

Kentucky Legislative Ethics Commission

Kentucky Legislative Ethics Commission Members In FY 2016-2017

George Troutman, Chair
Pat Freibert, Vice-Chair

Bob Fulkerson (resigned 6/2017)
Anthony Wilhoit
Tom Jensen
Anthony Goetz

Elmer George
Deborah Jo Durr (term ended 4/2017)
Ken Winters

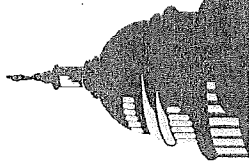
Commission Staff

John Schaaf, Executive Director

Kara Daniel, Legal Counsel
Donnita Crittenden, Executive Assistant
Lori Smither, Staff Assistant
Connie Evans, Staff Assistant
Michael Malone, Enforcement Counsel

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ANNUAL REPORT



FY 2016-2017

Legislative Ethics Commission Member Profiles

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 retired. He was 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 the Governor to the Kentucky Commission on Women, and served as Chair of that Commission. She resides in Lexington.

Bob Fulkerson - Resigned June 2017 - 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 - Term Ended April 2017 - 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 - Judge Wilhoit was appointed to the Commission by the Speaker of the House in 2016. He was 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 J.D. 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.

Tom Jensen - Judge 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 House of Representatives, serving from 1984 to 1986, and from 1989 to 1996. He was House Minority 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.

FOREWORD

I am pleased to submit the 24th 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 individuals, businesses, and organizations covered by the Legislative Ethics Code, there is widespread interest in complying with it.

The continued support the Commission has 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 Staff Profile

John Schaaf – Executive Director. Mr. Schaaf joined the Commission in 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 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.

Donita B. Crittenden – Mrs. Crittenden is the Executive 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.

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 at the Ethics Commission for eight years.

Connie Y. Evans - Mrs. Evans is the part-time 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 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.

Elmer George – Mr. George was appointed to the Commission by the Speaker of the House in 2014. He is 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.

Ken Winters - Dr. Winters was appointed to the Commission by the President of the Senate in 2015. From 2005 to 2013, he served two terms in the State 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 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.

Tony Goetz – Mr. Goetz was appointed to the Commission by the President of the Senate and the Speaker of the House in 2017. He is a native of Daviess County, and a graduate of Brescia University in Owensboro. He began his graduate work at George Peabody College for Teachers in Nashville, and completed his Master's Degree at UK in 1970. Mr. Goetz has served as Executive Director of the Owensboro Council for Retarded Children (1965-1967) and the Blue Grass Association for Mental Retardation (1967-1973). From 1973-1975, he was Executive Director of the Blue Grass Regional Health Planning Council and then served as Executive Director of the East Kentucky Health Systems Agency from 1976-1980. In 1980, he was named Associate Dean in Administration and Finance of the UK Medical School, and served in that and various other administrative positions at the University through 2003. His last position at UK was Director of Government Relations. In 2004-2005, he served as the Governor's Legislative Liaison. He and his wife, Nancy, reside in Jessamine County.

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

FY 2016-2017

Number of Employers: 711

Number of Legislative Agents: 611

Updated Registration Statements were filed on:

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

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 2016-2017**

September, 2016	John Schaaf, presentation on ethics and lobbying at University of Kentucky.
December, 2016	John Schaaf and Kara Daniel, attended and presented at the Council on Governmental Ethics Laws (COGEL) Conference in New Orleans, LA
December, 2016	John Schaaf and Kara Daniel, presentation at freshman legislator orientation at the Capitol Annex in Frankfort, KY
January, 2017	Current Issues Seminar for Members of the General Assembly conducted by LEC Staff. Speakers: Norman Ornstein, contributing editor and columnist for <i>National Journal</i> and <i>The Atlantic</i> ; Amy S. Hess, Special Agent in Charge at the Louisville Division of the FBI
January, 2017	John Schaaf and Kara Daniel, Employer and Legislative Agent Training Session
May, 2017	John Schaaf attended the COGEL Steering Committee meeting and session in Chicago, IL
June, 2017	John Schaaf and Kara Daniel, presentation at the Legislative Research Commission's CLE Seminar

During the fiscal year, the Commission staff:

- Provided various in-house training sessions, as requested
- Reviewed, approved, and posted (on website) 150 Financial Disclosure forms for legislators, candidates and LRC Major Management staff
- Issued 93 written informal advisory opinions and no formal opinions
- Gave an estimated 400 verbal and e-mailed informal advisory opinions
- Answered numerous filing and procedural questions
- E-mailed monthly Ethics Reporters to all General Assembly members, 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 - 2017

Complaints and Administrative Actions

FY July 1, 2016 - June 30, 2017

Complaints:

There were six formal complaints, five filed against legislators and one filed against a candidate during this fiscal year. Three complaints were dismissed for lack of probable cause, one received a public reprimand with a \$200 civil penalty, one received a confidential decision and one was returned to the complainant because it was filed incorrectly.

Administrative Fines Levied by the Commission:

Legislative Agents \$1,900.00
 Employers \$4,650.00
Total Fines Collected \$6,550.00

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	LA EXP	TOTAL
**2017	0	\$177,256	155,456	492,098	0	11,717	560,892	13,071,171	14,468,590	
2016	0	\$299,479	236,495	660,162	0	6,027	888,039	18,692,836	20,783,038	
2015	0	\$1,017,588	\$190,100	\$600,903	\$0	\$13,484	\$781,811	\$16,692,957	\$19,296,843	
2014	\$149	N/A	\$185,402	\$563,386	\$0	\$8,685	\$831,507	\$16,822,398	\$18,411,527	
2013	\$429	N/A	\$154,182	\$453,074	\$30	\$11,648	\$852,342	\$14,970,623	\$16,442,328	
2012	\$559	N/A	\$145,154	\$858,368	\$0	\$16,407	\$945,621	\$15,813,368	\$17,777,457	
2011	\$228	N/A	\$160,435	\$393,916	\$16	\$17,491	\$905,572	\$13,613,009	\$15,090,667	
2010	\$530	N/A	\$189,059	\$904,378	\$0	\$25,206	\$1,188,642	\$14,382,024	\$16,692,839	
2009	\$236	N/A	\$135,943	\$462,256	\$0	\$19,126	\$985,833	\$13,659,283	\$15,262,677	
2008	\$434	N/A	\$248,463	\$691,801	\$82	\$35,100	\$1,196,922	\$14,729,726	\$16,902,528	
2007	\$160	N/A	\$160,087	\$530,195	\$0	\$18,175	\$1,025,796	\$11,951,309	\$13,685,722	
2006	\$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	\$0	\$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	\$0	\$13,424	\$0*	\$8,295,998	\$9,302,624	
1999	\$248	N/A	\$30,082	\$411,981	\$0	\$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	\$0	\$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	\$4,117	\$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	\$1,494,323	\$3,486,976	\$17,052,144	\$1,567	\$287,842	\$13,340,837	\$259,113,095	\$294,783,933	

Guide to Abbreviations:

- EMP,FB (Emp. Food and Beverage)
- EMP,RME (Emp. Reception, Meals & Events)
- EMP,EXP (Emp. Expenses)
- EMP,AE (Emp. Advertising Expense)
- LA,FB (Legislative Agent Food and Beverage)
- LA,RME (Legislative Agent Reception, Meals & Events)
- LA,EXP (Legislative Agent Expenses)
- LA,COMP (Legislative Agent Compensation)

* Employer forms were amended to delete section dealing with reimbursed expenses to legislative agents. Staff discovered that employers were listing amounts reimbursed to legislative agents for expenses

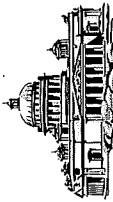
and legislative agents were reporting these figures during the same period.

**2017 figures include totals through August 31, 2017.

2015 was first year for reporting EMP,AE
 NOTE: Numbers have been rounded up to next dollar for convenience.

ETHICS REPORTER

July, 2016



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



SLC's Lexington conference gets private support

Earlier this month, nearly 1,500 state legislators, legislative staff, governmental officials, and family members from 15 states attended the four days of the Southern Legislative Conference (SLC) Annual Meeting in Lexington. SLC is the southern office of the Council of State Governments, which has its national headquarters in Lexington.

Legislative organizations such as SLC, the National Conference of State Legislatures (NCSL), and the American Legislative Exchange Council (ALEC) fund many of their activities with membership dues and contributions from businesses and organizations.

Businesses and organizations that employ lobbyists in Kentucky can make contributions to organizations that are exempt from taxation under Section 501(c)(3) of the federal tax code, and those contributions are not required to be reported as "lobbying expenditures", unless they are specifically earmarked for receptions, meals, or events to which Kentucky legislators are invited.

The program for SLC's annual meeting listed the sponsors who supported the conference with financial, material, or other types of contributions. SLC sponsorship information identified seven levels of sponsorship, including *Underwriter* (\$100,000 and above); *Partner* (\$75,000 - \$99,999); *Platinum* (\$50,000 - \$74,999); *Gold* (\$25,000 - \$49,999); *Silver* (\$10,000 - \$24,999); *Bronze* (\$5,000 - \$9,999); and *Supporter* (\$2,500 - \$4,999).

If all sponsors gave the minimum in their level of sponsorship, at least \$1.67 million in money, goods, and services was donated to the Lexington conference. The sponsors that employ lobbyists in Kentucky are listed below in bold type.

SLC's *Underwriters* were: **Keeneland, Kentucky Distillers Association, LG&E and KU Energy**, University of Kentucky Athletics, and University of Kentucky Health Care.

Kentucky Power, a unit of American Electric Power, is listed as a *Partner*, while **Platinum** sponsors were: **Altria Client Services, City of Lexington, Duke Energy Kentucky, Kentucky Coal Association, RAI Services** (parent of R.J. Reynolds Tobacco), and **United Parcel Service**.

SLC's *Gold* sponsors were: **AARP, Anthem, AT&T, CVS Health, Genentech, Kentucky Association of Electric Co-operatives, East Kentucky Power Cooperative and Big Rivers Electric Corporation, Kentucky Highway Industries, Kentucky Association of Highway Contractors, Plantmix Asphalt Industry of Kentucky, and Kentucky Crushed Stone Association**; **MGM Resorts International, Norton Healthcare, Passport Health Plan; Republic Services, Inc.; and WellCare Health Plans**.

MONEY SPENT ON LEGISLATIVE ACTIVITY SINCE THE ENACTMENT OF THE LEGISLATIVE ETHICS CODE - September 1993

Legislative Year	Money for food and beverages for legislators and their families.	Money for food and beverages at recognized events.	Total expenses/expenditures for lobbying. (Includes legislative agent salary.)
1993	\$84	\$1,534	\$1,541,077
1994	\$1,202	\$36,422	\$6,466,058
1995	\$284	\$16,226	\$2,732,827
1996	\$890	\$44,761	\$7,305,064
1997	\$26,091	\$26,091	\$3,583,809
1998	\$30	\$87,241	\$8,112,968
1999	\$248	\$31,644	\$4,433,490
2000	\$95	\$149,456	\$9,302,624
2001*	\$233	\$141,020	\$6,882,993
2002	\$282	\$196,694	\$10,294,339
2003	\$542	\$198,302	\$9,188,387
2004	\$711	\$214,704	\$12,085,107
2005	\$688	\$239,060	\$12,566,170
2006	\$380	\$246,821	\$15,474,604
2007	\$160	\$178,262	\$13,685,722
2008	\$516	\$283,563	\$16,902,528
2009	\$236	\$155,069	\$15,262,677
2010	\$530	\$217,265	\$16,692,839
2011	\$244	\$177,926	\$15,090,667
2012	\$539	\$159,561	\$17,777,457
2013	\$459	\$165,830	\$16,442,328
2014	\$149	\$194,087	\$18,411,527
2015	\$0	\$203,584	\$19,296,843
2016	\$0	\$242,522	\$20,783,038
2017**	\$0	\$167,173	\$14,468,590

*2001 Reflects totals from the first annual session in an odd-numbered year. **2017 figures include totals through August 31, 2017. From 1993 to August 31, 2017, \$294,783,933 was reported.

Of that figure, \$259,113,095 was attributed to salaries of legislative agents and \$35,670,838 was for other lobbying expenses.

ETHICS REPORTER

August, 2016



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Government contracts given out in two months exceed prior fiscal year total

In July and August, the first two months of the new fiscal year and the 2016-18 biennium, state agencies awarded over \$760 million in contracts to private businesses which will provide services on behalf of state government.

That's \$224 million and 30 percent more than the amount of contracts given out in the first two months of the previous biennium, which began in July 2014.

In the first two months of the biennium, the University of Kentucky has awarded 116 contracts, with a total cost of \$128 million.

Many of UK's largest contracts are for services provided to the UK Healthcare system. For example, UK Healthcare funds will pay up to \$20 million over the next two years to Deloitte Consulting, LLP of Omaha, Nebraska for healthcare consulting services. Another \$20 million contract for healthcare consulting went to Huron Consulting Services, LLC of Chicago.

For additional healthcare consulting, UK entered into a \$5 million contract, five \$3 million contracts, a \$2.5 million contract, two \$2 million contracts, a \$1.5 million contract, a \$1.2 million contract, and five \$1 million contracts.

That totals \$74.2 million in contracts which will be in place through June 30, 2018. UK describes these multiple contractors as a "consultant pool" with whom "scope of work engagements" which will be conducted on an as needed basis. Neither of the \$20 million contracts with Deloitte and Huron was awarded in the prior biennium when healthcare consulting contracts totaled about \$33 million.

UK also awarded a one-year \$10 million contract to Cornett Integrated Marketing Solutions of Lexington to develop and implement "a broad-based student recruitment marketing campaign, including all marketing and advertising for UK Healthcare."



Summer lobbying reports due by September 15

There are 563 legislative agents (lobbyists) registered in Kentucky, and they're working for 692 employers. By **Thursday, September 15, 2016**, all lobbyists and employers are required to file Updated Registration Statements for the period May 1 through August 31, 2016. Forms may be filed online, by fax, or via U.S. Mail. If filing online, go to <http://klec.ky.gov> and click "file forms online."

The *Silver* sponsors for the Lexington meeting were: Baptist Health, Buffalo Trace Distillery, Churchill Downs, Inc., Columbia Gas of Kentucky, Comcast, CSX Corporation, GlaxoSmithKline, Kentucky Beverage Association, Kentucky Chamber of Commerce, Kentucky County Clerks Association, Kentucky Employers Mutual Insurance, Kentucky Farm Bureau, Kentucky Guild of Brewers, Kentucky Horse Park, Kentucky League of Cities, Kentucky Retail Federation, Koch Companies Public Sector, Marathon Petroleum Corporation, McCarthy Strategic Solutions, Pharmaceutical Care Management Association, Phillips 66, RJ Corman, State Farm Insurance, Swedish Match, Toyota, and Walmart.

The *Bronze* sponsors were: American Chemistry Council, Advantage Capital Partners, AmeriHealth Caritas, Amgen, Anheuser-Busch, Amos Energy Corporation, Big Ass Solutions, Brotherhood of Maintenance of Way Employees/Teamsters, CareSource-Kentucky, Charter Communications, Community Ventures Corporation, Dart Container Corporation, EQT Corporation, Express Scripts, Inc., HCA, Home Builders Association of Kentucky, ITG Brands, Insurance Institute of Kentucky, Kentucky American Water & Tennessee American Water, Kentucky Association of Counties, Kentucky Credit Union League, Kentucky Hospital Association, Kentucky Optometric Association, Legalize Kentucky Now, LexisNexis, Mountain Valley Pipeline, Perdue Farms, T-Mobile USA, Inc., VisitLEX, and Wine & Spirits Wholesalers of Kentucky.

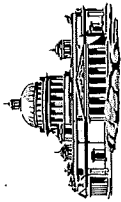
SLC's *Supporters* in Lexington were: American Pharmacy Services Corporation, Babbage Cofounder, Chevron, Commerce Lexington, Cull & Hayden PSC, Eli Lilly and Company, Enova International, Goss Samford, Greater Louisville Inc., Independent Insurance Agents of Kentucky, Kentuckians for Better Transportation, Kentucky Association of Manufacturers, Kentucky Association of Realtors, Kentucky Beer Wholesalers Association, Kentucky Blood Center, Kentucky Cable Telecommunications Association, Kentucky Council of Area Development Districts, Kentucky County Judge/Executive Association, Kentucky Justice Association, Kentucky Malt Beverage Council, Kentucky Medical Association, Kentucky Professional Fire Fighters, Kentucky School Boards Association, Kentucky Society of CPAs, KentuckyOne Health, Lexmark International, Louisville Convention & Visitors Bureau, Merck, National Association of Chain Drug Stores, Owensboro Health, Procter & Gamble, St. Elizabeth Healthcare, Wells Fargo, and Windstream Communications.



Ethics news from across the U.S.

How private equity found power and profit in state capitols
NATIONAL – *New York Times* – by Ben Protess, Jessica Silver-Greenberg & Rachel Abrams – July 14, 2016

Phoenix - Inside a cramped committee room on the cactus-dotted campus of Arizona's Capitol, Kelsey Lundy stepped to the podium to detail new legislation and the higher costs it would impose on struggling borrowers.



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2016 will set new lobbying spending record

Lobbyists and the businesses and organizations that employ them spent \$15 million in the first eight months of 2016, and lobbying spending is on track to eclipse previous Kentucky spending records.

The record for lobbying spending was set last year, when \$19.3 million was spent. If spending continues at its current pace, at least \$5 million will be spent in the last four months of the year, sending the 2016 total to an all-time high of \$20 million.

Since 1994, the first full year of lobbying reporting, Kentucky lobbying spending has tripled from \$6.4 million to the 2015 total of \$19.3 million. More than 90 percent of spending is compensation paid to lobbyists.

There are 673 businesses and organizations employing lobbyists, but the number of lobbyists has decreased to 563. This continues the trend of employers contracting with one of the many lobbying firms which have opened or expanded in Frankfort, instead of sending their own employees to the State Capitol.

So far this year, the top spenders on legislative lobbying are: **Kentucky Chamber of Commerce** (\$208,982); **Altria** (\$197,227); **Kentucky Hospital Association** (\$169,740); **Kentucky Retail Federation** (\$168,065); **Kentucky Justice Association** (\$138,739); **Marsy's Law for All** (\$126,742); **Kentucky Farm Bureau Federation** (\$109,152); **Norton Healthcare** (\$108,018); **Humana** (\$99,632); **Anthem** (\$97,000); **Kentucky League of Cities** (\$88,846); **Bufalao Trace Distillery** (\$87,000); **Molina Healthcare** (\$86,733); **Hewlett Packard** (\$86,000); **Century Aluminum Co.** (\$76,738); **Kentucky Bankers Association** (\$76,647); **Home Builders Association of Kentucky** (\$76,201); **AT&T** (\$75,718); **Kentucky Medical Association** (\$70,377); and **Ascension Care Partners** (\$70,000).



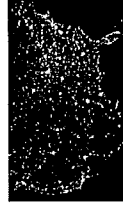
Four employers register; others terminate

Businesses and organizations recently registered to lobby the General Assembly are: **Kentucky Entrepreneurship Education Network**, a publicly and privately-funded organization which runs the Governor's School for Entrepreneurs, a summer program for high school students; **General Dynamics Information Technology**, a Virginia-based company that contracts with federal and state governments; **Advantage Medical**, which operates the Lee Specialty Clinic in Louisville, providing health care for the intellectually and developmentally disabled population; and **PremierTox 2.0**, a drug testing business located in Russell Springs.

New registrants and terminations

Businesses and organizations which recently registered to lobby in Kentucky are: **AVS Management**, an Indianapolis-based operator of skilled nursing facilities; **Braeburn Pharmaceuticals**, which is owned by a New York-based venture capital firm, and which focuses on implantable and injectable therapies for disorders, including opioid addiction; **Bristol-Myers Squibb Co.**, global biopharmaceutical company headquartered in New York City; **CNU Online Holdings**, which owns check cashing businesses, including **Cash America of Kentucky**; **Hollenbach-Oakley, LLC**, Louisville-based commercial real estate development firm; **Lotts Creek Community School**, a settlement school in Knott County; **National Council of State Boards of Nursing**; **PLS Financial Services**, a Chicago-based company offering check cashing services; and **Premier Integrity Solutions**, a drug and alcohol testing company headquartered in Russell Springs.

Kentucky-Out-of-School Alliance (KOSA) terminated its lobbying registration and is no longer lobbying. **KOSA** is affiliated with the **C.S. Mott Foundation Afterschool Network** and supports after-school and summer educational programs.



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

LeDoux's new fundraising effort targets lobbyists, bar owners ALASKA - Alaska Dispatch News - by Nathaniel Herz - August 11, 2016

Alaska campaign finance law bars lobbyists from donating to Anchorage Rep. Gabrielle LeDoux's re-election campaign, or any other legislative campaign, unless they live in the candidate's district.

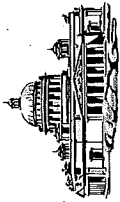
But that hasn't stopped LeDoux from collecting \$500 checks from them anyway, using a new political action committee she created last month.

In the committee's first disclosure, LeDoux reported raising \$7,800, with \$5,000 coming from lobbyists, some of whom are the most powerful in the state.

She in turn transferred more than \$5,500 to the campaigns of incumbent lawmakers and a handful of challengers.

In a phone interview, LeDoux said her new committee, Gabbie's Tuesday PAC, is akin to the leadership PACs used by federal politicians.

Those PACs — U.S. Sens. Dan Sullivan and Lisa Murkowski each have them — are often used to make donations to colleagues in Congress with the hope of building clout and loyalties that can help lawmakers ascend to leadership positions.



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Many businesses getting taxpayer assistance

In the first 10 months of this year, Kentucky state government has approved more than \$170 million in taxpayer assistance to businesses that are locating, expanding, or training employees in the state.

The biggest award approved so far this year by the Kentucky Economic Development and Finance Authority is \$14 million for **Clinical Trial Services, Inc.** for a headquarters in Covington. \$13.2 million was approved for **Australian-based Computershare**, a financial transaction company that opened a Louisville office last year.

\$13 million will go to **Custom Food Products** for an expansion of its plant in Bath County. **Custom Foods** is a subsidiary of **CTI Foods**, which is owned in majority by **Thomas H. Lee Partners and Goldman Sachs & Co.** \$12 million will go to **Champion Petfoods** in Logan County.

Ford Motor Co. was approved this year to receive \$10.2 million in public money to train employees at its Jefferson County facilities. In 2007, Ford was approved to get \$315 million from the state. **Evolent Health**, a healthcare consulting company, was approved for \$10 million for a regional office in Louisville.

Other large awards of tax money will go to **Bowling Green Metalforming** (\$10 million + \$400,000 in training funds); **More Than A Bakery, LLC** in Woodford County (\$8 million); **Newly Weds Foods** in Boone County (\$6 million); **Thai Summit Kentucky**, an auto supplier in Bardstown (\$5 million); **Quiver Ventures** in Bowling Green, a partnership between European aluminum company **Constellium N.V.** and Japanese aluminum company **UACJ Corp.** (\$4.5 million); **Hogan Lovells**, a multinational law firm for a service center in Louisville (\$4 million); and **RxCrossroads** in Louisville, which provides services to pharmaceutical medical device manufacturers (\$4 million).

Also approved this year: **Teleperformance**, a French company that opened a call center in Louisville (\$3.8 million); **Saputo Dairy Foods USA** in Calloway County, part of a large Canadian dairy processor (\$3.5 million); **Firstsource Group USA** (\$3 million); **General Motors**, for expansion of its assembly plant in Bowling Green (\$3 million); **Gibbs Die Casting** in Henderson (\$3 million); and three Boone County businesses: **Mubea Tailor Rolled Blanks**, a German manufacturer (\$2.6 million); **Teespring**, which makes custom t-shirts (\$2.5 million); **Messier-Bugatti USA**, a French company for its **Safran Landing Systems** facility (\$2.5 million).

Businesses that are approved to get \$2 million awards include: **Sazerac Distillers** in Owensboro; **Commercial Specialty Truck Holdings** in Harrison County; **GreenSky**, which operates paperless point-of-sale payment and credit platforms from Kenton County; **JM Smucker**, which makes Jif peanut butter in Lexington.

Employers that terminated registration, and are no longer lobbying are: **Ameresco**; **American National University**; **Arthritis Foundation**; **Bluegrass Gaming, LLC**; **D&S Community Services**; **eTabs, Inc.**; **Fiserv Solutions, LLC**; **Gaming Laboratories International**; **Elizabeth Goth**; **Institute for Justice**; **Kentucky Dermatology Association**; **Kentucky Orthotics and Prosthetics Association**; **Kentucky Out of School Alliance**; **Lexington Center Corporation**; **Logan Economic Alliance for Development**; **Magellan Health, Inc.**; **Rave Mobile Safety**; **Rural/Metro Southern OH/Mercury Ambulance Service**; **Service Contract Industry Council**; **Superior Van and Mobility**; **Time Warner Cable**; and **TRT Holdings, Inc.**



Ethics and Lobbying News from around the U.S.A.

Del. Dan Morhaim faces ethics inquiry over dual medical marijuana roles MARYLAND—*The Washington Post* -- by Fenit Nirappil -- September 23, 2016

Maryland Del. Dan Morhaim helped shape the rules on medical marijuana and had direct access to its regulators even while he was involved with a company seeking licenses to grow, process, and sell the drug, according to emails obtained by *The Washington Post*.

Among other things, Morhaim of Baltimore County pushed the Maryland Medical Cannabis Commission to encourage localities to welcome prospective marijuana businesses and asked regulators to reconsider their cap on the number of businesses licensed to process medical marijuana.

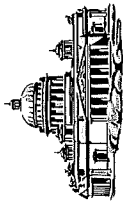
His dual roles — lawmaker-advocate and medical consultant to a prospective business — are the subject of a legislative ethics probe, according to two people with direct knowledge of the matter.

A company called **Doctor's Orders** recruited Morhaim as the licensing process was getting underway.

Morhaim, a physician who has been a delegate for 21 years, said that in fall 2015, before the panel started accepting applications, he notified Hannah Byron — then the commission's executive director — of his work with a cannabis company. Byron, who resigned her post in January, says she also expected a formal notification to commissioners, which never came.

Before *The Post* reported Morhaim's role in **Doctor's Orders** in July, the commission's chairman, vice chairman and new executive director said through a spokeswoman that they were unaware of it. All names were redacted from application materials reviewed by commissioners.

Morhaim did not include the information in public-disclosure forms required of lawmakers. Nor did he reveal it during legislative debates in early 2016, when he pushed for bills affecting who could recommend medical marijuana or when testifying and offering regulatory advice at meetings of the cannabis commission.



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Commission offers lobbying workshop in January



At the end of the first week of the 2017 General Assembly, the Legislative Ethics Commission will conduct an orientation and training workshop for legislative agents (lobbyists) and their employers.

The session will be on **Friday, January 6, at 2 p.m.** in Room 171 of the Capitol Annex.

Lobbyists and their employers will have the opportunity to learn about the Ethics Commission's website-based filing process, and to discuss the lobbying guidelines which are in Kentucky's Code of Legislative Ethics.

The 2017 General Assembly will convene on Tuesday, January 3, and meet for four days in the first part of the session to elect legislative leaders, adopt rules of procedure, organize committees, and introduce and consider legislation. The General Assembly will then adjourn and reconvene on Tuesday, February 7, for the second part of the session which is scheduled to adjourn sine die on Thursday, March 30, after a veto recess.

The Ethics Commission's Current Issues seminars for legislators will be presented during the General Assembly's first week on **Wednesday and Thursday, January 4 and 5 from 9 a.m. to 10:30 a.m.** each day.

Voters and legislators look to Kentucky for ethics reform ideas



On November 8, voters from across the political spectrum in several states came together to approve ethics and political reform initiatives that will apply to elected officials and candidates at the state and local level.

On Election Day, at least 11 ethics and campaign finance reform measures were successful at the ballot box around the nation, and several of those create ethics laws similar to those already on the books in Kentucky.

Because Kentucky's Code of Legislative Ethics is comprehensive and has proven to be effective, it's been relied on as a model for Congress, states, and local governments seeking to strengthen ethics laws.

In South Dakota, voters approved new ethics laws that were placed on the ballot as a result of a petition process. Similar to Kentucky's law, the initiative creates an independent ethics commission to enforce ethics laws, and includes a two-year prohibition on lobbying for former legislators and other state officials. It also places limitations on lobbyists' gifts to legislators and other state officials.

Employers spend to lobby at events



When the General Assembly is not in session, one of the ways for businesses and organizations that employ lobbyists to build relationships is to conduct events to which legislators are invited.

In the summer, these events are conducted in conjunction with annual meetings of national or regional legislative organizations. For example, at the National Conference of State Legislatures (NCSL) meeting in Chicago, lobbyists' employers spent \$10,184 on Kentucky Night; at the Southern Legislative Conference (SLC) in Lexington, \$6,973 was spent on Kentucky Night at the Boone Faculty Center; \$166 was spent at the Kentucky Night at the American Legislative Exchange Council (ALEC) in Indianapolis; and at the National Conference of Insurance Legislators in Portland, Oregon, \$888 was spent.

Also, at SLC, \$12,000 was spent on Family Night at the Buffalo Trace Distillery in Frankfort; \$3,218 was spent at the NCSL Senate Dinner; \$4,619 at SLC's Mayoral Dinner; and \$632 at ALEC's Senate Dinner.

The **Kentucky Farm Bureau Federation** spent \$5,319 on a country ham breakfast and picnic at the Kentucky Fair and Exposition Center; a Derby Brunch was held in Louisville, and employers spent \$5,106 on legislators; the **Kentucky Chamber of Commerce** held a Business Summit and spent \$2,667; and \$1,542 was spent by **General Motors** for a lunch at the National Corvette Museum in Bowling Green.

Ethics and Lobbying News from around the U.S.A.



APOC says Anchorage Rep. LeDoux can keep her PAC and raise lobbyist money

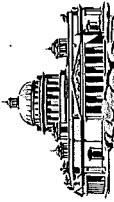
ALASKA - Alaska Dispatch News - by Nathaniel Herz - October 19, 2016

Alaska's campaign finance watchdog rejected a complaint against a fundraising committee headed by Anchorage State Rep. Gabrielle LeDoux, allowing her to continue raising money from lobbyists who are otherwise barred from donating to LeDoux's personal campaign.

The Alaska Public Offices Commission voted 4-0 to reject the complaint, which was filed in August.

Lobbyists aren't allowed to donate to legislative campaigns unless they live in a candidate's House or Senate district.

But LeDoux found a way around that rule by creating a new committee, Gabby's Tuesday PAC, that's distinct from her campaign. She then raised \$5,000 from lobbyists, and transferred the committee's money to the campaigns of other lawmakers and candidates — much like members of Congress use "leadership PACs" to cultivate other politicians' alliances and allegiances.



ETHICS REPORTER December, 2016

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Legislator and lobbying ethics sessions in January

Legislator sessions

The 2017 Current Issues ethics sessions for members of the General Assembly will be on Wednesday and Thursday, January 4 and 5. The sessions will start at 9 a.m. on both days and will be in Room 154 of the Capitol Annex.

The guest speaker on Wednesday will be **Amy S. Hess**, the recently-appointed Special Agent in Charge of the Louisville Division of the Federal Bureau of Investigation (FBI). Ms. Hess has responsibility for all FBI personnel and operations throughout the Commonwealth of Kentucky.

Ms. Hess started her career in 1991, and has worked in FBI offices in several U.S. cities, and at FBI Headquarters in Washington, D.C. She has investigated violent crimes, gangs, and drug trafficking organizations, and served as the on-scene commander of the FBI's counterterrorism operations in Afghanistan. Prior to taking charge in Louisville, Ms. Hess led the development and delivery of sophisticated technical capabilities in support of the FBI's investigative and intelligence missions, and more recently, she headed up the Science and Technology Branch, with responsibility for the Criminal Justice Information Services, Laboratory, and Operational Technology Divisions.

The guest speaker on Thursday will be **Norm Ornstein**, a long-time observer of Congress, and resident scholar at the American Enterprise Institute. He is a contributing editor and columnist for *National Journal* and *The Atlantic*, a contributor to *USA Today*, and Founder and Director of the Campaign Finance Reform Working Group. Among the books he has written: *The Permanent Campaign and Its Future*; *The Broken Branch: How Congress Is Failing America and How to Get It Back on Track*, with Thomas Mann; and the *New York Times* bestseller, *It's Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism*, also with Thomas Mann.

Lobbyist and Employer session

The Legislative Ethics Commission will conduct a training workshop for lobbyists and their employers on Friday, January 6, at 2 p.m. in Room 171 of the Capitol Annex.

Spending reports due by January 17

Employer and Legislative Agent Updated Registration Statements for the period of September 1 to December 31, 2016 are required to be filed by Tuesday, January 17, 2017.

In another statewide initiative, Rhode Island voters, by a 78% to 22% margin, approved a state constitutional amendment to give the Rhode Island Ethics Commission authority to investigate and punish state lawmakers, as Kentucky's Legislative Ethics Commission is authorized to do. The amendment constitutionalizes oversight the commission once had over the Legislature, but which was lost in a 2009 state court ruling.

Voters in San Francisco overwhelmingly approved a local measure to prohibit lobbyists from making any sort of gift to a city official and ban officials from accepting such gifts. Again, like Kentucky's ethics code, the new law will also ban lobbyists from contributing to politicians' campaigns and prevent them from gathering donations from others to present in a "bundle" to politicians' campaigns.

San Francisco's new law will also prevent lobbyists from going through a third party to give a gift. This eliminates the frequent practice of organizations and businesses funding travel of elected officials by, for example, donating to a sister-city committee organizing a trip abroad and sending their lobbyists along for the ride.

In gaining the support of 87 percent of voters, the ethics measure drew a higher percentage than any of the other two dozen initiatives on the city's ballot.

Voters in statewide and local elections in California, Illinois, Maryland, Missouri, Oregon, South Dakota, and Washington State approved campaign finance reforms, including contribution limits and disclosure requirements.

In addition to the voter-approved reforms, legislators and legislative leaders in several states are recommending ethics law changes, many of which mirror Kentucky law. Those efforts in Arkansas, Florida, Missouri, and New York are detailed in some of the stories below.



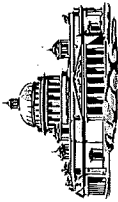
Ethics and Lobbying News from around the U.S.A.

Strange's office asked groups for input on ethics law ALABAMA -- Montgomery Advertiser -- by Brian Lyman -- November 15, 2016

A few months after securing the conviction of House Speaker Mike Hubbard under the state ethics law, Attorney General Luther Strange's office solicited input about the law and its application to groups covered by it.

"We are interested in reaching out to members of the regulated community to discuss their concerns and any confusion that may exist regarding Alabama's ethics law," said the email, signed by Deputy Solicitor General Brett Talley. "(Solicitor General) Andrew Brasher and I would like to sit down with you and talk about these issues sometime in the near future, if you are interested."

The email went out a few days before Strange criticized Rep. Mike Ball's suggestion that a commission review the state ethics' law, saying that would gut the statute. Mike Lewis, a



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Record \$20.8 million spent on 2016 lobbying

Lobbying spending in Kentucky hit an all-time high in 2016, as \$20.8 million was paid by businesses, organizations, and lobbyists pursuing their interests with the General Assembly.

In the largest spending category, \$18.7 million was spent last year by employers compensating lobbyists, a 10 percent increase over the \$16.8 million in compensation paid in 2014, the previous even-numbered year with a 60-day legislative session.

Lobbying continues to be a growth industry, as overall spending is up 11 percent from 2014, and compensation has more than tripled over the past 20 years, up from \$6 million in 1996. Meanwhile, the number of lobbying employers has increased by 35 percent -- from 448 in 1996 to 694 businesses and organizations registered today.

The top lobbying spenders and the amounts spent in 2016 are: **Kentucky Chamber of Commerce** (\$281,378); **Altria Client Services and its affiliates**, including Philip Morris USA and U.S. Smokeless Tobacco (\$274,358); **Kentucky Hospital Association** (\$211,096); **Kentucky Retail Federation** (\$204,124); **Kentucky Justice Association** (\$185,659); **Marsy's Law for All** (\$162,270); **Norton Healthcare** (\$156,518); **Kentucky Farm Bureau Federation** (\$139,570); **Humana** (\$130,798); and **Molina Healthcare** (\$129,933).

The rest of the top 20 spenders are: **Anthem** (\$128,500); **Hewlett Packard Enterprise** (\$126,000); **Buffalo Trace Distillery** (\$117,250); **Kentucky League of Cities** (\$111,291); **Century Aluminum** (\$110,541); **AT&T** (\$107,357); **Americans for Prosperity** (\$106,814, including \$93,000 on advertising); **EQT Corporation** (\$103,880); **Home Builders Association of Kentucky** (\$103,460); and **Kentucky State Building & Construction Trades Council** (\$100,834).



Top lobbying firms get most of the lobbying dollars

While there are more lobbying interests represented in Frankfort, the number of lobbyists has decreased by eight percent in the past 10 years, indicating the growth of lobbying firms which represent multiple clients.

Last year, the top 10 lobbying firms employing a total of 44 lobbyists, earned \$10.8 million of the \$18.7 million in compensation paid by businesses and organizations for legislative lobbying. So, seven percent of the 601 registered lobbyists represented almost half the lobbying employers and earned 58 percent of the compensation.

From the amounts earned, all lobbyists in 2016 paid \$894,000 in expenses, including rent, phone, research and administrative assistance, food, lodging, and transportation.

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.

This is the middle of the two-year registration cycle, so if a lobbyist or employer is registered, it is not necessary to re-register until December 2017. After the January filing, lobbying spending reports are due by the 15th of each month from February to May, then again in September.

New employers register to lobby

There are 688 businesses and organizations registered to lobby the 2017 General Assembly. Those which have recently registered include: **Balanced Budget Amendment Inc.**; **Black Hawk Mining, LLC**; **BPM Lumber**; **CIOX Health, LLC**; **Consumer Technology Association**; **Dell Technologies, Inc.**; **Everytown for Gun Safety Action Fund**; **Greenwich Biosciences, Inc.**; **Kidz Club**; **Kentucky Laborers District Council**; **Kentucky Oil & Gas Association**; **Live Nation Entertainment, Inc.**; **National Alliance for Public Charter Schools**; **NeuroRestorative**; **NextEra Energy Resources, LLC**; **Northern Kentucky University Foundation, Inc.**; **Powerhouse Gaming**; and **Waste Connections, Inc.**



Ethics & Lobbying News from around the U.S.

Former lawmaker lands job with vaping group that benefited from his vote

INDIANA – *Indianapolis Star* – by Tony Cook -- December 15, 2016

During his final weeks as an Indiana lawmaker, Sen. Brent Steele voted in favor of a controversial vaping bill that allowed only a handful of companies to make e-liquid sold in Indiana.

Now, the recently retired lawmaker has taken a new job representing those companies.

Steele has been hired as executive director of the **Vapor Association of Indiana**, which represents the few companies licensed to manufacture electronic smoking device liquid under Indiana's stringent new law. Steele, who did not seek re-election in November, said he sees no ethical issues with his new position.

"My job will be to make sure the association is run professionally and that we continue to assure the public that we have a safe product out on the shelves," he said.

But the vapor association also will be actively lobbying at the Statehouse during the upcoming legislative session, raising questions about how Steele will follow a rule that prohibits lawmakers from lobbying their colleagues for one year after leaving office.

ETHICS REPORTER February, 2017

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\$2 million lobby spending sets new mark for short session start

Although the General Assembly met for only five days in January to begin the 2017 session, the \$2.1 million in lobbying spending broke the spending record for the first month of an odd-year legislative session. This year's total is a 14 percent increase from the \$1.8 million spent in the first month of 2015, the previous odd-year session.

January 2017 spending almost reached the total spent in January 2016, when the legislators were in session for the entire month, and lobbying spending last year eventually hit an all-time high of \$20.8 million spent by businesses, organizations, and lobbyists pursuing their interests with the General Assembly.

In addition to more spending, Kentucky has 715 businesses and organizations lobbying the General Assembly, and that is a record number of employers. There are 626 lobbyists working for those employers.

In the first month of the session, the top lobbying spender was the **Kentucky Chamber of Commerce**, which spent \$47,527 lobbying, including about \$41,000 in lobbyist compensation, which is more than the Chamber has ever paid in one month for lobbying compensation.

The Chamber's 20 lobbyists worked on five bills, including four that passed in the session's first week: House Bill 1, "right to work"; House Bill 3, "prevailing wage"; Senate Bill 3, "disclosure of public retirement information"; and Senate Bill 6, requiring employees to give a signed authorization to employers to have union dues withheld from their paychecks.

Other top spenders for the first month of the session include: **Altria (Philip Morris)** \$28,122; **Marsy's Law for All** \$24,598; **Kentucky Pipe Trades Association** \$22,216; **Kentucky Bankers Association** \$18,080; **Kentucky Hospital Association** \$17,816; **Wine Institute** \$17,500; **Anthem, Inc.** \$17,000; **Westlake Chemical** \$16,000; **Norton Healthcare** \$14,750; **Kentucky Justice Association** \$14,564; **Greater Louisville, Inc.** \$13,803; **Kentucky Medical Association** \$13,605; **CSX** \$12,918; **Swedish Match North America** \$12,718; **Home Builders Association of Kentucky** \$12,625; **Kentucky League of Cities** \$11,740; **AT&T** \$11,605; **Kentucky Retail Federation** \$11,532; **Humana** \$11,527; **U.S. Justice Action Network** \$11,479; **National Heritage Academics** \$11,419; **Kentucky Association of Realtors** \$11,194; **Molina Healthcare** \$10,800; **Legalize Kentucky Now** \$10,103; **Beckfield College** \$10,000; and **Hewlett Packard Enterprise** \$10,000.

The top earners among lobbying firms in 2016 are: **MML&K Government Solutions**, the lobbying office of the **McBrayer, McGinnis, Leslie & Kirkland** law firm, has 10 lobbyists, representing 49 lobbying interests which paid the firm \$2.16 million for lobbying in 2016. **McCarthy Strategic Solutions**, with seven lobbyists, representing 62 businesses and organizations which paid the firm \$1.39 million for 2016 lobbying; **Commonwealth Alliances**, with three lobbyists representing 33 lobbying interests that paid the firm \$1.35 million last year; and **Top Shelf Lobby**, with five lobbyists representing 36 clients that paid the firm \$1.2 million in 2016.

Other lobbying firms include: **Capital Link Consultants**, with five lobbyists representing 28 businesses and organizations that paid the firm \$1 million last year; **Babbage Cofounder**, with one lobbyist representing 30 lobbying interests which paid the firm \$899,000 in 2016; **JVB3 Group**, with three lobbyists representing 26 clients, which paid the firm \$800,000 in 2016; **The Rotunda Group**, with four lobbyists representing 18 clients that paid the firm \$793,000 in 2016; **Government Strategies**, with five lobbyists representing 24 clients that paid the firm \$652,000 last year; and **Capitol Solutions**, with one lobbyist who represented 13 clients that paid the firm \$592,000 for 2016 lobbying.

Legislators' financial disclosure statements due by Feb. 15

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

Statements from legislators and top LRC staff are due on or before **Wednesday, February 15, 2017**. A blank disclosure statement and a sample completed form are available at <http://klec.ky.gov/Forms/Pages/default.aspx>

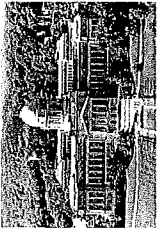
After review, the forms will be uploaded to the Ethics Commission's website.



Lobbying interests come and go

The following businesses and organizations recently registered to lobby the General Assembly: **City of Georgetown**; **Ferring Pharmaceuticals**; **Foundation for a Healthy Kentucky**; **Foundation for Individual Rights in Education**; **Harshaw Trane**; **JPMorgan Chase Holdings**; **Kentucky Education Professional Standards Board**; **Kentucky Film and Digital Entertainment Association**; **Masonic Homes of Kentucky**; **National Heritage Association**; **Nuclear Energy Institute**; **Opportunity Solutions Project**; **Polaris Industries**; **Racing Resource Group**; **Safety Edge, LLC**; **Unite Foundation**; and **U.S. Justice Action Network**.

These groups recently terminated their registrations, and are no longer registered to lobby: **AbbVie, Inc.**; **Bayer Corp.**; **Calgon Carbon Corp.**; **Childrens Magic U.S.**; **Crown Castle USA, Inc.**; **Dell, Inc.**; **Fortress Capital Formation**; **Foundation for Government Accountability**; **General Electric Co.**; **Hazard Perry Co. Community Ministries**; **JPMorgan Chase & Co.**; **Kentucky Association of Circuit Court Clerks**; **Northern Kentucky University**; **Premier Integrity Solutions**; **Teamsters Local 89**; and **Waste Connections, Inc.**



ETHICS REPORTER March, 2017

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\$4.6 million spent on lobbying in two months

Although the General Assembly was in session for just 20 days, \$4.6 million was spent on lobbying in the first two months of the 2017 short session. Once again, the top spending lobbying organization was the **Kentucky Chamber of Commerce**, which spent \$88,090, 19 percent more than the Chamber spent in the same period in last year's long session. In the most recent reporting period, the Chamber reported it produced advertising in support of charter school legislation and medical review panels.

The second-leading spender is a new lobbying organization, **U.S. Justice Action Network**, which has spent \$62,958, including \$40,000 on polling. **U.S. Justice Action Network** supports legislation to "reduce the exploding prison population and astronomical costs to taxpayers."

Altria is the next highest spender, spending \$57,386 on tobacco-related issues including a resolution urging the U.S. Food and Drug Administration to withdraw its proposed standard for a nicotine-related substance in smokeless tobacco products; followed by **Marsy's Law** for All which has spent \$56,968, including \$40,000 on advertising in support of a proposed constitutional amendment to create a crime victims' bill of rights.

Other top lobbying spenders include: **Kentucky Hospital Association** (\$49,788); **Kentucky Justice Association** (\$37,855); **Kentucky League of Cities** (\$36,392); **Kentucky Bankers Association** (\$36,160); **Anthem Inc.** (\$34,000); **Greater Louisville, Inc.** (\$32,029); **Kentucky Medical Association** (\$31,058); **Kentucky Retail Federation** (\$29,685); **Norton Healthcare** (\$29,575); **AT&T** (\$28,613); **Humana** (\$26,893); **Kentucky Association of Electric Cooperatives** (\$25,911); **Kentucky Association of Health Care Facilities** (\$24,199); **Kentucky Association of Realtors** (\$24,180); **Home Builders Association of Kentucky** (\$23,937); **Kentucky Pipe Trades Association** (\$22,216); **Kentucky Farm Bureau Federation** (\$21,863); **Kentucky Education Association** (\$21,732); **National Heritage Academics** (\$21,685); **Molina Healthcare** (\$21,600); **Hewlett Packard** (\$20,000).



Events can be a key part of lobbying

When the General Assembly is in session, many people come to Frankfort from around the state to meet their legislators at events organized by various businesses and organizations.

In the 2017 session, the largest event was the **Annual Energy Reception**, held at **Buffalo Trace Distillery**. For that event, the **Kentucky Oil & Gas Association** spent \$5,111, the **Kentucky Coal Association** spent \$4,661, **Duke Energy** spent \$250, and two lobbyists spent \$450, for a total of \$10,472.

Legislators' financial statements on line

All members of the General Assembly are required to file financial disclosure statements for the preceding calendar year. The statements are available from the Legislative Ethics Commission, and all are posted on the Commission's website <http://klec.ky.gov>.

Lobbyists embrace on-line filing

Each business or organization that employs a lobbyist is required to file a brief report showing their lobbying activities and spending, and each lobbyist files a similar report about their individual activities.

There are 3,044 forms expected to be filed by March 15th by employers and lobbyists. 2,964 forms were filed for January 1-31.

85 percent of employers filed their forms online, while 89 percent of the forms for lobbyists were filed online, meaning 88 percent of all forms due were filed online at the Ethics Commission's website: <http://klec.ky.gov>

Employers and lobbyists who file paper forms, are required to use the forms updated by the Commission, effective October 2016. All new forms are located on the Commission website.

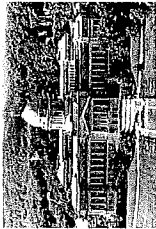
This does NOT affect employers or legislative agents who file online. Any questions can be directed to the Commission's office at 502-573-2863.

Lobbying interests come and go

The following businesses and organizations have registered to lobby in the past few weeks: **Appalachian Wildlife Foundation**, **Appriss Inc.**, **Autism Speaks, Inc.**, **Cash in a Dash, LLC**, **Down Syndrome Association of Central Kentucky**, **Commonwealth Credit Union**, **Commonwealth Technology Inc.**, **Convention of States Action**, **Council of State Governments**, **First Southern Funding, LLC**, **First Southern National Bank**, **Hendricks Resources**, **Kentucky Equipment Distributors**, **Kentucky Nurses Association**, **Koch Companies Public Sector, LLC and Affiliates**, **National Association for Gun Rights**, **National Association of Mutual Insurance Companies**, **Notarize**, **Partnership for a New American Economy Action Fund**, **Texas Public Policy Foundation**, **Universal Guaranty Life Insurance Co.**, and **U.S. Chamber Institute for Legal Reform**

The following have terminated their registrations, and are no longer lobbying in Kentucky: **Astra Zeneca Pharmaceuticals**, **Kentucky Deferred Deposit Association**, **Kentucky Right to Work Committee**, **Luckett & Farley AECM, Inc.**, **Reid Investments, LLC**, **Shire**, and **Travel Technology Association**.

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About \$7 million spent on lobbying in session

Lobbyists and their employers reported spending \$6.98 million in the 2017 session of the General Assembly. The total matches the record spent in the 2015 session, the most recent 30-day odd-year session.

In the past year, the number of lobbying organizations has increased by nine percent, as Kentucky follows the national trend toward more state lobbying by businesses and interest groups and more lobbying spending in state capitols. As an illustration of that upward trend, the amount spent in the first three months of 2017 exceeds the amount spent in the entire 12 months of 2001, the first year in which Kentucky held a 30-day session.

As it was in the 2016 session, the top spending lobbying organization this year was the **Kentucky Chamber of Commerce**, which spent \$126,801 in the three-month session. On its website, the Chamber proclaims 2017 as "a record year of legislative victories", and says its advocacy against minimum wage and maternity leave bills saved the business community \$44 million; while its work toward repealing the prevailing wage law saved businesses \$190 million.

The Chamber also estimates that businesses will save \$117 million thanks to the Chamber's work to block 1) "transgender bathroom" bills that would have required public schools and state and local governments to designate that bathrooms they control only be used by persons based on their biological sex; and 2) a "religious freedom" bill that would have required that no law shall impair the exercise of rights guaranteed by the constitutions of the United States and Kentucky, including a person's "right of conscience" or freedom of religion.

Although the Chamber did not include businesses' estimated cost savings for the "right-to-work" legislation, the charter school bill, or legislation requiring medical review panels, those issues are also characterized as legislative victories by the Chamber.

After the 2016 General Assembly, in which the Chamber spent \$149,000 on lobbying, the group's website called that 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 second-leading spender in the 2017 session was the **U.S. Justice Action Network**, a Washington, D.C.-based 501(c)(4) group that spent \$89,125 lobbying on Senate Bill 120, which was enacted, and includes reforms to the reentry process for convicted felons, including access to occupational licenses for those with a criminal record, and a reentry substance abuse pilot program.

Other large events held during the 2017 session include: a Capitol Annex luncheon sponsored by the **Kentucky Beverage Association** (\$3,849) and **Kroger** (\$650); a breakfast at the Capitol Plaza Hotel, sponsored by **Kentucky Rural Water Association** (\$4,268); and Louisville Night at the **Kentucky History Center** (\$4,125), sponsored by **AT&T**, **Beam Suntory**, **Charter Communications**, **Greater Louisville Association of Realtors**, **Greater Louisville, Inc.**, **KentuckyOne Health**, **IG&E** and **KU Energy**, **Metropolitan Sewer District**, **Convention & Visitors Bureau**, **Regional Airport Authority**, **Louisville Water Company**, **Norton Healthcare**, **Sullivan University**, **UPS**, and **University Health Care**.

Also, **Kentucky League of Cities** spent \$3,450 on the City Day/City Night event at Frankfort Convention Center; **Necco** spent \$2,534 on a Capitol Annex luncheon; **Kentucky State Police Professional Association** spent \$2,186 on three weekly breakfasts at the Capitol Annex; **Kentucky Council of Area Development Districts** spent \$2,120 on a breakfast at the Capitol Annex; **Kentucky Cable Telecommunications Association** spent \$2,004 on a reception at the Capital Plaza Hotel; **Kentucky Professional Firefighters** spent \$1,892 on a Firefighters Chili Dinner at Buffalo Trace Distillery; **Kentucky Hospital Association** spent \$1,732 on a Capitol Annex luncheon; and **Kentucky Optometric Association** spent \$1,579 on a Capitol Annex luncheon.

AT&T spent \$2,500 and **Kentucky Nonprofit Network, Inc.** spent \$607 on an awards ceremony in the Capitol Rotunda; and **Kentucky Youth Advocates** spent \$2,176 on a Capitol Annex breakfast.

Two lobbyists, **R. Brooke Parker** (\$2,787) and **Steve Robertson** (\$3,252) spent a total of \$6,039 on a reception at the Hyatt Regency in Lexington.



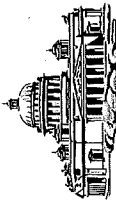
Kentucky registers a record number of lobbying interests

As the 2017 General Assembly adjourns, 722 businesses and organizations are registered to lobby. That's a nine percent increase since this time last year.

The businesses and organizations which have registered to lobby in the past month are: **Americans United for Separation of Church & State**; **Appalachian Citizens Law Center, Inc.**; **Celgene Corp.**; **Center for Education Reform**; **Kentucky Association of Home Inspection Professionals**; **Kentucky Solar Industries Association**; **Louisville Arena Authority**; **Mainstreet**; **Teamsters Local 89**; **Teladoc, Inc.**; and **U.S. Hemp Farming & Business Roundtable**.

Sanitation District No. 1 and **TAC Air** terminated their lobbying registrations, and are no longer lobbying the General Assembly.

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Ky. Chamber is top lobbying spender by far

More than \$8.6 million was spent on lobbying in the first four months of 2017, including a 30-day legislative session. The Kentucky Chamber of Commerce spent \$158,306, which is six percent more than the Chamber has ever spent in a comparable period, including in even-numbered years with 60-day sessions.

Altria (Philip Morris) is the second-leading spender to this point, at \$112,722. U.S. Justice Action Network (\$110,604) and Marsy's Law for All (\$93,468) are new to the top five spending list, while the rest of the top ten consists of familiar names, including Kentucky Hospital Association (\$81,758); Kentucky League of Cities (\$74,012); Kentucky Bankers Association (\$72,217); Kentucky Justice Association (\$69,289); Anthem Inc. (\$63,000); and Greater Louisville, Inc. (\$54,384).

Other top spending businesses and organizations include: CSX Corporation (\$54,317); Kentucky Medical Association (\$52,277); Humana (\$52,103); Kentucky Retail Federation (\$50,718); Norton Healthcare (\$46,783); AT&T (\$46,452); Home Builders Association of Kentucky (\$45,792); Molina Healthcare, Inc. (\$43,200); Kentucky Association of Realtors (\$41,707); Kentucky Farm Bureau Federation (\$40,588); Century Aluminum Company (\$40,052); and Kentucky Association of Electric Cooperatives (\$40,012).



Ethics Commission gets three appointments

Legislative leaders recently made three appointments to terms on the nine-member Legislative Ethics Commission.

Senate President Robert Stivers and House Speaker Jeff Hoover agreed to appoint Tony Goetz to the Commission. Mr. Goetz is a native of Daviess County and worked more than 20 years for the University of Kentucky, including as UK's Director of Government Relations.

President Stivers also reappointed former Representative Pat Freibert of Lexington, and former Senator and Circuit Judge Tom Jensen of London to four-year terms on the Commission. There is one vacancy on the Commission.

Other top lobbying spenders in the recently concluded General Assembly are: Altria (\$85,347); Marsy's Law for All (\$79,218); Kentucky Hospital Association (\$71,132); Kentucky League of Cities (\$68,969); Kentucky Justice Association (\$57,156); Kentucky Bankers Association (\$54,240); Anthem Inc. (\$51,000); Greater Louisville, Inc. (\$49,329); Kentucky Retail Federation (\$46,371); Kentucky Medical Association (\$44,472); Norton Healthcare (\$44,325); Humana (\$41,440); Kentucky Association of Electric Cooperatives, Inc. (\$40,012); Home Builders Association of Kentucky (\$38,626); Excellence in Education Action (\$38,458); AT&T (\$38,216); Kentucky Farm Bureau Federation (\$35,951); and Kentucky Association of Realtors (\$35,272).

Lobbying events wrap up 2017 session

During the 2017 General Assembly, several events were held by lobbying businesses and organizations.

One of the largest events held during the session was the reception sponsored by four railroad companies. The event was held on rail cars parked on Broadway in downtown Frankfort, and CSX Corp., Norfolk Southern Corp., Paducah & Louisville Railway, Inc., and RJ Corman Railroad each reported spending \$2,370 on the event, for a total of \$9,480.

Events held in March include: a reception sponsored by the Boys and Girls Clubs of Kentucky at the Governor's Mansion (\$4,313); a luncheon sponsored by the Kentucky Dental Association in the Capitol Annex (\$2,102); a luncheon sponsored by the Kentucky Travel Industry Association in the Capitol Annex (\$2,020); a reception sponsored by Kentucky State University at the KSU Co-op Building (\$1,625); and a barbecue sponsored by the Kentucky League of Cities in the Capitol Annex (\$1,354).



Kentucky registers a record number of lobbying interests

At the conclusion of the 2017 General Assembly, 722 businesses and organizations were registered to lobby. That's a record number of lobbyist employers, and a nine percent increase since this time last year.

After the end of the session, 13 groups terminated their lobbying registrations. Those are: Big Ass Solutions Company; BPM Lumber; Crown Cork & Seal Co.; Hewlett Packard Enterprise; Hudson Holdings, LLC; Kentucky Tax Bill Servicing, Inc.; Laborer's Local 576; National Association of Charter School Authorizers; National Association for Gun Rights; NCP Finance Kentucky; Nuclear Energy Institute, Inc.; Prudential Financial, Inc.; and SolarCity.

There are six organizations which have registered to lobby since the end of the session: Adapt Pharms, Inc.; Central Kentucky Landfill; Council for a Strong America; DXC Technology Co.; Rhino Resource Partners; and Hopebridge.



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Ethics Code applies at 2017 conferences in Biloxi, Boston, and Denver

Kentucky's Code of Legislative Ethics applies to legislators, lobbyists, and employers of lobbyists who attend summer legislative conferences, or who sponsor events in conjunction with those conferences.

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

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

The Code of Legislative Ethics prohibits lobbyists and employers from buying food and beverages for individual legislators, and prohibits lobbyists and employers from providing legislators with out-of-state lodging or transportation from Kentucky to an out-of-state location.

Legislative conferences this summer include:

- **Southern Legislative Conference Annual Meeting** – July 29-August 2, 2017 in Biloxi, Mississippi at the Mississippi Coast Convention Center and Beau Rivage Hotel.
- **National Conference of State Legislatures Legislative Summit** – August 6-9, 2017 in Boston, Massachusetts at the Boston Convention and Exhibition Center. Speakers include: **Doris Kearns Goodwin**, a Pulitzer Prize-winning author; **Frank Luntz**, news analyst for CBS and author of three *New York Times* best-sellers; and **John Bolton**, former U.S. representative to the United Nations.
- **American Legislative Exchange Council Annual Meeting** – July 19-21, 2017 in Denver, Colorado, at the Hyatt Regency Denver. Speakers include: **Steve Forbes**, Chairman and Editor-in-Chief of Forbes Media; **Darcy Olsen**, CEO of the Goldwater Institute; and **Peter Coors**, Chairman of Molson Coors Brewing Company and president of the Adolph Coors Foundation.

Turnover in the lobbying community after the 2017 GA

With the close of the 2017 General Assembly, several businesses and organizations terminated their lobbying registration in Kentucky, and a few more registered to begin lobbying.

Six organizations registered to lobby after the session ended last month, and the most recent registrant is **DaVita Inc.**, a Denver-based Fortune 500 company that operates or provides administrative services at 2,382 outpatient kidney dialysis centers in the United States.

In addition to the 13 businesses or organizations that terminated lobbying activities last month, four more have terminated: **Appian**; **Center for Education Reform**; **National Council of State Boards of Nursing**; and **Partnership for New American Economy Action Fund**.



Ethics & lobbying news from around the U.S.

Drug Lobbyists' Battle Cry Over Prices: Blame the Others WASHINGTON, D.C. – *New York Times* – by Eric Lipton & Katie Thomas – May 29, 2017

Hundreds of independent pharmacists swarmed the House and Senate office buildings one recent afternoon, climbing the marble staircases as they rushed from one appointment to the next, pitching lawmakers on their plan to rein in the soaring drug prices that have enraged American consumers.

As they crowded into lawmakers' offices, describing themselves as the industry's "white hats," they pointed a finger at pharmacy benefit managers like **Express Scripts** and **CVS Health**, which handle the drug coverage of millions of Americans.

"Want to reduce prescription drug costs?" the pharmacists argued during their visits. "Pay attention to the middlemen."

A civil war has broken out among the most powerful players in the pharmaceutical industry — including brand-name and generic drug makers, and even your local pharmacists — with each blaming others for the rising price of medicine.

It is an industry that was already spending nearly double what other business sectors in the United States economy allocate on lobbying, and those sums continue to rise. President Trump has only heightened anxiety by accusing the drug industry of "getting away with murder," even though he has not weighed in with his own proposal.

Ethics Commission appeals ruling that allows lobbyists to give gifts, money to lawmakers

Lexington Herald-Leader -- by Jack Brammer -- June 21, 2017



Frankfort — The Kentucky Legislative Ethics Commission unanimously voted to appeal a recent federal court ruling that allows lobbyists to give gifts and campaign donations to state lawmakers.

"We thought it too important not to appeal," said commission chairman George Troutman after the panel met in closed session for 23 minutes to discuss the litigation.

Earlier this month, U.S. District Judge William O. Bertelsman in Covington struck down part of Kentucky's legislative ethics code, ruling that state lawmakers can accept gifts from lobbyists, and that lobbyists can make campaign contributions to candidates for the state legislature.

The ruling was a victory for state Sen. John Schickel of Union, and two Libertarian political candidates who sued in September 2015 to overturn state laws limiting campaign donations to \$1,000 and prohibiting gifts to legislators from lobbyists.

Bertelsman declined to rule on the issue of campaign contribution limits, saying the issue is moot because the legislature this year doubled the limit. He did, however, rule that legislators cannot set up caucus campaign committees, which give unlimited contributions to campaigns. Caucus campaign committees gave nearly \$800,000 to winning campaigns in Kentucky's 2016 elections.

In their lawsuit, the politicians argued that the ethics laws violate their constitutional rights to free speech and equal protection by restricting their access to people who want to help them.

State regulators countered that the laws were meant to prevent bribery at the state Capitol. Most of the rules were enacted after Operation BOPTR0T, an FBI investigation in 1992 that exposed 15 current or former legislators who sold their votes. Don Blandford, the House Speaker, was among those sent to prison.

Defendants in the case were the Kentucky Legislative Ethics Commission and the Kentucky Registry of Election Finance, which oversees campaign spending.

Six members of the ethics commission were present at the recent special meeting and all voted for appealing the federal judge's ruling to the U.S. 6th Circuit Court of Appeals in Cincinnati. Two members — Tom Jensen of London and Bob Fulkerson of Louisville — were absent. The panel has one vacancy.

The **Kentucky Chamber of Commerce** publicly urged the two state agencies to appeal the ruling and urged other groups that lobby the General Assembly to take similar action "to maintain the state's current ethics system."

"Kentucky has strong ethics laws which have guided us in the years since BOPTR0T, kept our political system relatively clean and discouraged a 'pay to play' mentality," said Dave Adkisson, president and CEO of the Chamber. "It would be a disservice to the citizens of the commonwealth to roll these reforms back. We urge the defendants of this lawsuit to file an appeal to maintain ethical boundaries in our legislative process."