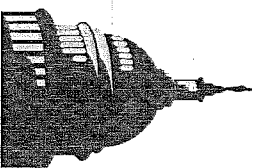


Kentucky Legislative Ethics Commission



Kentucky Legislative Ethics

Commission Members

George Troutman, Chair
Pat Freibert, Vice Chair

Bob Fulkerson
David Barber
Ray B. White
Vernie McGaha

Paul Gudgel
Norma Scott
Deborah Jo Durr

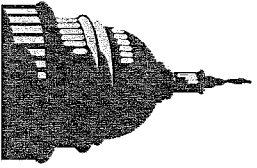
Commission Staff

Anthony Wilhoit, Executive Director

John Schauf, Assistant Director
Donnita Crittenden, Principal Assistant
Connie Evans, Staff Assistant
Michael Malone, Enforcement Counsel

22 Mill Creek Park
Frankfort, Kentucky 40601
Telephone: (502) 573-2863
Fax: (502) 573-2929
Web Address: <http://Klec.ky.gov>

ANNUAL REPORT



FY 2012-2013

Legislative Ethics Commission Member Profile

FOREWORD

I am pleased to submit the 20th 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 a 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

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, 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 - Judge Gudgel was appointed by the Speaker of the House in 2002. Judge Gudgel received his BA and LLB 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.

Norma Scott - Mrs. Scott was appointed to the Commission by the President of the Senate in 2005. She graduated from Farlington High School and Western Kentucky University, where she received a B.A. in Elementary Education. Mrs. Scott is a retired school teacher, and she and her husband, Gerald, reside in Madisonville.

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 & 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.

Ray B. White - Mr. White was appointed to the Commission by the President of the Senate in July, 2009. Mr. White served four years in the State Senate, and was Minority Whip in 1972. He was a candidate in the 1979 Republican gubernatorial primary. Mr. White is an attorney and a lifetime member of the Western Kentucky University Alumni Association. He lives in Bowling Green. His service on the Commission ended in April 2013.

Judge David A. Barber - Judge Barber was appointed to the Commission by the Speaker of the House in April, 2011. As a practicing lawyer in Floyd County, Judge Barber served as attorney for the Floyd County Board of Education, Martin City Attorney, Floyd County Attorney, and Administrative Law Judge for the Kentucky Department of Workers' Claims. From 1999 to 2007, he served as a Judge on the Kentucky Court of Appeals. Judge Barber earned his B.A. from Transylvania University and his J.D. from the University of Louisville. He has served as Adjunct Professor of History at Prestonsburg Community College. He and his wife Paula Richardson live in Owingsville, where they are partners in the law firm of Richardson, Barber & Williamson.

Vernie D. McGaha - Mr. McGaha was appointed to the Commission by the President of the Senate in April, 2013. He is a retired educator and a former state senator from the 15th Senatorial District, which includes the counties of Adair, Casey, Pulaski, and Russell. Mr. McGaha served in the Senate from 1997 to 2013, and served as Vice-Chair of the Agriculture Committee, the Appropriations and Revenue Committee, and the Education Committee. In 2012, he received the "Kids First Advocacy Award" from the Kentucky School Boards Association. He earned a Bachelor of Science degree from Campbellsville University, and a Master's from Western Kentucky University in Bowling Green. Mr. McGaha and his wife, Connie Sue, live in Russell Springs and are the parents of two children.

Legislative Ethics Commission Staff Profile

Anthony M. Wilhoit - Executive Director. Judge Wilhoit joined the Legislative Ethics Commission on November 17, 1997. In 1976, he joined the Kentucky Court of Appeals, and he 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 received an AB from Thomas More College, a law degree from the University of Kentucky, and an LLM from the University of Virginia.

John Schaeaf - Assistant Director. Mr. Schaeaf 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.

Donnia B. Crittenden - Mrs. Crittenden is the Principal Assistant in the Commission office. She is a graduate of Franklin County High School, and has a BA 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 - Mrs. Evans is the Staff Assistant in the Commission office. She is a graduate of Lebanon High School, Lebanon, Kentucky. Her previous experience includes legal secretary for 15 years, elementary school secretary for 11 years, and judicial secretary for 3 1/2 years in 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.

**Education and Training
FY 2012-2013**

August, 2012 John SchAAF and Anthony Wilhoit, presentation to Kentucky Cable Telecommunications Association

October, 2012 Connie Evans, Donnica Crittenden and John SchAAF, Presentation Lobbyist Retreat at Boone Tavern, Berea, KY

December, 2012 John SchAAF attended and presented at the Council on Governmental Ethics Laws (COGEL) Conference in Columbus, OH

December, 2012 Anthony Wilhoit was presented with COGEL's highest national award for his work in Ethics

December, 2012 Anthony Wilhoit and John SchAAF, training at LRC for New Legislator Orientation

January, 2013 Current Issues Seminar for Members of the General Assembly conducted by LRC Staff, Speaker Lawrence Lessig, Director of the Edmond J. Safra Center for Ethics at Harvard; Speaker Peggy Kerns, Director of NCSL's Center for Ethics in Government and NCSL Staff Liaison for the Ohio General Assembly.

January, 2013 Donnica Crittenden and John SchAAF, Employer and Legislative Agent Training Session

June, 2013 John SchAAF, Ethics Presentation at the Legislative Research Commission's Continuing Legal Education Seminar

June, 2013 John SchAAF and Anthony Wilhoit attended and presented at the Heartland Conference in Louisville, KY

During the fiscal year, we provided:

- Various in-house training sessions, as requested
- Reviewed, approved and posted (on website) over 159 Financial Disclosure forms for legislators and candidates
- Issued 40 written informal advisory opinions
- Gave approximately 300 verbal and e-mailed informal advisory opinions
- Answered numerous filing and procedural questions
- E-mailed monthly Ethics Reporters to all General Assembly members, 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.

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

FY 2012-2013

Number of Employers: 646

Number of Legislative Agents: 628

Reports were filed on September 15, 2012, January 15, 2013, February 15, 2013, March 15, 2013, April 15, 2013, and May 15, 2013.

The Kentucky Legislative Ethics Commission (KLEC) has continued 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."

MONEY SPENT ON LEGISLATIVE ACTIVITY SINCE THE ENACTMENT OF

THE LEGISLATIVE ETHICS CODE - January 1994

Complaints and Administrative Actions

FY July 1, 2012 - June 30, 2013

Complaints:

There were no formal complaints filed during this fiscal year.

Administrative Fines Levied by the Commission:

Legislative Agents \$1,650.00
 Employers \$4,850.00
 Total Fines Assessed \$6,500.00

These fines were assessed due to failure to file updated 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.

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.)
1994	\$1,202	\$36,422	\$6,466,038
1995	\$284	\$16,226	\$2,732,827
1996	\$890	\$44,761	\$7,305,064
1997	\$14	\$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	\$9,188,587
2004	\$711	\$214,704	\$11,871,973
2005	\$688	\$239,060	\$11,663,760
2006	\$580	\$245,725	\$14,411,884
2007	\$160	\$160,087	\$12,658,586
2008	\$434	\$248,463	\$16,902,528
2009	\$236	\$135,943	\$15,262,677
2010	\$530	\$189,059	\$16,692,839
2011	\$244	\$177,926	\$15,090,667
2012	\$539	\$159,685	\$17,777,457
2013**	\$124	\$138,990	\$11,983,736

*2001 Reflects totals from the first annual session in an odd-numbered year.

**2013 figures include totals through August 31, 2013.

From 1994 to 2013, \$215,824,266 was reported.

Of that figure, \$188,694,266 was attributed to salaries of legislative agents and \$27,129,462 was for other lobbying expenses.

LOBBYING EXPENSES AS REPORTED 1994 - 2013

YEAR	EMP. FB	EMP. RME	EMP. EXP	LA FB	LA RME	LA EXP	LA COMP	TOTAL
2013**	\$94	\$126,528	\$74,843	\$30	\$10,462	\$651,274	\$10,818,505	\$11,983,736
2012	\$539	\$143,154	\$858,368	\$0	\$16,407	\$945,621	\$15,813,368	\$17,777,457
2011	\$228	\$160,435	\$393,916	\$16	\$17,491	\$395,572	\$13,613,009	\$15,090,667
2010	\$530	\$189,059	\$904,378	\$0	\$28,206	\$1,188,642	\$14,382,024	\$16,697,839
2009	\$236	\$135,943	\$462,256	\$0	\$19,126	\$985,833	\$13,659,283	\$15,562,677
2008	\$434	\$248,463	\$691,801	\$82	\$35,100	\$1,196,922	\$14,729,726	\$16,902,538
2007	\$160	\$160,087	\$530,195	\$0	\$18,175	\$1,025,796	\$11,951,309	\$13,685,722
2006	\$423	\$227,190	\$803,103	\$157	\$19,631	\$1,061,624	\$13,362,476	\$15,474,604
2005	\$420	\$214,397	\$615,303	\$268	\$24,663	\$902,410	\$10,808,709	\$12,566,170
2004	\$561	\$204,701	\$819,692	\$150	\$10,003	\$213,134	\$10,335,866	\$12,085,107
2003	\$542	\$193,663	\$848,670	\$0	\$4,639	\$0*	\$8,141,073	\$9,188,587
2002	\$262	\$188,446	\$1,008,768	\$20	\$8,248	\$0*	\$9,088,595	\$10,294,339
2001	\$160	\$136,819	\$608,853	\$73	\$4,201	\$0*	\$6,132,887	\$6,882,993
2000	\$95	\$136,632	\$857,075	\$0	\$13,424	\$0*	\$8,295,998	\$9,302,624
1999	\$248	\$30,082	\$411,981	\$0	\$1,562	\$0*	\$3,989,617	\$4,433,490
1998	\$20	\$82,741	\$939,643	\$10	\$4,500	\$0*	\$7,086,054	\$8,112,968
1997	\$14	\$22,072	\$420,529	\$0	\$4,019	\$0*	\$3,137,175	\$3,583,809
1996	\$589	\$40,822	\$880,518	\$301	\$3,939	\$341,893	\$6,037,002	\$7,305,064
1995	\$177	\$15,692	\$318,105	\$107	\$534	\$144,098	\$2,254,114	\$2,732,827
1994	\$852	\$34,117	\$1,356,719	\$350	\$2,305	\$514,701	\$4,557,014	\$6,466,058
Totals	\$6,584	\$2,692,443	\$14,104,716	\$1,564	\$246,635	\$10,077,520	\$188,694,804	\$215,824,266

Guide to Abbreviations:

EMP. FB (Emp. Food and Beverage) LA. FB (Legislative Agent Food and Beverage)

EMP. RME (Emp. Reception, Meals & Events) LA. RME (Legislative Agent Reception, Meals & Events)

EMP. EXP (Emp. Expenses) LA. EXP (Legislative Agent Expenses)

LA. COMP (Legislative Agent Compensation)

* Employer forms were amended to delete action 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.

**2013 figures include totals through August 31, 2013.

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

Thank you for visiting the Kentucky Legislative Ethics Commission (KLEC) Web site. We hope the information you find here will be helpful.

KLEC has jurisdiction over:

- Legislative agents (lobbyists).
- Employers (individuals or entities who engage legislative agents), and
- Members of the General Assembly.

The legislative ethics law covers four broad subject matters:

- Registration of legislative agents and employers;
- Statements by legislative agents and employers of:
 - lobbying expenditures and expenses, and
 - financial transactions;
- Conduct of members of the General Assembly; and
- Financial disclosure statements of the General Assembly, legislative candidates, and key legislative staff.

FILE FORMS ONLINE

The next report covers 9/1/2013 to 12/31/2013 and is due on Wednesday, 1/15/2014

[Lobbyist & Employer Lists](#)

[Employers of Legislative Agents \(Lobbyists\)](#)

pdf format
word format

[Legislative Agents \(Lobbyists\)](#)

pdf format
word format

[SEARCHABLE REGISTER](#)

You may now search our entire database including expense records for employers and their legislative agents. Records are updated as they are entered into the database. All viewable reports are updated at 5:00 p.m. daily.

<http://klec.ky.gov/>

Most recent newsletter: **October 2013**

The next meeting of the Kentucky Legislative Ethics Commission, is scheduled for Thursday, December 12, 2013.

KET Video of Former Lobbyist Jack Abramoff Speaking To Kentucky Legislators

2013 Recommended Changes to the Code of Legislative Ethics

Kentucky tops national ethics study. View a copy of **Honest Enforcement: What Congress Can Learn From Independent State Ethics Commissions**

See Also...

- [Ky. Executive Branch Ethics Commission](#)
- [The Executive Branch Code of Ethics](#)
- [establishes the ethical standards that govern the conduct of all executive branch employees.](#)
- [Ky. Legislative](#)

Searchable Register

If you have questions regarding our searchable register, please contact
Donnita Crittenden.

CONTACT US

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For directions, see the "About Us" section of this site.

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Legal Counsel: john.schaaf@lrc.ky.gov
Principal Assistant: donnita.crittenden@lrc.ky.gov
Staff Assistant: connie.evans@lrc.ky.gov

Research Commission
A fact finding and service body for the legislature consisting of a 16 member panel of Democrats and Republican leaders from the General Assembly.

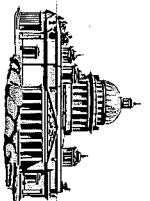
Ky. Registry of Election Finance
The Kentucky Registry of Election Finance administers and enforces the laws regulating the financing of state and local elections in Kentucky.

Link Disclaimer

Some of the links on this site may resolve to non-governmental agencies. The information on these pages is not controlled by the Kentucky Legislative Ethics Commission or the Commonwealth of Kentucky.

External links are identified with the following icon: 

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ETHICS REPORTER

July, 2012

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

Disclosure Reports Available



Financial Disclosure reports filed by legislators and 2012 legislative candidates can be viewed by going to the Legislators and Candidates Report page on the website of the Legislative Ethics Commission. <http://lrec.ky.gov/reports/legislators.htm>

The link should be copied into a web browser. An Adobe Systems Acrobat PDF Reader is needed to access the reports. The reports on the website appear exactly as filed by the candidates.

Ethics Law Applies at Conferences and Conventions



There are at least five out-of-state meetings this summer which some legislators will attend, and where events, including receptions and meals, will be sponsored by businesses or organizations which employ lobbyists in Kentucky. Kentucky's Code of Legislative Ethics applies at those events.

The American Legislative Exchange Council (ALEC) Annual Meeting was held in Salt Lake City, Utah from July 25-28 at the Grand America Hotel; the Southern Legislative Conference (SLC) Annual Meeting is in Charleston, West Virginia from July 28-August 1 at the Marriott Town Center Hotel; and the National Conference of State Legislatures (NCSL) Legislative Summit will be in Chicago, Illinois from August 6-9 at the McCormick Place Convention Center West.

Additionally, the Republican National Convention is August 27-30 in Tampa, Florida and the Democratic National Convention is September 3-6, 2012 in Charlotte, North Carolina.

A business or organization which employs lobbyists in Kentucky and which sponsors an event at a conference or political convention is required to report the amount spent on Kentucky legislators at that event, if legislators attend the event. Even if a Kentucky lobbyist is not present at an event, the sponsoring employer is required to make a full report on the event.

If individual legislators are invited, the sponsor is required to report the legislators by name, along with the date and location of the event and the amount spent, but if a recognized group of legislators is invited, the name of the group is reported.

Legislators attending a conference or convention may attend events sponsored by businesses or organizations which employ lobbyists in Kentucky. However, if individual legislators are invited, rather than a recognized group of legislators, a legislator and his or her immediate family cannot accept more than \$100 in food and beverages in a calendar year from a lobbyist and employer, collectively.

The \$100 limit applies to every legislator unless they receive approval to attend an event from the presiding officer of the chamber in which they serve, or the entire membership of a recognized group of legislators is invited to the event.

Unless they have approval for out-of-state travel, members of the General Assembly cannot accept transportation to and from a conference or political convention site, if the transportation is sponsored by a lobbyist or an employer of lobbyists. That type of transportation is considered something "of value" which cannot be offered to a legislator by a lobbyist or an employer of lobbyists, or accepted by a legislator.

600+ Are Lobbying



There are 605 legislative agents registered to lobby in Kentucky, and they're working for 642 employers. Employers who have recently registered include Honeywell International, a New Jersey-based technology and manufacturing company; Kentucky Pain Management Services, which has clinics in Hazard and London; and NaphCare, Inc., a Birmingham, Alabama provider of correctional healthcare and corrections-based technology services.

Employers who are no longer registered include American Cleaning Institute, representing the cleaning products industry; Cracker Barrel Old Country Store, the restaurant chain; NFL - National Football League; and Support Popular Vote, which advocates for presidential elections decided by popular vote.

\$1.7 Billion In State Contracts Approved



The General Assembly's Government Contract Review Committee recently approved contracts for the new fiscal year and beyond. At this month's meeting, the Committee reviewed 1,847 contracts and other agreements totaling more than \$1.7 billion.

The Committee reviewed 575 government contracts over \$10,000, along with 77 amendments to existing contracts, with a total value of \$773.6 million. The 652 contracts and amended contracts is the second highest one-month total in the last 11 years of the Committee's work. The highest number of contracts reviewed in one month was 695 in July, 2010.

The Committee also reviewed 541 Memoranda of Agreement, worth up to \$943.6 million. Several of the contracts and agreements approved in July involve businesses and organizations which employ lobbyists. The following are some of the employers of lobbyists (listed in bold) receiving contracts:

The largest of the contracts is between the Department for Medicaid Services Benefits and University Health Care of Louisville (doing business as Passport). The six-month contract is for \$415 million to provide medical services for Medicaid eligible recipients in the following counties: Breckinridge, Bullitt, Carroll, Grayson, Hardin, Henry, Jefferson, Larnie, Marion, Meade, Nelson, Oldham, Spencer, Shelby, Trimble and Washington. The contract is 70 percent funded by the federal government.

The Kentucky Lottery Corporation renewed its contract with GTECH Corporation of Rhode Island. For \$7.5 million, GTECH will provide the Lottery's on-line gaming system, equipment, and other services for this fiscal year.

The Department for Business Development amended a contract with General Electric (GE) in Louisville so GE could qualify for \$2.5 million in federal energy conservation funds through the American Recovery and Reinvestment Act of 2009 (ARRA). GE's energy project included upgrading the air conditioning and industrial waste treatment systems, and replacing the central steam heating system at GE's Appliance Park in Louisville. By spending more than \$3.34 million on approved project costs, GE became eligible for \$2.5 million in ARRA funds.

Underwriters Safety and Claims, Inc. (US&C) of Louisville has four contracts totaling \$2.6 million. One contract is with Kentucky Employers Mutual Insurance (KEMI) for \$1.35 million to maintain a managed care network; a second contract is for \$900,000 with the Department for Workers' Claims for US&C to act as a third party administrator; and two contracts are with the University of Kentucky for a total of \$350,000 to provide workers' compensation and claims administration services.

The Department for Public Health (DPH) has a two-year, \$1.46 million contract with Norton Healthcare, Inc. of Louisville for Norton to provide a statewide poison control center, which will operate 24 hours a day, seven days a week for approximately 70,000 callers, along with educational programs for health professionals and consumers. DPH is also contracting with the Kentucky Hospital Research and Education Foundation, which is affiliated with the Kentucky Hospital Association. The Foundation will receive \$2,755,894 in federal funds over two years to upgrade the preparedness of hospitals to respond to bioterrorism or other public health emergencies.

DPH also has a two-year contract with the Kentucky Pharmacists Association, under which DPH will pay the Association \$126,215 in federal funds to provide a part-time pharmacist to assist DPH's Emergency Preparedness Branch.

Kentucky Community and Technical College System (KCTCS) will use student health fees to pay Appalachian Regional Healthcare, Inc. of Lexington \$650,000 over two years to provide student health services for KCTCS students in the Southeast Community College District.

The Transportation Cabinet has a two-year contract with the Kentucky Society of Professional Engineers. The engineers group will receive up to \$590,000 in federal funds to provide training to Cabinet employees.

ETHICS REPORTER

August, 2012

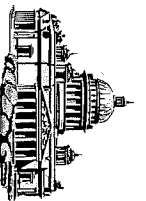
Full Moon & Football Edition

Kentucky Legislative Ethics Commission

22 Mill Creek Park, Frankfort, Kentucky 40601-9230

Phone: (502) 573-2863

<http://leec.ky.gov>



The University of Kentucky has contracted with **St. Claire Regional Medical Center** in Morehead to provide medical training and educational resources for UK's Area Health Education Center. **St. Claire** will receive up to \$338,576 over the next two years. UK also has a \$335,867 contract with **St. Claire** to support the Rural Physician Leadership Program to assist UK in "fulfilling its mission to improve the health of rural Kentuckians and strengthen rural communities."

Several public agencies have contracts with lobbying firms or law firms with lobbying offices. The firms include **McBrayer McGinnis Leslie & Kirkland (MMML&K)** of Lexington, which has a one-year, \$540,000 contract with the **Kentucky Housing Corporation (KHC)** to provide legal services for approximately 1080 closings for the Unemployment Bridge Program, and a \$100,000 contract to help KHC with housing financing protocols to support the implementation of KHC programs.

MMML&K also has a two-year, \$400,000 contract with **KCTCS** to provide legal services to the community and technical college system, two contracts, totaling \$170,000, to represent the Kentucky Horse Racing Authority, a \$25,000 contract represent the Board of Pharmacy, and a \$10,000 contract to provide legal services to **Morehead State University**.

MMML&K also has a contingency fee contract with the Finance and Administration Cabinet, under which the firm will receive 25 percent of any funds recovered in an action to collect unpaid taxes from on-line travel companies who failed to remit appropriate taxes to the state. The lobbying office of **MMML&K**, called **MMML&K Government Solutions**, has a one-year, \$60,000 contract with **Kentucky State University** and a one-year, \$59,640 contract with **Morehead State University** to provide federal and state lobbying for the schools.

Eastern Kentucky University has a similar lobbying contract with **Ellen C. Williams, LLC - Capital Network**. The ERU contract will pay \$60,000 for federal and state lobbying in the current fiscal year. **McCarthy Strategic Solutions**, a Frankfort lobbying firm, has a one-year, \$59,000 contract with **Kentucky Employers Mutual Insurance (KEMI)** to lobby for KEMI in the legislative and executive branches of state government.

News You Can Use from State & Federal Communications



Jack Abramoff Gets Radio Show with Clear Channel National - Boston Globe; Associated Press - July 11, 2012

Convicted lobbyist Jack Abramoff has a new talk radio show to offer advice on reforming politics. **Premiere Networks**, part of **Clear Channel Media**, announced "**The Jack Abramoff Show**" has debuted on **XM Satellite Radio's "Talk Radio"** channel. It airs Sundays from five to eight p.m.

Abramoff went to federal prison for corruption. He says he may be the nation's "most controversial radio host" because he was involved in the money-based political culture he says needs an overhaul.

Kentucky Recognized for Tax Incentives to Businesses



Kentucky's state government uses a wide array of financial incentives to encourage new businesses to locate in the state, and to encourage existing businesses to expand Kentucky operations. State government's use of taxpayer assistance to the private sector was recently recognized by **Area Development**, a magazine covering corporate site selection and relocation.

Area Development's award is based on the state's top 10 job-creation and investment projects which began to materialize in 2011. The Cabinet for Economic Development's website ThinkKentucky.com includes information on the financial incentive recipients whose projects led to Kentucky's award. Among those are:

- **Ford Motor Company** in Louisville. In recent years, Ford estimated it would create up to 1,500 jobs and was approved for as much as \$240 million in tax breaks and other incentives. Additionally, by the end of the FY 2010-11, employee training grants in the amount of \$6.59 million had been approved by the **Bluegrass State Skills Corporation** for both Ford facilities in Louisville.
- **Wausau Paper** in Harrodsburg estimated it would create up to 76 jobs and was approved for as much as \$7.6 million in state incentives from three economic development programs and \$152,000 to pay half the cost of training new employees.
- **General Motors** in Bowling Green was approved for as much as \$7.5 million in state incentives after estimating it would create up to 250 jobs.
- **Sequa Automotive Group** in Morgantown estimated it would create up to 280 jobs and was approved for as much as \$5.5 million in state incentives.
- **Eagle Manufacturing** in Florence was approved for up to \$4.5 million in state incentives after it estimated it would create as many as 138 jobs.
- **Akebono Brake** in Glasgow estimated it would create up to 224 jobs and was approved for as much as \$4 million in state incentives.

Among the incentives offered to private businesses by Kentucky government are forgivable loans, loans at below-market interest rates, industrial revenue bonds, matching funds, debt or equity investments (seed capital), credit enhancement for lenders to businesses that fall outside of normal lending guidelines, grants and income tax credits to pay for employee training, and tax increment financing which allows developers to recover project costs from taxes paid in the area of the project.

Other incentives offered to businesses by the state include income and corporate license tax credits, wage assessments, refunds of sales and use taxes, and energy incentives, all of which are "performance based," meaning that credits are given against profits earned from an approved project. With these, a company receives no benefit unless it meets minimum employment requirements and makes a profit on the project.

Ethics Commission Acts on Violations



A lobbyist who made a campaign contribution to a legislative candidate waived an adjudicatory hearing before the Legislative Ethics Commission after the Commission found probable cause to believe the lobbyist violated KRS 6.811(6). At its August meeting, the Commission imposed a Public Reprimand for Ethical Misconduct and a \$500 penalty, and ordered the lobbyist to attend the next annual training session for lobbyists and employers.

Also, three legislative candidates who failed to file their financial disclosure forms in a timely manner were found in violation of KRS 6.791(1)(a). The Commission ordered each candidate to file his financial disclosure form immediately and pay an administrative penalty in the amount of \$1,000.

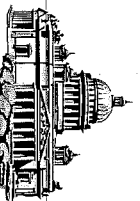
New Employers Registered to Lobby



There are 648 employers registered to lobby the Kentucky General Assembly, and the employers are paying 605 legislative agents to lobby.

Employers who have recently registered include: **Bluegrass Generation Co.**, which is selling a natural gas fired generating facility in Oldham County to Louisville Gas & Electric and Kentucky Utilities for \$110 million, and **Riverside Generating Co.**, which owns and operates an electric generating facility in Lawrence County. **Riverside** produces and sells electricity generated from natural gas and fossil fuel. **Bluegrass** and **Riverside** are subsidiaries of **LS Power**, which owns power generation and transmission facilities in several states, and both are registered to lobby on issues relating to "energy and the Public Service Commission", **IMPACT Plus Providers Coalition**, a coalition of children and family service agencies; and **Interventional Rehabilitation of Kentucky**, a Louisville pain management center that is lobbying on pain clinic licensing and regulation.

Other newly-registered employers are: **Kentucky Association for Community Employment Services**, which has re-registered after terminating Dec. 31, and which offers employment counseling services; **Legend Equities Corporation**, a Florida-based investment services provider which states it has played an "influential role in the evolution of the \$403(b) retirement plan market"; and **Northern Kentucky Youth Foundation**, a non-profit, community based organization advocating on behalf of the youth and families of Boone, Campbell and Kenton counties.



ETHICS REPORTER September, 2012

Kentucky Legislative Ethics Commission
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Lobbying Spending Hits \$13 Million



Businesses and organizations are on track to set a new lobbying spending record in Kentucky. In the first eight months of 2012, over \$13.2 million was spent on lobbying the Kentucky General Assembly. With several months left in the year, lobbying spending will likely eclipse the \$16.9 million spending record set in 2008.

Employers and lobbyists spent about \$4.4 million in the most recent reporting period. The top spending employers for that four-month period are: **Kentucky Chamber of Commerce** (\$95,900); **Altra Client Services** (\$90,967); **Kentucky Medical Association** (\$57,271); **CSX Corporation** (\$47,416); **Houhens Industries** (\$44,000); **EQT Corporation** (\$40,160); **AmeriHealth Mercy** (\$40,134); **Hewlett-Packard Co.** (\$40,000); **Kentucky Farm Bureau Federation** (\$39,780); **Kentucky Justice Association** (\$36,341); **Peabody Energy** (\$36,134); **Churchill Downs** (\$35,160); **Kentucky School Boards Insurance Trust** (\$33,333); **Humana** (\$32,132); **Amgen** (\$30,976); **CHGroup Management** (\$30,134); and **National Tobacco Co.** (\$30,000).

In the first four months of this year, lobbyists and their employers spent more money lobbying in the 2012 General Assembly session than in any legislative session in Kentucky history. Session spending of \$8.8 million included over \$7.5 million for compensation paid to lobbyists by the businesses and organizations which employ them.

There are 630 employers and 586 lobbyists registered with the Legislative Ethics Commission. A listing of registered employers, lobbyists, and lobbying spending is available at the "View Reports" link on the Ethics Commission's website: <http://klec.ky.gov/reports/>

Spending at Summer Legislative Conferences



A large number of employers and lobbyists joined forces to sponsor "Kentucky Night" at two legislative conferences held this summer. Employers and lobbyists are required to report the amounts spent on events to which legislators are invited.

At the National Conference of State Legislatures Legislative Summit in Chicago, 84 employers and 23 lobbyists contributed to Kentucky Night, with a total of about \$15,000 spent on the event at Skydeck Chicago. Skydeck has entertainment space on the 99th floor of Willis Tower (formerly Sears Tower), a 110-story office building in downtown Chicago.

The Southern Legislative Conference Annual Meeting in Charleston, West Virginia included Kentucky Night at The Clay Center for the Arts and Sciences of West Virginia, at which 85 employers and 20 lobbyists spent about \$3,500.

Among the employers who contributed to both events are: Alliance Coal; Altira Client Services; American Pharmacy Services Corp.; Amheuser-Busch; Associated General Contractors of Kentucky; ARTI; Children's Alliance; Churchill Downs; Coal Operators & Associates; Columbia Gas; Commerce Lexington; Community Financial Services Assn.; Coventry Health Care; Duke Energy; EQT Corp.; Ford Motor Co.; General Electric; Home Builders Assn. of Kentucky; Humana; Kentuckians for Better Transportation; KentuckyOne Health; Key Assets Kentucky; KVC Health Systems, Inc.; Kentucky Assn. of Counties; Kentucky Assn. of Electric Cooperatives; Kentucky Assn. of Health Care Facilities; Kentucky Assn. of Health Plans; Kentucky Assn. of Highway Contractors; Kentucky Cable Telecommunications Assn.; Kentucky Chamber of Commerce; Kentucky Coal Assn.; Kentucky County Attorneys Assn.; Kentucky County Judge/Executive Assn.; Kentucky Distillers Assn.; Kentucky Employers Mutual Insurance; Kentucky Farm Bureau Mutual Insurance Co.; Kentucky League of Cities; Kentucky Malt Beverage Council; Kentucky Optometric Assn.; Kentucky Power; Kentucky Retail Federation; Kentucky School Boards Assn.; Kentucky Telecom Assn.; Kentucky Thoroughbred Assn.; LG&E and KU Energy LLC; Necco; Norton Healthcare; Pfizer; Plantmilk Asphalt Industry of Kentucky; Western Kentucky Coal Assn.; Windstream Communications; Wine & Spirits Wholesalers of Kentucky; and Yum! Brands, Inc.

Two New Employers Register: 17 Quit Lobbying



Two employers recently registered and began lobbying: Aoria Healthcare Group, which provides home healthcare products and services; and Build Our New Bridge Now, a business and government coalition supporting construction of a new bridge connecting Cincinnati and Northern Kentucky.

The following employers terminated their registrations and are no longer lobbying in Kentucky: 21st Century Parks, a Louisville non-profit that operates Parklands of Floyds Fork, a 4,000-acre parks system; American Cancer Society-Mid-South Division; Beechwood Independent School District; Financial Industry Regulatory Authority, a non-governmental regulator of securities firms; I Drive Safely, which offers online traffic school; Johnson Controls, which manufactures automotive batteries; Kentucky Association for Marriage and Family Therapists; Louisville Free Public Library Foundation; Louisville Galleria, a Louisville entertainment and retail center; Mallinckrodt LLC, the pharmaceuticals business of Covidien, a Massachusetts-based healthcare products company; Maryhurst, a Louisville non-profit which serves at-risk children and teens with its residential treatment program for teenage girls; Managed Care of North America (MCNA) Dental Plans, which provides services to state agencies and managed care organizations for Medicaid, Medicare, and Children's Health Insurance Program (CHIP) members; Sanofi Aventis, a pharmaceutical company based in Paris, France; Springleaf Finance Management, an Indiana-based company that provides loans and retail financing; State Auto Insurance Companies, an Ohio-based insurance company; Ther-Rx Corp., which develops healthcare products for women; and UBS securities, a Swiss bank and financial services company.

Employers Late in Filing Spending Reports



The following employers have not filed spending reports which were due by September 17: The Catfish Institute; Chiropractic Public Relations Committee; Fayette County Education Association; Home Builders of Northern Kentucky; Jefferson County Teachers Association; Kentucky Aluminum Network; Kentucky Tax Bill Servicing, Inc.; Kentucky Tax Lien Purchasers Association; and Real Food Watchclub, LLC.

K Street Searches for New Technology, Finds Google

National Journal
By Michael Catalini



Seek and ye shall find, right? Well, in the case of Google and K Street, we can bring the axiom into the 21st century: Search and ye shall find members of Congress.

That's essentially what the search giant and the American Coalition for Clean Coal Electricity (ACCCE) did when they worked together on a recent lobbying effort that married Google technology with ACCCE's social media network. ACCCE is a partnership of the industries involved in producing electricity from coal.

Google brought what it calls its click-to-call technology to the table. ACCCE brought its 241,000 Facebook likes and what resulted, according to ACCCE's senior VP for communications Evan Tracey, was a grass-roots lobbying campaign that generated 3,000 phone calls to senators.

That kind of response to a campaign, Tracey said, produced a quarter of ACCCE's total advocacy on the effort, but for a fraction of the cost of traditional advocacy tools like TV ads and letter-writing campaigns.

"I think it's a phenomenal tool. It's an advanced look into where things are going," Tracey said.

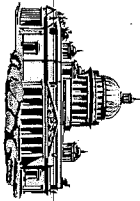
Here's how it works: Say you're interested in a Senate measure on Environmental Protection Agency regulations affecting the coal industry, which, by the way, was just the kind of person ACCCE was targeting with these ads. On your mobile device, you Google specific keywords, like the bill's name, for instance, and along with the search results, Google serves up an ad with a link for you to click, directing you to a call center. From there, you're patched through to your senator.

"ACCCE's campaign to do this is groundbreaking because they're the first to use click-to-call advertising to connect Americans with their senators," said Rob Salterman, Google's head of political ads.

ACCCE went a step further than to rely solely on search to lead interested people to its advocacy campaign, blasting the ads out via its social media pages.

The union between search, social media and advocacy is just the next progression in technology in the lobbying business, said Tracey, who added that he remembers when faxes were the "it" platform.

ACCCE members include Alliance Resource Partners; Alpha Natural Resources; CSX; LG&E and KU Energy; Norfolk Southern; and Peabody Energy.



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CHPA Is Top Spender This Year

So far this year, the leading spender on legislative lobbying is Consumer Healthcare Products Association (CHPA), which represents manufacturers and distributors of non-prescription, over-the-counter medicines.

In 2012, CHPA has spent \$502,053, and that total is \$175,000 more than CHPA spent in the same time period in 2010, the last year in which there was a 60-day legislative session.

During the 2010, 2011 and 2012 sessions, CHPA lobbied on legislation tightening restrictions on the purchase and possession of pseudoephedrine and other substances which are used in a variety of non-prescription medicines, and which can be used illegally to produce methamphetamine.

CHPA is unique among the businesses and organizations employing lobbyists, in that CHPA spent \$442,000 (88%) of its total on facilitating direct contact by citizens with legislators during the 2012 General Assembly. The vast majority of spending by other employers of lobbyists is allocated to lobbyist compensation. CHPA's lobbying spending is primarily used for phone banks which contact citizens to connect them to the toll-free Legislative Message Line to leave a message for a legislator in support or opposition to legislation on which CHPA is lobbying. CHPA has also spent heavily on advertising encouraging citizens to contact legislators regarding legislation, but that spending is not reported.

The Legislative Ethics Commission is recommending a change in the Code of Legislative Ethics to require reporting of spending on advertising that advocates passage or defeat of legislation, if the advertising is paid for by organizations that employ lobbyists.

CHPA's 2012 total is more than twice as much as the \$217,431 spent by the second-highest spender, the Kentucky Chamber of Commerce. In the year to date, other top-spending businesses include: *Altria Client Services* (\$195,697); *Kentucky Hospital Association* (\$162,799); *Kentucky Medical Association* (\$142,151); *AT&T* (\$112,823); *Kentucky Farm Bureau* (\$104,180); *Kentucky Association of Health Care Facilities* (\$99,145); *CSX Corp.* (\$98,985); and *Kentucky Retail Federation* (\$96,613).

The "second tier" includes: *Kentucky Justice Association* (\$93,216); *Houchens Industries* (\$88,000); *Kentucky Optometric Association* (\$87,453); *Hewlett-Packard* (\$85,000); *EQT Corp.* (\$82,951); *AmeriHealth Mercy* (\$81,644); *Kentucky Education Association* (\$81,009); *Kentucky Bankers Association* (\$76,719); *Humana* (\$75,359); and *Kentucky Association of Manufacturers* (\$73,822).

The \$13.2 million spent on lobbying so far in 2012 is \$1.4 million more than the \$11.8 million spent in this same time period in 2010. Several top spenders have significantly increased lobbying spending in the last two years, while others have cut back.

Compared with the same period in 2010, *Ky. Chamber of Commerce* spending has increased by 16% in 2012; *Ky. Hospital Association* spending has increased by 40%; *Ky. Medical Association* increased by 38%; and *Ky. Association of Health Care Facilities* more than doubled its spending, going from \$44,700 in 2010 to \$99,145 this year.

Other lobbying interests which have significantly higher spending this year include: *CSX*, which is spending 30% more on lobbying than in 2010; *AT&T*, which is up 57% from 2010; *Ky. Optometric Association*, which is 64% higher this year; *Hewlett Packard*, up 53% from 2010; *EQT Corp.*, which is spending 63% more than 2010; *AmeriHealth Mercy*, which is up 62% from 2010; and *Humana*, which is up 25%.

In contrast, *Altria's* 2012 spending has decreased by 25% from 2010; *Ky. Education Association* has decreased by 18%; *Keeneland's* spending decreased by 42%; *Wellpoint-Anthem Blue Cross/Blue Shield* decreased by 54%; *Res-Care* decreased by 50%; and *University Health Care, Inc. (UHC)*, which spent \$132,000 on lobbying in the first eight months of 2010, decreased by 74% to \$33,800 in 2012. UHC operates the Passport Health Plan, a Medicaid managed care plan.

D.C. Lobbying Revenue - Third quarter 2012

The top lobbying firms by revenue in Washington D.C. reflect a similar mix of increases and decreases as Kentucky lobbying has experienced.

According to *The Hill* newspaper, "a divided government and the demands of campaigning have kept Congress in low gear, depressing revenue at lobby shops and leaving trade associations and grassroots groups in planning mode."

The Hill said the revenue of *Patton Boggs*, the top-earning lobbying firm in Washington, is down four percent from \$36 million to \$34.6 million in the first three quarters of 2012, compared to the same time period in 2011. Other lobbying firms experiencing downturns from 2011 to 2012 include *Akin Gump*, from \$27.9 million to \$23.3 million; *Van Scoyoc Associates* from \$18.3 million to \$16.4 million; and *K&L Gates* from \$14.1 million to \$13.4 million.

On the other hand, in the first three quarters of this year, *Brownstein Hyatt Farber Schreck* had a four percent increase from 2011, from \$16.4 million to \$17.1 million; *Mehlman Vogel Castagnetti* also increased four percent from \$9.2 million to \$9.6 million; while *Williams & Jensen*, and *Alston & Bird* were up one percent each.

On the bright side for lobbyists, *The Hill* says the advocates will be busy in the upcoming months: "Election Day is nearly here, bringing with it a lame-duck session that many in Washington believe will be among the busiest and most consequential of modern times. . . . Washington's corps of lobbyists and advocates will be in the thick of the post-election action."



New Employers Registered to Lobby

The following businesses and organizations have recently registered to lobby the Kentucky General Assembly: **Bluegrass Farms & Woodlands-LLC**; **Kentucky Athletic Trainers' Society**; **Kentucky Public Pension Coalition**; **Local Food Association**; **Network Center for Community Change (NCC)**; and **United Insurance Company of America**.

The Catfish Institute has terminated its registration.

U.S. Chamber Congressional Lobbying Continues at Rapid Clip

By Jamie Lorber, Roll Call
Oct. 22, 2012



The U.S. Chamber of Commerce spent \$31.65 million on lobbying Congress during the third quarter of 2012, maintaining a record pace during the current cycle, according to the latest Lobbying Disclosure Act filings.

So far this year, the business lobby has spent nearly \$75 million on advocacy and voter education. The tally dwarfs what the group has spent in past election years, a reflection of the group's ambition to play a much bigger role this year.

The Chamber appeared poised to maintain its perch as the top interest group spender. Unlike many firms and associations subject to the LDA, the chamber includes all election-related spending in its quarterly tally, including grass-roots and voter education expenses.

The Chamber has spent \$28.87 million on independent expenditures so far this cycle, according to the **Center for Responsive Politics**, placing it among the top outside spenders and on par with the Koch-backed nonprofit **Americans for Prosperity**.

Lobbying expenditures typically drop during the three-month period from July through September, especially in presidential election years. And, with very little legislation moving through Congress because of partisan gridlock, this year is no exception.

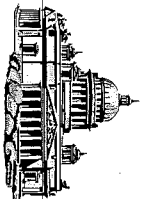
Among other top spenders: **American Medical Association**, which spent \$3.68 million, down more than \$700,000 from the second quarter; **Chevron USA**, which spent \$1.78 million down from \$2.06 million in the previous quarter; and **CVS Caremark**, which maintained second-quarter spending levels of about \$2.3 million.

Some groups, however, increased their activities, such as **America's Health Insurance Plans**, which spent \$2.63 million in the third quarter, and the **American Chemistry Council**, which spent \$3.48 million.

Reports from other big spenders, including **Pharmaceutical Research and Manufacturers of America**, **Boeing Co.** and **AT&T**, are not yet available.

Quarterly reports are filed with the Clerk of the House and the Secretary of the Senate.

ETHICS REPORTER November, 2012



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Kentucky Has Over \$1 Billion in Contracts



In the five months since the July 1 start of Kentucky's two-year \$19 billion budget cycle, state government has initiated about \$1.1 billion in personal service contracts to pay hundreds of private businesses and individuals to perform a wide range of public services.

The total for the first five months of the biennium is similar to the amount expended on personal service contracts for the 12 months of the last fiscal year, from July 2011 through June 2012. In the fiscal year before that, July 2010 through June 2011, \$1.8 billion was spent on contracts.

The largest current contract is a six-month agreement between the Department for Medicaid Services and **University Health Care (UHC)**, doing business as **Passport Health Plan**. The contract is paying UHC up to \$415 million (70% of which is federal funds) to provide medical services to 170,000 Medicaid-eligible recipients in Jefferson and 15 surrounding counties, and is in effect through December 31, 2012.

On January 1, 2013, three other managed care organizations (**Coventry Health & Life Insurance Co.**, **Humana Inc.**, and **WellCare Health Plans Inc.**) will join **Passport** in providing services in the 16-county region.

In addition to Medicaid, Kentucky uses contracts with private businesses to pay for a variety of other health, management, and education services. For example, the Department for Behavioral Health, Developmental and Intellectual Disabilities has a \$68.8 million contract to pay privately operated children's homes, doctors, and counseling services across the state to serve children with emotional disorders.

That same agency has two other large contracts, including a two-year \$25.1 million contract with **ResCare Inc.** to operate **Outwood Intermediate Care Center** in Dawson Springs, and a six-month \$11.5 million contract with **Crown Services Inc.**, an Ohio-based staffing company which provides nurses and patient aides at **Hazelwood Center and Bingham Gardens Intermediate Care Homes** in Louisville.

The Personnel Cabinet has a \$25.3 million, one-year agreement with **Cannon Cochran Management Services Inc.**, an Illinois-based company that is the third-party administrator for Kentucky's self-insured workers' compensation program.

The Department for Public Health has a two-year \$48.2 million contract (21% federally-funded) with more than 1,300 subcontractors to provide early intervention services to children statewide; and the Department for Community Based Services has a pair of two-year contracts, one with KVC Behavioral Healthcare for \$17.3 million to provide family presentation services to qualified families, and one with Child Care Council of Kentucky for \$15.8 million (99.6% federal funds) to operate a child care subsidy program in all counties.

Two other large state contracts are between the Department of Education and two education testing companies located in Iowa City, Iowa. One contract is a two-year \$18.2 million (42% federal) agreement with NCS Pearson Inc. to provide student testing which assesses reading, math, science, social studies, and writing. The second contract, which is also for two years, is a \$12.9 million (40% federal) agreement with ACT Inc. to provide end of course testing for high school students.

Earlier this year, ACT announced it is partnering with Pearson to develop a College and Career Readiness Assessment System, an assessment system spanning early elementary grades through high school.



Ellis Park to Lobby, Turfway Quits

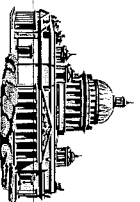
Ellis Park Race Course, the Henderson-based thoroughbred track, recently returned to lobbying for the first time since late 2009. The track's majority owner is businessman Ron Geary, but in September, the Kentucky Horse Racing Commission approved the sale of a 30% interest in the track to an entity controlled by Saratoga Raceway and Casino for \$4 million.

According to BloodHorse.com, the agreement gives the Saratoga Casino and Hospitality Group the option to acquire an additional 20% interest in Ellis Park in one or more transactions. If Saratoga Casino exercises that option and has 50% ownership of the track, it could exercise an additional option and purchase the remaining 50%, giving it full ownership of Ellis Park.

BloodHorse.com reports that Ellis Park was recently able to convert part of its facility and purchase Instant Racing machines through a loan obtained from Saratoga Casino, and the management of the Saratoga Springs, N.Y. racing and gaming company provided assistance in implementation of the new gaming under a management contract.

While Ellis Park is starting to lobby again, Turfway Park, the northern Kentucky thoroughbred track, has terminated its registration and is no longer lobbying. Turfway is owned by Caesars Entertainment, Rock Gaming LLC, and Keeneland Association.

Rock Gaming and Caesars have created a joint venture to develop Horseshoe Casinos in downtown Cincinnati and downtown Cleveland. Dan Gilbert, chairman of Rock Gaming, is also majority owner of the NBA's Cleveland Cavaliers and AHL's Lake Erie Monsters, and is chairman and founder of Quicken Loans Inc., an online retail mortgage lender.



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Ethics Sessions for Legislators, Lobbyists, and Employers



The Current Issues Seminar for Legislators is scheduled for 9 a.m. on Wednesday, January 9 and Thursday, January 10, 2013 in Room 154 of the Capitol Annex in Frankfort. Both sessions will last for 90 minutes and the Code of Legislative Ethics requires all General Assembly members to attend.

The Legislative Ethics Commission will conduct a training session for legislative agents and employers on Friday, January 11, 2013 at 1:30 p.m. in Room 129 of the Capitol Annex.

Study Examines Business Incentives



In 10 months of research, *The New York Times* examined and tallied thousands of local business incentives granted nationwide and found that states, counties and cities are giving up more than \$80 billion each year to companies. According to *The Times*, the beneficiaries come from virtually every corner of the corporate world, encompassing oil and coal conglomerates, technology and entertainment companies, banks and big-box retail chains.

Data compiled by *The Times* shows that Kentucky spends at least \$1.41 billion per year on incentives, including \$569 million to energy development and coal industry support (second highest total among the 50 states in that business sector); \$341 million for agricultural development (fifth highest total in the U.S.); and \$180 million for manufacturing (19th highest among the 50 states).

For the years examined, the top 10 beneficiaries in Kentucky are Ford Motor Co., which has been awarded \$307 million in corporate income tax credits and free services; Weyerhaeuser (\$205 million); Cash Creek Generation (\$150 million); Galatin Steel (\$140 million); United Parcel Service/UPS (\$110 million); International Paper Co. (\$104 million); Tyson Foods (\$94.1 million); Nestle' (\$88.1 million); Secure Energy Kentucky (\$85 million); and Toyota Motor Corp. (\$83.8 million).

Kentucky's next 10 top beneficiaries are C-TMEMM, Inc. (\$69.3 million); General Electric (\$53.1 million); Tower Automotive (\$48.1 million); Integrity Automotive (\$48 million); Citigroup (\$46.8 million); Ak Encounter (\$43.1 million); Dana Holding Corp. (\$42.6 million); WNTJ, LLC (\$42 million); Westlake Chemicals (\$40.1 million); and AK Steel (\$40 million).

The Times says "the cost of the awards is certainly far higher. A full accounting of it is not possible because the incentives are granted by thousands of government agencies and officials, and many do not know the value of all their awards. Nor do they know if the money was worth it because they rarely track how many jobs are created. Even where officials do track incentives, they acknowledge that it is impossible to know whether the jobs would have been created without the aid."

The Times analyzed more than 150,000 awards and created a searchable database of incentive spending. The survey was supplemented by interviews with more than 100 officials in government and business organizations as well as corporate executives and consultants. For information on Kentucky, see <http://www.nytimes.com/interactive/2012/12/01/us/government-incentives.html#KY>

Judge Wilhoit Receives International Ethics Award



Judge Anthony Wilhoit, Executive Director of the Kentucky Legislative Ethics Commission, recently received the highest international award given to a person working in the area of ethics, campaign finance, and election law.

At a ceremony in Columbus, Ohio, Wilhoit received the COGEL Award, presented by the Council on Governmental Ethics Laws, a professional organization for agencies, organizations, and individuals with responsibilities in ethics, elections, campaign finance, lobbying laws, and freedom of information. COGEL includes members from the U.S., Canada, Australia, and other nations.

President Jimmy Carter and U.S. Senators John McCain and Russ Feingold are among the past recipients of the COGEL Award.

"In my 40 years as a journalist covering government and politics, I have known no one who has contributed more to ethical standards and ethical performance in public office than Judge Anthony Wilhoit," said Al Cross, a fellow Kentuckian who was asked by COGEL to present the award to Wilhoit.

Cross is Director of the *Institute for Rural Journalism and Community Issues* at the University of Kentucky, and a long-time reporter and columnist for *The Courier-Journal*. Cross works with Wilhoit on the Kentucky Judicial Campaign Conduct Committee, a non-profit, non-partisan group that tries to discourage campaigning that "erodes the dignity, integrity and independence of the judiciary."

"When lawyers, judges, legislators, and civic-minded people in Kentucky think about government ethics, Judge Wilhoit's name is the first that comes to mind," Cross said at the award ceremony. "So I'm glad COGEL is giving him the national recognition he so well deserves."

Wilhoit joined the Legislative Ethics Commission in 1997, after retiring as Chief Judge of the Kentucky Court of Appeals, on which he served for 21 years. When he arrived at the Ethics Commission, the four-year-old group was under fire because of recent changes to the ethics statutes enacted by the General Assembly and the resignation of several Commission members.

By recruiting new members to serve on the Commission and guaranteeing fair and vigorous enforcement of the ethics law, Wilhoit rebuilt the reputation of the Commission and assured the people of Kentucky that their state legislators were subject to high ethical standards, and those standards would be respected.

"Judge Wilhoit's guidance of the Legislative Ethics Commission has strengthened the organization by expanding its education and outreach efforts to the public, and to legislators, lobbyists, and employers of lobbyists," said George Troutman, the Louisville CPA who chairs the Ethics Commission. "At least partly as a result of these efforts, no legislator or lobbyist has been investigated by state or federal law enforcement, or indicted for official impropriety since the 1993 adoption of the Code."

Wilhoit's more than 50 years of public service include his appointment in 1972 as Kentucky's first State Public Defender. For several years, he travelled throughout the Commonwealth to establish public defender resources in dozens of communities to assure that legal assistance was available to indigent defendants.

His other experience includes service in the U.S. Army, and as police judge, city attorney, county attorney, and deputy secretary of the Justice Cabinet. He received an AB from Thomas More College, a law degree from the University of Kentucky, and an LLM from the University of Virginia.

Two New Employers Sign Up: One Employer Quits



Two former employers of legislative agents have returned to lobbying, there is one new employer registered which has not previously lobbied in Kentucky, and one company has quit lobbying.

Larue County government was registered to lobby from January, 2006 to August, 2010, then stopped lobbying. The county is again registered to lobby and is employing six legislative agents.

Likewise, **Competitive Carriers of the South (CompSouth)** employed a lobbyist in March and April, 2012, then quit lobbying and is now registered again and employing three lobbyists. CompSouth is a Nashville-based industry association representing communications service providers. CompSouth lobbied in the 2012 General Assembly on Senate Bill 135, which would have deregulated telephone and broadband providers.

The employer which is new to Kentucky is **The Innocence Project**, whose website states its mission is "to free the staggering numbers of innocent people who remain incarcerated and to bring substantive reform to the system responsible for their unjust imprisonment."

After lobbying since January 2010, coal producer Alpha Natural Resources has terminated its registration and ceased lobbying in Kentucky. Alpha recently announced it is eliminating about 1,200 positions from its workforce of 13,100 employees, and reducing its annual coal production and shipments by approximately 16 million tons. The company said it is reducing production because market conditions "have been challenging throughout much of 2012," and coal prices have fallen to levels which make certain types of coal "uneconomic" to produce.

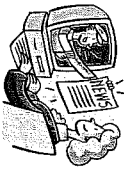
Commission Issues Informal Opinions



The staff of the Legislative Ethics Commission issues informal opinions in response to specific questions about the Code of Legislative Ethics. Among the recent opinions:

- The Code of Legislative Ethics allows a member of the General Assembly to serve on the board of a non-profit, but a legislator should not participate in the legislative activities of a non-profit on whose board the legislator serves. In 1993, the Legislative Ethics Commission issued an opinion (OLEC 93-30) advising legislators who are board members to avoid taking part "in activities of the Board which are intended to influence the General Assembly, including directing the acts of a legislative agent."
- The Code of Legislative Ethics (at KRS 6.757) states that a former legislator "shall not be a legislative agent (lobbyist), other than for a public agency, until after two years have elapsed since the date the legislator left office." If a former legislator is not being paid to lobby, then he or she is not a "legislative agent" under the ethics law, and is not required to register as a legislative agent.
- A legislator who is an attorney may represent a client who is seeking certification by the Kentucky Transportation Cabinet as a "Disadvantaged Business Enterprise". Representing a client who is seeking certification as a Disadvantaged Business Enterprise is allowed by KRS 6.744. The statute prohibits a legislator/attorney from representing clients in matters relating to contracting, purchases or sales of goods if a state agency is involved. However, in this particular situation, the client is simply seeking a status which will allow her to bid on contracts, rather than negotiating on an actual contract.

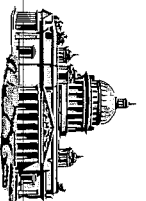
News You Can Use from State & Federal Communications



Lobbyists Could See More Curbs Arising From Campaign Finance Movement
Federal - Roll Call - December 4, 2012

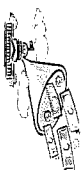
Lobbyists, who are already chafing under lobbying restrictions and congressional ethics rules, could soon have a brand new headache: a nascent grassroots movement that is placed firmly in lobbyists at its center. Spearheaded by a coalition of campaign finance experts and activists called RepresentUs, the campaign is working to build grassroots support for a measure that would drastically limit lobbyist fundraising, among other provisions.

ETHICS REPORTER January, 2013



Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
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Ethics Speaker: Money Destroys Trust in Congress



The recent ethics session for Kentucky legislators featured a guest speaker who believes the way Congressional campaigns are funded has led most Americans to lose faith in Congress – that democracy has been corrupted by the influence of money.

Lawrence Lessig, Director of the Safra Center for Ethics at Harvard, and author of *Republic Lost: How Money Corrupts Congress – and a Plan to Stop It*, told the legislators that as the public sees members of Congress becoming dependent on a small number of large donors who fund Congressional campaigns, public trust in Congress has sunk to record low levels.

Lessig said there are two elections in the United States – the *money election* and the *general election* – and to win the general election, candidates first have to do well in the money election by appealing to the people who contribute the most money to campaigns.

"Members of Congress spend anywhere from 30 to 70% of their time raising money to get back into Congress and to get their party back into power," Lessig said, citing a recent report describing how freshmen members were told they would be spending more than half their work day on the phone or in meetings to raise campaign funds.

"Dependence on the funders at the federal level produces a subtle "bending" by Congress to keep those funders happy," Lessig said. "They develop a sixth sense about how their (legislative) actions will affect their ability to raise money, and they constantly adjust their views in light of what they know will help them raise money . . . not on issues 1 through 10, but on issues 11 through 1000."

Lessig said polling shows "75% of Americans believe 'Money buys results in Congress', and that belief erodes trust in the institution of Congress . . . so, today only nine percent of Americans have confidence in Congress."

According to Lessig, since Congress is the problem, and is unlikely to change the system in which its members are elected, state legislators should call for a convention to recommend changes in the U.S. Constitution to alter the way federal campaigns are funded. Any proposed change would require wide support since ratification by 38 states is necessary. Historically, such calls for change have pushed Congress to act, even when Congress was the problem, as happened over 100 years ago when pressure from states caused Congress to propose the 17th Amendment, providing for the direct election of U.S. Senators.

New Employers Lobbying the 2013 General Assembly



As the 2013 General Assembly prepares to re-convene, there are 636 businesses and organizations registered to lobby, and they are employing 617 legislative agents (lobbyists).

The following employers registered in late December or early January: **Adesa**, which operates vehicle auctions; **Aleris International**, a Cleveland-based aluminum producer with facilities in Lewisport and Morgantown; **Alpha Natural Resources**, which mines and sells coal; **Armor Correctional Health Services**, a Florida-based company that provides contract health services in correctional facilities; **Associated Builders and Contractors Kentuckiana**, representing contractors and suppliers; **Big Blue Reporters**, a court reporting service; **Boone County Education Association**, representing teachers in Boone County; and **Century Aluminum of Kentucky**, lobbying on aluminum smelting issues.

Other recent registrants include: **Elite Professional Education**, a Florida-based company that offers continuing education courses in several professions; **Enhanced Capital Partners**, a New York-based investment firm lobbying on the new markets tax credit program; **First American Title Co.**, a financial services company; **IVS, LLC**, a Louisville-based voting services company that specializes in telephone voting; **Kentucky Academy of Family Physicians**, representing physicians engaged in the practice of family medicine; **Kentucky Consumer Credit Co.**, affiliated with Ohio-based **NCP Finance**, which funds cash advances and other short-term loans for payday lenders; **Kentucky Defense Counsel**, an association of attorneys; **Kentucky LECT (Laborers-Employers Cooperation and Education Trust Fund)**, whose website says it helps laborers and contractors get projects and jobs; and **Kentucky Marinha Association**, representing privately-operated marinas and related businesses.

Other registrants are: **Kentucky Philanthropy Initiative**, which promotes philanthropy and strategic grant-making; **Kentucky Right to Work Committee**, which supports "right-to-work" legislation; **Kentucky Tennessee Water Environment Association**, an organization of water-related utilities and engineering companies; **Mary Byron Project**, an organization working to end domestic violence; **National Alliance for Public Charter Schools**, a Washington, D.C.-based lobbying group; **Paul Davis Restoration and Remodeling**, the Lexington-area franchisee of a national network; **Preferred Care Partners Management Group**, a Texas-based company that operates nursing homes; **Premier Integrity Solutions**, which provides drug testing and alternatives to secure detention; **Rogers Group**, a Nashville-based operator of crushed stone and asphalt plants; and **Selfrefind**, lobbying on substance abuse and treatment issues.

Employers No Longer Lobbying

Several businesses and organizations recently terminated registration and will not be lobbying. Those include: **American Institute of Professional Education**; **Atria Senior Living Group**; **Community Care Development and Management**; **Community Ventures Corporation**; **Creative Lodging Solutions**; **Deputy Sheriff's Fraternal Order of Police Lodge 25**; **Geo Group**; **Hennessy Industries**; **Interventional Rehabilitation of Kentucky**; **Kentucky Coalition for Education Reform**; **Kentucky Farm Bureau Insurance Agents Association**; **Kentucky School Boards Insurance Trust**; **Magellan Health Services**; **Peabody Energy**; **RVO Machines**; and **Wipro Infocrossing**.

Lobbying Spending Record Set in Kentucky \$17.8 million tallied in 2012 up from \$15.1 million in 2011



The Courier-Journal

By Tom Loftus
Jan 20, 2013

FRANKFORT, KY. — In an unsuccessful push for a bill that would have relaxed regulation of telephone companies, **AT&T** increased the amount it spent on lobbying the Kentucky General Assembly to \$138,641 last year, from \$79,251 in 2011.

But **AT&T** was hardly alone, as 630 corporations and groups and their legislative agents spent a record \$17.8 million lobbying the 2012 General Assembly, according to reports filed with the Kentucky Legislative Ethics Commission.

That is up from \$15.1 million in 2011 and surpasses the previous record of \$16.9 million set in 2008, according to commission records.

"It's distressing to me because the vast majority of the groups that spend the most are big companies and associations which, naturally, are spending in their self-interest," said Richard Bellis, chairman of Common Cause of Kentucky, a nonprofit that promotes open and ethical government in the state. "It dilutes the influence of folks with little money."

"And these amounts are just lobbying spending," he added. "It doesn't include the big amounts these groups give in campaign contributions."

But Dave Adkisson, president and chief executive officer of the **Kentucky Chamber of Commerce**, which ranks second on the 2012 lobby spending list at \$300,407, disagrees.

"The chamber represents a broad array of businesses from the big corporations to the small hardware store on Main Street," Adkisson said. "But the vast majority of our members employ (fewer) than 20 people - small businesses that deserve representation."

State ethics laws passed in the early 1990s after an FBI investigation of corruption in the legislature established the current Legislative Ethics Commission, as well as laws that require regular and full disclosure of spending by groups that hire and pay lobbyists.

Those groups filed spending reports last week covering the last four months of 2012, which the commission used to tally total spending for the year. *The Courier-Journal's* review of the reports shows that the 20 groups that spent the most include nine associations and 11 corporations.

Health spending

The leading spender was **Consumer Healthcare Products Association** — a group of drug companies that includes **Bayer Healthcare**, **GlaxoSmithKline** and **Johnson & Johnson** — which spent a record-setting \$518,053 in Frankfort lobbying costs for the year.

The group lobbies solely to continue over-the-counter sales of medicines containing pseudoephedrine, a key ingredient in cooking methamphetamine.

The group fought bills in 2012 and in earlier sessions aimed at reducing meth production by requiring prescriptions for medications containing pseudoephedrine.

The 2012 General Assembly rejected requiring a prescription, but it did pass a bill reducing the amount of medicine containing pseudoephedrine that could be bought over the counter. CHPA spokeswoman Elizabeth Funderburk said the group's goal was for Kentucky to pass an anti-meth bill aimed at criminals and not law-abiding consumers.

"We were working to ensure that those who are impacted by a prescription requirement had a platform to voice their position with their elected officials," she said.

Unlike other lobbying groups whose expenses are nearly all the fees they paid to lobbyists, the ethics commission has reported that CHPA spent the vast majority of its money on "phone banking and website advertising" that allowed the public to send personal messages directly to lawmakers via email or fax.

The commission has ruled that expenses that result in a direct communication to a lawmaker are lobbying expenses and therefore must be reported. But the commission does not require reporting of spending on advertising to the general public. CHPA bought radio advertising last winter, directing listeners to contact their legislators through its website. Funderburk declined to say how much CHPA spent on that radio advertising.

Chamber is second

Adkisson said the Kentucky Chamber of Commerce ranked second in lobby spending because it is "a large organization and we make a solid effort to represent our members. That means we must literally follow hundreds of bills on education, taxes, energy, health care and small business."

The group that spent third most — Altria Client Services of Richmond, Va. — lobbied no specific bills, according to its disclosure reports. Altria, the parent company of Philip Morris USA and U.S. Smokeless Tobacco, reported spending \$279,009 on Frankfort lobbying last year.

"It's more than just sharing our perspectives and positions related to tobacco," said company spokesman Ken Garcia. "Kentucky is a pretty important state, whether it's tobacco we buy from thousands of growers in the state or the facility that we operate in Hopkinsville that takes in tobacco and makes Copenhagen and Skoal™ smokeless tobacco.

AT&T's 2012 lobbying cost placed the company as seventh-highest. Critics said the deregulation bill it initiated and advocated threatened to allow it to end basic phone service to remote parts of its service area.

But spokesman Brad Rattelke said in a statement that the "legislation was never about taking away service from anyone."

Rattelke said the company has clarified the proposal and added protections to a new bill that will be offered this year — for which AT&T's lobbying team will be advocating. "We intend to apply reasonable resources to advocate policies that promote investment, jobs and innovation in Kentucky," Rattelke said.

Top spenders

1. Consumer Healthcare Products Association, Washington, \$518,053
 2. Kentucky Chamber of Commerce, Frankfort, \$300,407
 3. Altria Client Services, (Philip Morris), Richmond, Va., \$279,009
 4. Kentucky Hospital Association, Louisville, \$199,320
 5. Kentucky Medical Association, Louisville, \$189,847
 6. CSX Corp., Louisville, \$146,367
 7. AT&T, Louisville, \$138,641
 8. Kentucky Farm Bureau Federation, Louisville, \$133,116
 9. Houchens Industries, Bowling Green, \$132,000
 10. Kentucky Justice Association, Louisville, \$127,595
 11. Hewlett-Packard Co., Palo Alto, Cal., \$125,000
 12. EQT Corp., Pittsburgh, \$123,726
 13. Kentucky Association of Health Care Facilities, Louisville, \$122,896
 14. Amerihealth Mercy, Philadelphia, \$121,643
 15. Kentucky Retail Federation, Frankfort, \$120,301
 16. Peabody Energy, St. Louis, \$109,382
 17. Churchill Downs, Louisville, \$107,028
 18. Humana Inc., Louisville, \$106,496
 19. Kentucky Optometric Association, Frankfort, \$104,860
 20. Century Aluminum, Hawesville, \$99,000
- Source: Kentucky Legislative Ethics Commission

Georgia Speaker Unveils Sweeping Ethics Legislation

The Atlanta Journal-Constitution

By Aaron Gould Sheinin and Chris Joyner
January 29, 2013

Fancy steak dinners and box seats to ballgames paid for by lobbyists would go the way of Capitol spittoons under sweeping ethics legislation unveiled by House Speaker David Ralston.

Ralston's plans to overhaul the state's ethics regulations were long-awaited, but they have already drawn arrows from critics who claim his bills would stifle free speech without limiting special-interest influence.

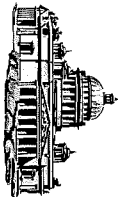
Ralston's proposals would ban most lobbyist spending on individual legislators while expanding the definition of a lobbyist to include many of the unpaid issue advocates who haunt the Capitol. It also would restore rule-making power to the state ethics commission and increase reporting of campaign contributions.

"It's going to be a different way of doing business around here, no question," Ralston said. "It's going to be a different culture." Ralston's arrival at this moment marks an important shift in state government. Georgia is one of only three states in the nation that do not restrict lobbyists' gifts to legislators.



ETHICS REPORTER

February, 2013



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Lobbying Spending Continues to Rise



Almost \$1.8 million was spent on lobbying in the first month of the 2013 session, about 17 percent more than the \$1.5 million spent in the same period in 2011, the previous odd-year session. Although the General Assembly met for only a few days to convene the 2013 session, many employers pay their lobbyists on a monthly basis throughout the year, so spending for those employers is usually consistent over the 12-month period.

The vast majority of spending by the largest spending employers goes to compensate lobbyists. The leading spending employers in the first month of the 2013 session were: Kentucky Chamber of Commerce (\$32,372, including \$2,773 on a Chamber Day Reception in Lexington); Altria Client Services (\$24,331, including \$3,804 on phone banking); Century Aluminum (\$21,670); Swedish Match North America (\$19,763); Kentucky Hospital Association (\$18,190); Kentucky Bankers Association (\$18,080); Molina Healthcare (\$18,000); Kentucky Medical Association (\$17,136); Kentucky Justice Association (\$15,125); Wine Institute (\$15,000); Paul Davis Restoration & Remodeling (\$15,000); D-C Elevator Co. (\$15,000); AT&T (\$14,128); Baptist Healthcare Systems (\$12,808); Build Our New Bridge Now (\$12,500); Norton Healthcare (\$12,475); Motion Picture Association (\$12,000); CSX Corporation (\$11,915); Kentucky League of Cities (\$11,911); and Kentucky Association of Manufacturers (\$11,846).

Other leading spenders include: Houchens Industries (\$11,000); Kentucky Liquor Retailers Coalition (\$10,500); Kentucky Retail Federation (\$10,336); Humana Inc. (\$10,176); AmeriHealth Mercy (\$10,000); EQT Corp. (\$10,000); Hewlett-Packard (\$10,000); Kentucky Medical Equipment Suppliers Association (\$10,000); and Yum! Brands (\$10,000).

New Employers Sign Up to Lobby



The General Assembly convened for a week in early January, but several employers began lobbying after the first week of the session. Among the recently-registered organizations are three which are lobbying on gambling-related issues: **Stop Predatory Gambling**, an anti-gambling group; Delaware North Companies **Gaming & Entertainment**, which is in a joint venture with Churchill Downs to build and operate a casino and racetrack between Cincinnati and Dayton; **Caesars Entertainment Operating Co.**, which owns and operates **Bluegrass Downs**, a harness racetrack located in Paducah, and owns half interest in **Turway Park LLC**, which is the owner of the **Turway Park** thoroughbred racetrack in Boone County. **Turway Park LLC** also owns a minority interest in the **Kentucky Downs** racetrack located in Simpson County.

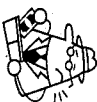
Two Lexington developments are now lobbying for tax incentive financing: **Bayer Properties**, an Alabama company which intends to develop **The Summit Lexington** shopping area; and **Centre Pointe, LLC**, a proposed development in downtown Lexington, which registered 15 lobbyists.

Other newly-registered employers include: **Ascential Care Partners**; **Coventry First**, a Philadelphia-based financial services company; **Jake's Cigar Bar & Lounge** of Nicholasville, lobbying on a proposed smoking ban; **Kentucky Association of Transportation Engineers**; **Kentucky Chapter of Community Association Institute**, lobbying on condo and homeowner association issues; **Kentucky Household Goods Carriers Association**; **Louisville Free Public Library Foundation**; **May Commercial Group**; **Mallinckrodt LLC**, a pharmaceutical business that is a subsidiary of Ireland-based **Covidien**; **Mulzer Crushed Stone**; **National Safety Repair Association**; **Pain Management Group**, an Ohio company which operates hospital-based pain management centers; **Rudd Equipment Co.**; **Sallie Mae, Inc.**; and **Wexford Health Sources**, which contracts to provide medical care to inmates.

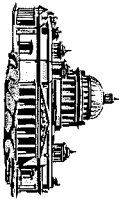
Several businesses and associations have increased the number of lobbyists in the 2013 General Assembly. For example, **AT&T**, which is lobbying on Senate Bill 88, a deregulation bill, added nine lobbyists since the session convened, giving the company 23 lobbyists working on its behalf. Additionally, the **Kentucky Chamber of Commerce**, the leading lobbying spender in this session, endorsed SB 88, and **Citizens for a Digital Future**, an **AT&T** affiliate, is paying for media advertising in support of the legislation. According to records of the **Registry of Election Finance**, **AT&T's** Kentucky Political Action Committees made 75 contributions in the last quarter of 2011 and in 2012 to House and Senate campaigns and caucus campaign committees. Most of the contributions were for \$300 or \$500. **Build Our New Bridge Now**, a group of Cincinnati and Northern Kentucky individuals, businesses and organizations supporting a new 1-75 bridge across the Ohio River, added eight lobbyists for a total of 10; and **EcoPower Generation**, which has been approved for up to \$15 million in tax incentives to build a renewable bioenergy project in Perry County, added seven lobbyists for a total of 15.

Also, the **Jefferson County Attorney** added nine lobbyists for a total of 12; **Kentucky Association of Circuit Court Clerks** added seven lobbyists for a total of nine; **Kentucky Association of Convention and Visitors Bureaus** employed eight new lobbyists; **Kentucky Association of Nurse Anesthetists** hired five new lobbyists for a total of seven; **Kentucky Liquor Retailers Association** added three lobbyists for a total of four; **Kentucky Optometric Association** added four lobbyists for a total of 11; **Kentucky Tax Lien Purchasers Association** added six lobbyists for a total of seven; **Kentucky Travel Industry Association** added seven lobbyists for a total of eight; **Louisville Free Public Library Foundation** hired six lobbyists; **Saint Elizabeth Healthcare** added three lobbyists for a total of five; and **Wine & Spirits Wholesalers of Kentucky** added two lobbyists for a total of five.

Some Employers Have Failed to Disclose Spending



Spending reports for the first month of the 2013 General Assembly were due by February 15. As of the end of February, the following employers have failed to disclose their spending on lobbying: **Advanced Care Center** (has also failed to file the 2012 year-end report due on January 15); **American Massage Therapy Association**; **Kentucky Chapter, American Society for Prevention of Cruelty to Animals**; **Catanaman, Inc.**; **Community Health Solutions**; **DW Real Estate Holdings, LLC**; **Eastern Kentucky University**; **Environmental Resources Management Consulting Co.**; **Greater Cincinnati & Northern Kentucky Apartment Association**; **Kentucky Council of Churches**; **Kentucky Creditors Rights Bar Association**; **Kentucky Dental Association**; **Kentucky Home Care Association**; **Louisville Apartment Association**; **Northern Kentucky Youth Foundation** (has also failed to file the 2012 year-end report due on January 15); **People Advocating Recovery**; **Preservation Kentucky, Inc.**; **Sierra Club**; and **Transit Authority of River City**.



ETHICS REPORTER

March, 2013

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Lobbying Spending Still Rising



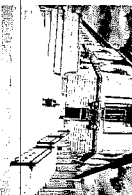
About \$4.2 million was spent on lobbying during the first two months of the 2013 General Assembly session. This is about 10 percent more than the \$3.8 million spent during the same period two years ago, in the previous odd-year, "short" session.

So far, the top-spending employers of lobbyists in the 2013 session are: **Altria Client Services**, which has spent \$85,244 lobbying on bills changing or increasing taxes on tobacco products; and **Century Aluminum of Kentucky**, which has spent \$82,950 lobbying on legislation to allow large industrial consumers of electricity (like Century Aluminum) to purchase electricity "off the grid" instead of from local retail electric suppliers. Other 2013 top-spenders are: **Kentucky Chamber of Commerce** (\$61,513); **Kentucky Hospital Association** (\$58,101); **Build Our Bridge Now** (\$48,432); **Kentucky Retail Federation** (\$42,972); **Kentucky Medical Association** (\$42,891); **Kentucky Bankers Association** (\$36,160); **Kentuckians for the Commonweath** (\$34,827); **Kentucky Association of Healthcare Facilities** (\$34,720); **AT&T** (\$32,085); **Baptist Healthcare** (\$30,144); **Kentucky Justice Association** (\$30,126); **Kentucky League of Cities** (\$29,789); and **CSX Corporation** (\$27,964).

Spending on February events conducted by lobbying interests for legislators includes: **Coal Operators & Associates**, **Kentucky Coal Association**, **Kentucky Oil & Gas Association**, and **West Kentucky Coal Association** spending \$3,687 each for a total of \$14,748 on an Energy Reception at Buffalo Trace Clubhouse in Frankfort; **CSX Corp.** (\$3,585), **Norfolk Southern Corp.** (\$3,585), and **Paiduch & Louisville Railway** (\$3,585) spending \$10,755 on a **Kentucky Railroad Association** reception on rail cars parked in downtown Frankfort; and **Kentucky Beverage Association** (\$3,704), **Kentucky Association of Manufacturers** (\$3,000), and **Kentucky Retail Federation** (\$1,800), spending a total of \$8,504 on a legislative reception at the Capital Plaza Hotel.

Other event spending includes: **Kentucky Association of Realtors**, \$6,221 on a reception at the Capital Plaza Hotel; **Kentucky Rural Water Association**, \$4,288 on a legislative breakfast at the Hotel; **Kentucky Alliance of Boys & Girls Clubs**, \$3,376 on a reception at the Hotel; **Sullivan University System**, \$2,188 on Career College Day at the Capitol Annex; **Baptist Healthcare**, \$1,694 on a reception at the Kentucky History Center in Frankfort; **National Association of Social Workers**, **Kentucky Chapter**, \$1,712; **Kentucky League of Cities**, \$1,385 on a City Night Reception at the Frankfort Convention Center; **Kentucky Hospital Association**, \$1,228 on a luncheon in the Capitol Annex; **Kentucky Association of Mental Health-Mental Retardation Programs, Inc.**, \$1,156 on a reception at Buffalo Trace; **Kentucky Association of Nurse Anesthetists**, \$1,012 for a reception at the Hotel; and **Commerce Lexington**, \$1,001 on a reception at Buffalo Trace. In addition to evening receptions, 29 breakfasts and lunches were conducted by businesses and interest groups on legislative days in February, usually in the Capitol Annex, where the legislative offices and committee meeting rooms are located.

Newly-Registered Employers Are Lobbying



The following businesses and organizations recently registered to lobby the Kentucky General Assembly: **Barbara Bowers, MD**, a Paducah ophthalmologist who specializes in refractive and cataract surgery; **Cypress Group**, a Washington, D.C.-based lobbying firm that represents clients including **Citibank**, **CNA Financial**, **Federal Home Loan Banks**, **US Bank**, **Freddie Mac**, and **International Swaps and Derivatives Association**; **Data Recognition Corp.**, a Minnesota company that provides educational testing and assessment programs; and **Edgenuty, Inc.**, an Arizona company which sells online courses to schools.

Also registered in recent weeks: **GEICO**, an auto insurance company that is a subsidiary of **Berkshire Hathaway**; **Lockridge Grindal Nauen**, a Minneapolis-based law firm monitoring credit card surcharge issues; **National Coalition of Pharmaceutical Distributors**, a Miami-based association whose website says it is "aggressively working to help enact federal legislation to revamp the nation's chain of custody laws for prescription pharmaceutical products"; and **Trouman Sanders Strategies LLC**, an Atlanta-based law and lobbying firm which listed as a Real Party in Interest the **Real Estate Valuation Advocacy Association**, a trade association for the real estate appraisal industry.

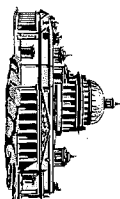
Other new registrants include: **Tyco International**, a Swiss fire safety and security systems company that registered to lobby on House Bill 119, the "Kentucky Buy American Act" which would require local governments to use American-made products, steel, and iron in public construction projects; **Americans United for Separation of Church and State**, a Washington, D.C.-based organization working on church-state issues, and which represented taxpayers who recently settled a federal lawsuit in which the state of Kentucky agreed to change its child-care system to prohibit religious coercion, indoctrination and discrimination involving children in privately-run, publicly-funded child care facilities and foster homes; and **Carespring Health Care Management**, an Ohio-based operator of Northern Kentucky nursing homes, which recently announced it would build a \$24 million transitional care facility in Cold Spring. A month ago, **Carespring** settled a federal lawsuit by agreeing to pay the U.S. Government \$350,000, and retain an independent compliance consultant to monitor the quality of patient care at **Carespring's Erlanger nursing home**.

Several businesses and groups terminated lobbying registration and are no longer lobbying in Kentucky: **Advanced Care Center**, **Apria Healthcare Group**, **Endo Pharmaceuticals**; **Kentucky Credit Rights Bar Association**; and **Northern Kentucky Youth Foundation**.

The only organization which has failed to file the spending report due on March 15 is **Ten-Ure Organization of State Employees**.



Kentucky Derby Issue
Kentucky Legislative Ethics Commission
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Large Contracts Awarded to Businesses



Kentucky's state government recently awarded several large contracts to businesses which agreed to provide personnel to perform state services.

The Department of Corrections awarded a \$28 million contract to **Correctcare, Inc.** of Lexington to provide for access to physicians, nurses, and other medical support staff to conduct primary care, onsite/offsite specialty care, and other medical services for inmates at 12 correctional facilities around the state, with the contract to run from January 1, 2013 to June 30, 2013.

The Department for Behavioral Health, Developmental and Intellectual Disabilities awarded several large contracts to health care staffing companies. Two of the contracts are for 18-month periods, including one for \$18,722,100, which went to **Registry of Physician Specialists**, a medical corporation based in Walnut Creek, California. The second contract, for \$15,665,424, went to **Staff Care, Inc.** of Irving, Texas.

Both companies contracted with the state to provide emergency/temporary psychiatry and physician services for: Bingham Gardens ICF (formerly Central State ICF/MRI), Central State Hospital, Glasgow State Nursing Facility, Hazelwood Center, Kentucky Correctional Psychiatric Center, Western State Hospital, and Western State Nursing Facility.

The Department for Behavioral Health, Developmental and Intellectual Disabilities also awarded two staffing contracts which are for three months each, and expire this week. One contract went to **Guardian Angel Staffing Agency** of Louisville. The contract runs from January 1, 2013 to March 31, 2013, and will pay **Guardian Angel** \$12.3 million to provide nurses, technicians, and other health care workers to Western State Hospital, Western State Nursing Facility, and Glasgow State Nursing Facility.

The second three-month contract was a \$12.5 million contract to **Nursestaffing Group Kentucky, LLC** of Louisville for January 1, 2013 to March 31, 2013. During that time, **Nursestaffing** is also providing nurses, technicians, and other health care workers to Western State Hospital, Western State Nursing Facility and the Glasgow State Nursing Facility.

The Department awarded another staffing contract to **Guardian Healthcare Providers of Brentwood, Tennessee**. Under that contract, **Guardian Healthcare** will receive \$24.3 million for the six months between January 1, 2013 and June 30, 2013 to provide nurses, technicians, and other health care workers to Hazelwood Center and ICF homes, Bingham Gardens ICF homes, Western State Hospital, Western State Nursing Facility and the Glasgow State Nursing Facility.

The Transportation Cabinet awarded a \$14.5 million contract (80% federal funds) to **HDR Engineering** of Lexington. For the next two years, **HDR** will assist in the construction oversight, inspection, and quality assurance of the downtown crossing of the Louisville Southern Indiana Ohio River Bridge Project and perform quality assurance audits of Indiana's work on the bridge located in eastern Jefferson County.

3



Hearthland Ethics Conference Will Be in Louisville

The 2013 **Hearthland Governmental Ethics Conference** will be held Monday and Tuesday, June 3 and 4 in Louisville, Kentucky.

The conference is designed for professionals who work in and with regulatory agencies in the fields of campaign finance, ethics and lobbying. The conference sessions include: **Political Realities: Regulating Governmental Ethics, Lobbying and Campaign Finance; The Ethics of Being a Regulator; War Stories from the Bench: Judicial Review of Agency Actions; Making Your Legislative Package a Reality** (with Kentucky's Senate President Robert Stivers and House Speaker Greg Stumbo); and **Lobbying, Ethics and Campaign Finance Violations: A View From the Defense Bar**.

There will also be a session on **Challenging and Retaining Your Agency Team**, featuring a special guest speaker from the **University of Louisville's National Championship Athletics Department**.

For more information, contact **Bonnie Harris** at the Kentucky Registry of Election Finance at 502-573-2226, ext. 260. The conference registration form is available at <http://klec.ky.gov/>.

Top Spenders in 2013 Session



The final spending reports for the 2013 General Assembly show that \$6.2 million was spent on lobbying during the 30-day session, which began in early January and ended March 26. The leading spender for the session was **Century Aluminum of Kentucky**, which spent \$108,687 lobbying on legislation to allow large industrial consumers of electricity (like **Century Aluminum**) to purchase electricity "off the grid" instead of from local retail electric suppliers.

Altria Client Services, representing **Phillip Morris USA** and **U.S. Smokeless Tobacco**, was the second highest spending employer, reporting \$107,353 for the session. The company spent about nine percent more than the \$98,000 spent in the same period in 2011. Also, according to the Registry of Election Finance website, **AltriaPAC**, the company's Washington, D.C.-based political action committee reported spending \$12,800 on six Kentucky legislative campaigns in the 2012 election cycle.

The **Kentucky Chamber of Commerce** spent \$90,639 in the 2013 session, a 12 percent increase over the Chamber's total of \$79,479 spent in the 2011 session. The **Kentucky Chamber PAC** reported spending \$35,000 by making contributions to 38 legislative campaign funds in the 2012 cycle.

1

The Kentucky Hospital Association spent \$78,213 on lobbying in the session, a 34 percent increase over the \$51,260 spent in 2011. The Association's PAC, the Kentucky Hospital's Circle of Friends made 117 contributions totaling \$70,750 to legislative campaigns in the 2012 cycle.

The Kentucky Medical Association spent \$62,930 on 2013 lobbying, while KMA's political action committee, Kentucky Physicians PAC, contributed \$32,250 to 50 legislative campaign funds in the 2012 cycle.

Other top spending employers in the 2013 session include: Kentucky Retail Federation (\$62,592, a 23 percent increase over 2011 session spending); Build Our New Bridge Now (\$60,932); Kentucky Bankers Association (\$54,240); AT&T (\$49,655); Kentucky League of Cities (\$44,570); Baptist Health (\$44,144); Kentuckians for the Commonwealth (\$43,329); Kentucky Justice Association (\$42,254); Kentucky Association of Health Care Facilities (\$42,055); Kentucky Association of Electric Cooperatives (\$41,816); and CSX (\$40,814).

Among those top-spending employers with affiliated PACs, spending on legislative campaigns for the 2012 election cycle included: Kentucky Bankers Association PAC, which spent \$124,000 by making 151 contributions to legislative campaigns; AT&T Kentucky PAC, which spent \$34,450 by making 68 contributions; Kentucky Justice Association's Attorneys Political Action Trust, which spent \$52,500 by making 65 contributions; Kentucky Association of Health Care Facilities PAC, which spent \$68,750 by making 105 contributions; and the Electric Cooperatives' PAC, Speak Up For Rural Electrification, which spent \$33,400 by making 79 contributions.

Top 20 Lobbying Spenders in Washington



Several of the organizations which are the top spenders on federal lobbying in Washington, D.C., are similar to businesses and organizations lobbying in Kentucky, as shown by a compilation done by RollCall.com:

By Kent Cooper
RollCall.com/Moneyline - April 22, 2013

Here is the ranking of the top 20 organizations spending on federal lobbying during the first quarter of 2013:

1. Chamber of Commerce of the U.S.A. \$10,140,000 - down from \$29,510,000 in the last quarter of 2012.
2. National Association of Realtors \$8,500,000 - down from \$15,440,000.
3. U.S. Chamber Institute for Legal Reform \$6,430,000 - down from \$10,910,000.
4. Northrop Grumman Corp. \$5,820,000 - up from 4,510,000.
5. Pharmaceutical Research and Manufacturers \$5,270,000 - up from \$4,120,000.
6. General Electric Co. \$5,190,000 - up from \$4,940,000.
7. American Medical Association \$4,910,000 - up from \$3,400,000.
8. Exxon Mobil Corp. \$4,840,000 - up from \$3,100,000.

9. United Technologies Corp. \$4,630,000 - up from \$3,889,000.
10. Comcast Corp. \$4,480,000 - up from \$2,330,000.
11. AT&T Services Inc. \$4,260,000 - up from \$3,400,000.
12. National Association of Broadcasters \$4,200,000 - up from \$3,290,000.
13. Merck & Co. \$4,190,000 - up from \$1,190,000.
14. National Cable and Telecommunications Association \$4,170,000 - down from \$5,880,000.
15. American Hospital Association \$3,810,000 - down from \$5,350,000.
16. Southern Co. \$3,760,000 - down from \$5,070,000.
17. Lockheed Martin Corp. \$3,710,000 - up from \$3,600,000.
18. Verizon Communications \$3,670,000 - up from \$3,480,000.
19. Chevron USA Inc. \$3,660,000 - up from \$2,470,000.
20. Boeing Co. \$3,580,000 - same as last quarter.



Hospitals Lobby Hard for Medicaid Expansion

Statefile -- By Michael Ollive - April 17, 2013

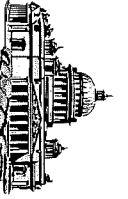
With billions of dollars at stake, hospitals are lobbying hard for Medicaid expansion in Columbus, Tallahassee and other state capitals where state legislators oppose the extension of the program to some 17 million Americans.

Hospital associations have paid for television and newspaper ads, organized rallies, and choreographed legislative testimony in support of the Medicaid expansion, which is part of the Affordable Care Act. They also have united disparate groups which are used to being on opposite sides of legislative debates. In Columbus, for example, Ohio Right to Life and Planned Parenthood Advocates of Ohio are working side-by-side to persuade state lawmakers to approve the expansion. Both groups say they want to make health insurance available to the poor.

In making their case, the hospitals tout the economic benefits that an influx of federal money will bring to the states. The federal government will cover 100 percent of the cost of the expansion for the first three years, gradually tapering off to 90 percent in 2020. And they point to the public health dividends that will come from providing health care to people who can't afford it now.

But the hospitals also acknowledge that the expansion is vital for their own financial health. "For many hospitals it's existential; it's really talking about the future viability of their institutions," said Shawn Gremminger of the National Public Hospital Association.

Sen. Christopher Smith, a leader in the Florida Senate, believes the precarious condition of hospitals has the best chance of winning over resistant legislators. "It's the plight of the hospitals that is bringing everyone to the table," he said. "Do they want to be responsible for the shutting of Jackson Memorial? Or closings in the South Broward Hospital District?" It is a fight that only 10 months ago, the hospital industry had hoped to avoid. The ACA is expected to cost hospitals more than \$300 billion over 10 years by reducing fee-for-service Medicare reimbursement and cutting federal payments that compensate hospitals for providing free care to the poor. In Ohio, for example, those federal changes would cost hospitals about \$7.4 billion over the next 10 years.



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Record \$7.6 Million Spent on Lobbying In 2013



Spending on lobbying in the first four months of 2013 was \$7.76 million, a new record for spending in an odd-numbered year when Kentucky's legislative session lasts for 30 days, half the length of the even-year sessions.

This year's total is 16 percent more than the \$6.5 million spent in 2011, the previous spending record for the first four months of a "short session" year. In the same period in 2009, lobbying spending was about \$5.5 million, so spending has increased by 29 percent in four years. Spending in last year's 60-day session was a record \$8.8 million, and lobbying spending will likely exceed \$9 million in the 2014 session.

So far in 2013, of the top 20 highest spending businesses and organizations, seven lobby on health-related issues. A total of 114 businesses and organizations spent over \$20,000 lobbying in the first four months of the year, and 29 of those lobby on health and medical issues, including hospitals, health insurance, and pharmaceuticals.

The leading lobbying spenders of 2013 are: Altria Client Services (\$126,489); Century Aluminum of Kentucky (\$118,687); Kentucky Chamber of Commerce (\$112,737); Kentucky Hospital Association (\$89,648); Kentucky Bankers Association (\$72,320); Kentucky Medical Association (\$71,696); Kentucky Retail Federation (\$67,186); Build Our New Bridge Now (\$60,932); AT&T (\$53,618); and CSX (\$52,539).

The next ten top spenders are: Kentucky Association of Manufacturers (\$50,385); Kentucky League of Cities (\$49,911); Norton Healthcare (\$48,578); Molina Healthcare (\$48,000); Kentucky Association of Health Care Facilities (\$47,138); EOT Corp. (\$45,533); Kentuckians for the Commonwealth (\$44,285); Baptist Health (\$44,144); Houchens Industries (\$44,000); and Humana (\$43,721).

New Employers Sign Up, Others Quit



Several businesses and organizations recently registered to lobby and have employed lobbyists. Those include: Direct Marketing Association; Community Care Development and Management; National Association of Vision Care Plans; and Lorillard, Inc.

After the conclusion of the 2013 legislative session, 13 organizations terminated their registrations and are not lobbying in Kentucky. Those include: Armor Correctional Health Services; Big Blue Reporters; Central Kentucky Wellness Center; Centre Pointe; Coventry First; Cypress Group; H.D. Smith; Injured Workers Pharmacy; National Coalition of Pharmaceutical Distributors; NewPage; Rudd Equipment Company; TW Telecom of Kentucky; and Tyco International.

Three Commission Members Begin Terms



At the May meeting of the Kentucky Legislative Ethics Commission, three Commission members were sworn in to begin four-year terms. The three include a new member and two members who were reappointed.

The new member is former State Senator Vernie D. McGaha of Russell Springs. He served in the Senate from 1997 to 2013, and was appointed to the Commission by the President of the Senate.

The two Commission members who were reappointed are former State Representative Pat Freibert of Lexington, who was appointed by the President of the Senate, and Deborah Jo Durr of Richmond, who was appointed by the Speaker of the House.

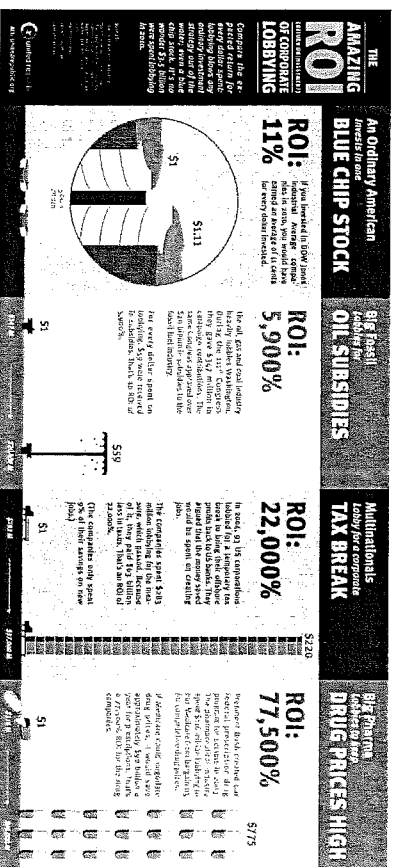
NY Times Traces Lobbying As "Investment Strategy"

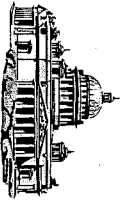


Kill Bill
By THOMAS B. EDSELL
New York Times - May 22, 2013

United Republic, a liberal-leaning campaign finance reform organization dedicated to reducing the influence of money in American politics (and which employs former lobbyist Jack Abramoff), recently produced a striking graphic that illustrates how corporate America wins huge breaks from Congress at very little cost.

According to statistics United Republic assembled, the prescription drug industry spent \$116 million lobbying for legislation to prevent Medicare from bargaining down drug prices - legislation that enabled drug companies to make an additional \$90 billion annually. That amounts to an extraordinary 77,500 percent return on investment. Oil companies, in turn, had a return on investment of 5,900 percent, and multinational companies, 22,000 percent.





ETHICS REPORTER

June, 2013

Kentucky Legislative Ethics Commission
22 Mill Creek Park, Frankfort, Kentucky 40601-9230
Phone: (502) 573-2863
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State Issues Contracts, Approves Incentives for Businesses



As the fiscal year closes, Kentucky state agencies have issued about \$1.45 billion in contracts in the past 12 months to private businesses and individuals who provide state services. Additionally, the state gave preliminary approval to over \$180 million in economic development incentives to 178 businesses around the state.

Also during the fiscal year, Kentucky gave final approval to tax incentives for nearly 200 business expansions, including: **Toyota Motor Manufacturing**, which was approved to receive \$149.1 million; **Flex Films (USA)**, approved for \$20 million; **Alcan Primary Products** (\$35 million); **Briggs & Stratton** (\$15 million); **ZF Steering Systems** (\$15 million); **Martinez Heavy Stampings** (\$10 million); **Magna Seating of America** (\$8.5 million); **Hill's Pet Nutrition** (\$8.3 million); **Tempur-Pedic Intl.** (\$8 million); **General Motors** (\$7.5 million); **Jim Beam Brands** (\$6.3 million); **Gerda Ameristeel U.S.** (\$6 million); **Kentucky Copper** (\$6 million); and **Wausau Paper Towel & Tissue** (\$6 million).

Other businesses receiving final approval for \$2 million or more in tax incentives include: **U.S. Bank National Association** (\$4.37 million); **Alchono Brake Corp.** (\$4 million); **BAE Systems** (\$4 million); **Lubrizol Advanced Materials** (\$3.74 million); **Alltech** (\$3 million); **American Air Filter** (\$3 million); **NeuStar** (\$3 million); **RxC Acquisition** (\$3 million); **Wacker Chemical** (\$2.7 million); **Franklin Precision Industry** (\$2.65 million); **Olympic Steel** (\$2.5 million); **3M Company** (\$2.46 million); **Denso Air Systems Michigan** (\$2.45 million); **RecoverCare** (\$2.26 million); **Zeon Chemicals** (\$2.25 million); **Medina Blanking** (\$2.1 million); **Montebello Packaging** (\$2.068 million); and **Meggitt Aircraft Braking Systems** (\$2 million).

In 2012-13, over 100 training grants were approved for businesses to receive state funds to train or re-train company employees. These grants generally range from \$25,000 to \$200,000 per company.

The largest state contract in this fiscal year was a six-month, \$415 million contract with **University Health Care (Passport)** to provide medical services to about 175,000 Medicaid recipients in Louisville and 15 surrounding counties. That contract ended on December 31, 2012, and those services are contracted to **CoventryCare, Humana, Passport, and Wellcare**.

Some of the largest state contracts are with companies that provide personnel and services to state facilities including prisons and hospitals. For example, the Department of Corrections has a six-month, \$28 million contract with Lexington-based **Correcare-Integrated Health** to provide inmate medical and dental services at 12 correctional facilities.

The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with several companies to provide personnel at state-operated facilities, including: \$68.8 million over two years to contract with private providers around the state to treat children with severe emotional disorders; \$25.1 million over two years to Louisville-based **Rescare** to operate the Outwood Intermediate Care Facility in Dawson Springs; \$24.3 million to **Guardian Healthcare Providers**, a Tennessee

company, \$18.7 million to **Registry of Physician Specialists**, a California company, and \$17.6 million to **Locum Tenens**, an Atlanta-based company, all of which provide various medical services and support staff to Hazelwood Center and ICF homes, Bingham Gardens ICF homes, Central State Hospital, Western State Hospital, Western State Nursing Facility, Glasgow State Nursing Facility, and Kentucky Correctional Psychiatric Center.

The Personnel Cabinet will pay up to \$25.3 million to **Gannon Cochran Management Services Inc.** to administer the Commonwealth's Self-Insured Workers Compensation Program for 18 months, and the Department of Education is paying \$18.2 million to Iowa-based **NCS Pearson Inc.**, to provide new statewide academic testing, assessing reading, mathematics, science, social studies, and writing.



All Ethics Rules Apply at Summer Conferences

Every summer, there are several conferences which legislators attend, and at which lobbyists and their employers sponsor events. This year's conferences include the **National Conference of State Legislatures (NCSL) 2013 Legislative Summit**, which will be in Atlanta, Georgia from August 12-15. Some of NCSL's topics include budget conditions, health care implementation, and education innovation in the states. Most of the policy sessions will be at the Georgia World Congress Center.

The 67th Annual Meeting of the **Southern Legislative Conference (SLC)** will be in Mobile, Alabama from July 27-31, 2013. Most sessions will be at the Arthur R. Outlaw Convention Center. The Conference will include a session titled "Campaign Against Hunger" and a "Summit on Workforce Development."

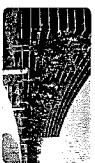
The 40th Annual Meeting of the **American Legislative Exchange Council (ALEC)** will be in Chicago, Illinois from August 7-9 at The Palmer House Hilton Hotel.

According to the Code of Legislative Ethics, legislators who have approval from the presiding officer of the chamber in which the legislator serves may accept prepaid transportation, food, and lodging or be reimbursed for actual expenses for out-of-state travel to legislative conferences.

All ethics rules apply at the conferences. For example, if a lobbyist or employer sponsors an event held in Atlanta during the NCSL meeting, and invites members of the General Assembly, the sponsor must report details of the event on the spending report filed with the Ethics Commission by September 15.

49 Companies Cut Ties to ALEC

PRWatch.org --Rebekah Wilce
June 25, 2013



The website **PRWatch.org** reports that some investors are challenging companies that support the **American Legislative Exchange Council (ALEC)**, regarding disagreements the investors have with legislation supported by ALEC. **PRWatch.org** states 49 companies have cut ties with ALEC since 2011.

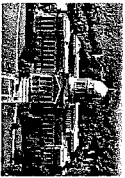
Among the corporations that have publicly announced they are no longer connected to ALEC are several which employ lobbyists in Kentucky or have recently employed them, including: **Amgen, Bank of America, Bristol-Myers Squibb, Brown-Forman, Coca-Cola, CVS Caremark, Express Scripts and Medco** (now merged); **General Electric, General Motors, Hewlett-Packard, Johnson & Johnson, Merck, MillerCoors LLC, Reed Elsevier, Reckitt Benckiser Pharmaceuticals, Sprint Nextel, Sanofi Aventis, Wal-Mart, Wellpoint - Anthem Blue Cross/Blue Shield, and YUM! Brands**.

Kentucky Lobbying Discussed in National Magazine



The July+August issue of *Mother Jones* magazine includes an article titled "Merchants of Meth", which discusses the problems associated with methamphetamine use. The article includes information on meth use in Kentucky, along with a look at the lobbying efforts in Kentucky and other states relating to legislation on pseudoephedrine, a key ingredient used in meth production.

No Special Reporting for August Session



No lobby spending reports are required to be filed in June, July, or August, even though a Special Session of the General Assembly is scheduled for August. The next spending reports, due September 15, will include all lobbying expenditures from May 1 to August 31, and must include all expenditures made in conjunction with the Special Session and the legislative conferences held during the summer.

Lobbyists Bear Scant Resemblance To "Lincoln" Characters Guidelines to Ethical Lobbying - State Legislatures Magazine - May 2013



By Peggy Kerns
National Conference of State Legislatures

The name of the first lobbyist is not recorded in time. But rest assured, lobbying has been around since governments were formed and political decisions were first made.

Lobbying is simply communicating a point of view to a lawmaker in an attempt to influence government action. It is a right protected by the 1st Amendment to the U.S. Constitution. It's one way different views, opinions and concerns get expressed. No one disagrees with this. But "how" lobbying is done sometimes creates controversy. Like in the movies.

An Image Problem

Movies have not been kind to lobbyists. "Thank You for Smoking" (2005) and "Casino Jack" (2010), are recent examples that depict people who practice lobbying, an honorable and respected profession, as conniving and manipulative.

To some, the recent movie "Lincoln" is guilty of such a portrayal. In the movie, the president and Secretary of State William Seward strategize on how to persuade the House of Representatives to pass the 13th Amendment to abolish slavery. With the Republicans on board, Lincoln and Seward identify a handful of Democrats they may be able to win over to pass the amendment.

Lincoln rejects the idea of buying their votes, but stays open to the possibility of offering them appointments to government jobs.

Enter W.N. Bilbo, along with a couple of fellow lobbyists, to get the needed votes. They sit in the gallery of the U.S. House and watch the selected Democrats in action, sizing up their manners and style. Then Bilbo and his buddies lobby the targets one by one - not railing against the evils of slavery, but describing what the lawmaker will receive if he switches votes. It is difficult and slow going. Lincoln, too, meets with some, using his eloquent words to convince them to vote yes.

In an emotional scene with Seward and the lobbying team, Lincoln expresses how essential it is that they get those last two votes. "I am president of the United States, clothed with great power ... those two votes must be procured. I leave it to you to determine how it shall be done."

Sticking to his principles, yet exerting and even expanding his powers to get what he wants, Lincoln pushes ahead for passage. Abolishing slavery justified the lobbying tactics taken. To him, the end justified the means.

The State of Lobbying

Fast-forward to today. The days of patronage are long gone, and lobbying standards have vastly improved. The profession is regulated in all states, and lobbyists are required to register, disclose their activities and limit gifts.

Still, unethical lobbyists look for loopholes and ways to skirt laws, says **Keeneland Association's** Judy Taylor, the first professional female lobbyist in Kentucky. If they don't get caught, she says, they get bolder, and at some point convince themselves that their actions are common and acceptable.

But the vast majority of lobbyists follow the rules, and honesty is one of their essential attributes.

"As a lobbyist, the only thing you have to sell is your credibility," says Peg Ackerman of Ackerman Information, a Colorado lobbying firm. "Legislators must be able to rely on you to give accurate information," which means being honest about the provisions of a bill and the reasons for a client's position.

"It is not unethical to argue your client's case in the most favorable way possible, as long as this does not entail being less than truthful or withholding significant information," she adds.

Taylor says ethical lobbying is the product of an "ethical culture where there is respect for the law, respect for the individual and respect for the public - many of whom do not have a voice."

So what should lawmakers expect from ethical lobbyists? Without exception, they should:

- **Maintain trust:** Ethical lobbyists build strong relationships, show mutual respect and honor commitments with legislators, staff and fellow lobbyists.
- **Conduct business with integrity:** Good lobbyists are proud of their profession and see themselves as problem solvers and resources for information.

- **ObeY state laws:** States have a variety of laws for lobbyists to follow—from how to register, to when to wear identification to how much they can give.
- **Treat fellow lobbyists with courtesy:** Lobbyists know they may be on opposite sides on one issue but allies on others.
- **Tell the truth:** Principled lobbyists don't mislead lawmakers or mischaracterize their clients' positions or supporting data.
- **Follow the spirit of the law:** It is not enough to just act within the law. Ethical lobbyists embrace the rule of law and its underlying principles.
- **Avoid conflicts of interest:** If a potential conflict arises, ethical lobbyists disclose it immediately to both parties and recuse themselves until the matter is resolved.
- **Strive for transparency:** Good lobbyists don't hide information - they share it.

A policymaker is entitled to expect candid disclosure from the lobbyist, including accurate and reliable information about the identity of the client and the nature and implications of the issues, according to Woodstock Theological Center's Principles for the Ethical Conduct of Lobbying.

But ethical behavior should be a two-way street. Legislators need to be just as ethical as lobbyists. This includes no surprises and no tricks. As Kurt Leib, lobbyist for Ohio's Capitol Advocates, told new lawmakers at their orientation session, "Don't introduce legislation Monday morning based on watching '60 Minutes' the night before."

The American League of Lobbyists' Code of Ethics/Key Elements

A lobbyist shall:

- Conduct lobbying activities with honesty and integrity.
- Comply fully with all laws, regulations and rules applicable to the lobbyist.
- Conduct lobbying activities in a fair and professional manner.
- Avoid all representations that may create conflicts of interest.
- Vigorously and diligently advance the client's or employer's interests.
- Have a written agreement with the client regarding terms and conditions of services.
- Maintain appropriate confidentiality of client or employer information.
- Ensure better public understanding and appreciation of the nature, legitimacy and necessity of lobbying in our democratic governmental process.
- Fulfill duties and responsibilities to the client or employer.
- Exhibit proper respect for the governmental institutions before which the lobbyists represent and advocate clients' interest.

Peggy Kerns directs the Ethics Center at NCSL and writes on ethical lobbying.