million, set in 2012.

For the first quarter of the year, the leading lobbying spender is the **Kentucky Chamber of Commerce**, which spent \$120,426, including \$9,202 on radio advertising in support of Senate Bill 2, which would have made changes in the state's retirement systems, but did not pass.

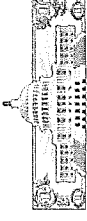
Other top spenders include: **Kentucky Hospital Association** \$102,294; **Kentucky Retail Federation** \$99,997; **Altria (Philip Morris)** \$94,469; **Mars's Law for All**, which spent \$85,544, including \$62,219 in advertising support for a proposed constitutional amendment relating to crime victims' rights; **Kentucky Justice Association** \$76,086; **Kentucky Farm Bureau Federation**, which spent \$64,878, including \$5,339 on baskets containing Kentucky food items distributed to legislators; **Kentucky League of Cities** spent \$61,238, including \$5,850 for advertising in support of "911 legislation" on emergency services; **Kentucky Bankers Association** \$54,240; **Norton Healthcare** \$51,274; **Anthem Inc.** \$51,000; **Kentucky Association of School Administrators** \$47,950; **Kentucky Association of Electric Cooperatives** \$47,494; **Humana** \$45,574; **Century Aluminum** \$44,246; **Home Builders Association of Kentucky** \$44,180; and **Baptist Health**, which spent \$41,254, including \$3,416 on a Capitol Annex luncheon.

Lobbying events during legislative session

Recently-reported lobbying events include: a reception at Buffalo Trace Distillery for Community Mental Health Centers, sponsored by **Bluegrass New Directions, Communicare, Kentucky Association of Regional Mental Health-Mental Retardation Programs, Inc.**, and **Lake Cumberland Mental Health/Mental Retardation Board, Inc.** (\$6,355); a pre-game reception at the KFC Yum! Center, hosted by the **University of Louisville** (\$5,408); **City Day/City Night Reception** at Frankfort Convention Center, hosted by the **Kentucky League of Cities** (\$4,020); a "Taste of Louisville" reception at Berry Hill Mansion in Frankfort, hosted by the **Greater Louisville Medical Society** (\$3,784); a Capitol Annex luncheon sponsored by **Goodwill Industries** (\$1,340); a Capitol Annex luncheon sponsored by **KY 811** (\$1,284); a "Discovering Cures" educational event sponsored by **Biotechnology Innovation Organization** in the Capitol Annex (\$1,092); **Kentucky State University's** annual fish fry at KSU's Cooperative Extension Building (\$1,088); and a pre-game reception hosted by **Altech** at the company's Lexington Brewing Co. (\$856).



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Lobbying spending rockets to a record high

The final numbers for the 2016 General Assembly are in, and lobbying spending hit an all-time high of \$9.53 million, a nine percent increase over 2014, the most recent year in which there was a session that lasted 60 legislative days.

During the session, 698 businesses and organizations were registered to lobby, and that is also a record number, and a five percent increase over 2014.

The surge in spending was led by the **Kentucky Chamber of Commerce**, which spent \$149,002 on lobbying during the session, a 14 percent increase over 2014 and the most ever spent by the Chamber during a legislative session.

The Chamber's website calls the 2016 session "one of the most successful the business community has seen", citing "pro-business legislative victories" on bills relating to public-private partnerships to finance government projects and services, and additional money for the state's pension system, along with the defeat of "anti-business tax reform" and renewable energy legislation.

The session's second-leading spender was the **Kentucky Hospital Association (KHA)**, which spent \$131,472, a 26 percent increase over KHA's spending in the 2014 session. This year, KHA lobbied in support of bills relating to the prompt payment of Medicaid claims, and establishing a medical review panel system, and lobbied against legislation raising the minimum wage and licensing the practice of midwifery.

The next leading spender was **Altria (Philip Morris USA and U.S. Smokeless Tobacco)**, which spent \$119,905, a 23 percent drop from 2014, when Altria was the top spender while lobbying against raising the cigarette tax, against new taxes on electronic cigarettes, and in support of a bill banning the sale of electronic cigarettes to minors.

The **Kentucky Retail Federation (KRF)** spent \$117,941, which was a 44 percent increase over the group's 2014 spending. This year, KRF lobbied against the proposed constitutional amendment which would have allowed local governments to add a one percent local sales tax.

Another top spender was a first time lobbying organization, **Marsy's Law for All**, lobbying in favor of a proposed constitutional amendment to provide increased formal involvement in criminal proceedings to crime victims or their families. **Marsy's Law** spent \$111,686 on lobbying, including \$80,586 on advertising related to their lobbying effort.

After the top five spenders, the rest of the list of top-spending businesses and organizations includes: **Kentucky Justice Association** (\$89,975); **Kentucky League of Cities** (\$74,265); **Kentucky Farm Bureau Federation** (\$72,851); **Kentucky Bankers Association** (\$72,217); **Norton Healthcare** (\$67,344); **Anthem** (\$65,500); **Humana** (\$56,419); **Kentucky Association of Electric Cooperatives** (\$55,747); **Century Aluminum** (\$55,729); **Home Builders Association of Kentucky** (\$50,811); **CSX** (\$50,679); **Kentucky Association of School Administrators** (\$48,750); **Baptist Health** (\$48,714); **Biotechnology Innovation Organization** (\$47,758); **Kentucky Coal and Mineral County Coalition** (\$46,143); **Hewlett Packard** (\$46,000); and **Buffalo Trace Distillery** (\$45,000).

Since 2014, several business and organizations dropped off the list of top spenders. Those include **AT&T**, which dropped its spending from \$75,075 in 2014 to \$41,313 in 2016; **Kentuckians for the Commonwealth**, which spent \$67,546 in 2014 and \$35,185 this year; **Pew Charitable Trusts** (\$65,985 in 2014 and \$19,200 in 2016); **Kentucky State Building and Construction Trades Council** (\$57,051 in 2014 and \$25,324 this year); **United Parcel Service** (\$54,950 in 2014 and \$22,500 in 2016); **Boardwalk Pipeline Partners** (\$54,500 in 2014 and \$11,475 in 2016); and **AK Steel**, which dropped from \$53,658 to \$34,941 this year.

Several employers quit lobbying after 2016 GA ends

Fourteen businesses and organizations which lobbied during the 2016 General Assembly terminated their lobbying registrations as the session ended and will no longer lobby in Kentucky. Those are **Appriss Inc.**; **Access Financial**; **BioDelivery Sciences International**; **Botany Bay**; **Bristol-Myers Squibb Co.**; **DNA Saves**; **Harshaw Trane**; **Innocence Project**; **KY LIFT, Inc.**; **Kentucky Recyclers Association**; **Peabody Energy**; **Shawnee Professional Services**; **Shelbyville Laundry**; and **Telrite Corp.**

In May, **Hosparus, Inc.** and **UCB, Inc.** registered to lobby.

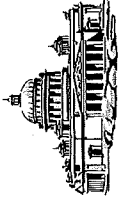


Ethics & lobbying news from around the U.S.

Mike Hubbard trial: Prosecution witnesses outline charges against house speaker
ALABAMA -- by Mike Cason -- May 25, 2016

OPELIKA -- The president of **Craftmaster Printers** testified that Alabama House Speaker Mike Hubbard brought his business partners a plan to relieve the company's crushing debt that involved raising \$150,000 from each of 10 wealthy investors.

Barry Whatley, president of **Craftmaster** and a co-owner of the company with Hubbard and others, was the third witness called by prosecutors in Hubbard's ethics trial.



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In 1976, Wilhoit joined the Kentucky Court of Appeals, and he retired as Chief Judge in 1997. Judge Wilhoit also served as a police judge, Versailles City Attorney, Woodford County Attorney, state public defender, and deputy secretary of the Justice Cabinet. 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. He lives in Versailles.



Ethics code applies at 2016 Conferences

Kentucky's Code of Legislative Ethics applies to legislators, lobbyists, and employers of lobbyists who attend the summer legislative conferences, or who support those conferences. With the Southern Legislative Conference (SLC) being held in Lexington in July, there are several reporting requirements which might apply this year.

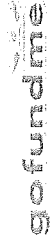
Kentucky lobbyists and their employers are required to report the value of food, beverages, and facilities contributed to SLC events to which Kentucky legislators are invited. Lobbyists and employers are also required to report other expenses incurred in conjunction with SLC, if the expenses are directly associated with the employer's or lobbyist's lobbying activities. These include expenses for educational and promotional items, and conference registration and travel expenses.

Ethics code amendments adopted by the 2014 General Assembly prohibit lobbyists and employers from buying food and beverages for individual legislators, and prohibit lobbyists and employers from providing out-of-state transportation or lodging for legislators.

Legislative conferences this summer include:

- **Southern Legislative Conference 70th Annual Meeting** – July 9-13, 2016, Lexington, Kentucky at Hyatt Regency Lexington and the Lexington Convention Center, with speakers including political consultants James Carville and Mary Matalin; and John Calipari, men's basketball coach at the University of Kentucky.
- **National Conference of State Legislatures Legislative Summit** – August 8-11, 2016, Chicago, Illinois at McCormick Place, with speakers including Ted Koppel, a 42-year veteran of *ABC News*, and anchor and managing editor of *Nightline* from 1980 to 2005; Julia Stasch, President of the John D. and Catherine T. MacArthur Foundation; and Mara Liasson, a contributor on *Fox News Channel* and political correspondent for *National Public Radio*.
- **American Legislative Exchange Council Annual Meeting** – July 27-30, 2016, Indianapolis, Indiana at JW Marriott, with speakers including ALEC Vice-Presidents Michael Bowman and Bartlett Cleland; and Inez Feltcher, Director of ALEC's Education and Workforce Development Task Force.

Commission OKs social media fundraising

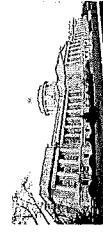


The Legislative Ethics Commission has approved a formal opinion (OLEC 16-01) responding to a question of whether it is permissible under the Code of Legislative Ethics for a legislator or legislative candidate to use crowdfunding sites such as GoFundMe in conjunction with social networking websites to raise funds for legislative races.

It is permissible under the Code of Legislative Ethics for legislators or candidates to create and maintain campaign fundraising webpages using crowdsourcing websites such as GoFundMe and to use social networking to publicize the fundraising effort, so long as they are used in accordance with the requirements of the Code.

Public resources, including state funds, equipment, time, and employees, should not be used to create, maintain, or monitor a fundraising webpage, and a fundraising webpage should not display any image of legislative stationery or the seal of the Commonwealth. Additionally, when using crowdfunding, social networking, or any other means of fundraising, legislators and candidates are prohibited from accepting contributions from legislative agents at any time, and they are prohibited from accepting contributions from employers of legislative agents and from permanent committees (PACs) as defined by KRS 121.015 during a regular session of the General Assembly.

Any social networking accounts that are maintained by members or employees of the House or Senate Majority and Minority Caucuses to provide factual information about legislative work, rather than for political purposes, should not be used to publicize or link to fundraising webpages of legislators or candidates. See *OLEC 14-01*. A bright line should be maintained between informational, non-political activities that can properly be carried out using public resources, and partisan political activity for which public resources cannot be used.



Wilhoit appointed to Ethics Commission

Anthony M. Wilhoit was recently appointed to the Legislative Ethics Commission by the Speaker of the House. He was Executive Director of the Commission from November, 1997 until he retired in July, 2015.