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### **2020 Annual Report to the Governor and the General Assembly**

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# **2020 ANNUAL REPORT**

## **TO THE GOVERNOR AND**

## **THE GENERAL ASSEMBLY**

**Bureau of Ethics and Campaign Finance**  
**Tennessee Ethics Commission**  
**404 James Robertson Parkway, Suite 104**  
**Nashville, TN 37243**  
**(615) 741-7959**  
<http://www.tn.gov/tec/>

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## Tennessee Ethics Commission

The 2006 Extraordinary Session of the Tennessee General Assembly enacted the Comprehensive Governmental Ethics Reform Act of 2006 (“Act”). The Act created an independent Tennessee Ethics Commission (“Commission”) to interpret and enforce the provisions of the Act. The Commission is responsible for the enforcement of the Tennessee Ethics Commission Act of 2006 which includes the following statutes:

- T.C.A. §§ 3-6-101 – 3-6-308
- T.C.A. §§ 8-50-501 – 8-50-506
- T.C.A. §§ 2-10-122 – 2-10-130

The Commission is composed of six members: two appointed by the Governor; two appointed by the Speaker of the Senate and two appointed by the Speaker of the House of Representatives. Each appointing authority must appoint one Republican and one Democrat. After initial staggered terms, members serve four-year terms and may serve two consecutive terms. Commission members with their appointing authority, city of residence and term expiration include:

- Governor
  - Charles Traughber, Nashville, Democrat appointee, December 31, 2024
  - Lynn Richardson, Elizabethton, Republican appointee, December 31, 2024
- Speaker of the Senate
  - Tammy S. White, Knoxville, Republican appointee, January 1, 2022
  - Stacy Floyd-Thomas – Memphis, Senate Democratic Appointee, January 1, 2022
- Speaker of House of Representatives
  - Duane Gilbert, Cleveland, Republican appointee, December 31, 2022.
  - James G. Stranch, III, Nashville, Democrat appointee, December 31, 2014 (holdover)

The Commission meets on an as needed basis. A meeting agenda is posted on the Commission’s web site, [www.tn.gov/tec](http://www.tn.gov/tec), approximately one week in advance of any meeting. Agendas are available in the Commission office and can be mailed to anyone upon request. The Commission meetings are held in the Commission's office and are open to the public. Minutes of past meetings are available on the Commission's website after they have been approved by the Commission.

In 2009, a new entity was created to consolidate certain management and administrative functions of the Commission and the Registry of Election Finance (“Registry”), thereby saving taxpayers and regulated entities several hundred thousand dollars per year. The new entity is named the Bureau of Ethics and

Campaign Finance (Bureau). Both the Commission and the Registry continue to exist, with no change in their respective jurisdictions, powers, duties and authority.

Under this structure, the staff of the Bureau consists of an executive director and nine additional staff. The staff of 10 employees handles the duties of the Registry and Commission on a day to day basis. The Bureau is administratively attached to the Secretary of State's office. The Secretary of State assists the Bureau in administrative matters such as receipts, disbursements, budget, travel, personnel and information services. This step was taken as a cost saving move and allows the Bureau to operate without the costs of having their own administrative staff.

Current Bureau Executive Director Bill Young was appointed on October 15, 2019. In 2020, Lauren Topping was named General Counsel by Director Young. The senior management staff of the Bureau also includes Assistant Director Lance Frizzell, Chief of Staff and Chief Compliance Officer Janet Williams and Director of Audit Jay Moeck.

## THE COMMISSION'S WEBSITE

The Commission continuously improves and expands the information available on its website ([www.tn.gov/tec](http://www.tn.gov/tec)) to educate the public about the Commission and to be in compliance with the Commission's statutory mandate. The website provides news and other important information to the public and regulated communities; gives notice of Commission meetings and agendas; provides an on-line tool for registering or filing electronically; and permits the public to view documents, registrations, reports and disclosure statements filed with or issued by the Commission. References throughout this report explain the location of information on the Commission's website.

In addition, the Commission maintains a separate email address ([ethics.counsel@tn.gov](mailto:ethics.counsel@tn.gov)), which is monitored daily, where any individual can pose a question to the Commission staff and receive a response.

## LOBBYISTS AND EMPLOYERS OF LOBBYISTS

### REGISTRATION

Lobbyists and employers of lobbyists are required to register each calendar year, not later than seven (7) days after entering an agreement to become a lobbyist/employer of a lobbyist. A lobbyist must register for each employer that hires him or her, and employers must register for each lobbyist that they hire.

Each lobbyist and employer are required to pay a \$150 registration fee for each registration within 30 days after registration. The \$150 registration fee may be paid on-line at the time of registration by credit card or it may be submitted within 30 days by check or money order. In addition, each lobbyist must pay an annual training fee of \$40 along with his or her first registration.

The registration process for both lobbyists and employers is completed on-line. The Commission maintains a website at <https://apps.tn.gov/ilobby/>, where lobbyists/employers must complete the registration process. The information listed below is required at the time of registration.

Lobbyist registration information includes:

- The lobbyist's name, address, telephone number and email address;
- A current photograph of the lobbyist, which must be submitted to the Commission within thirty (30) calendar days after registration; and
- Identifying information concerning the lobbyist's employers.

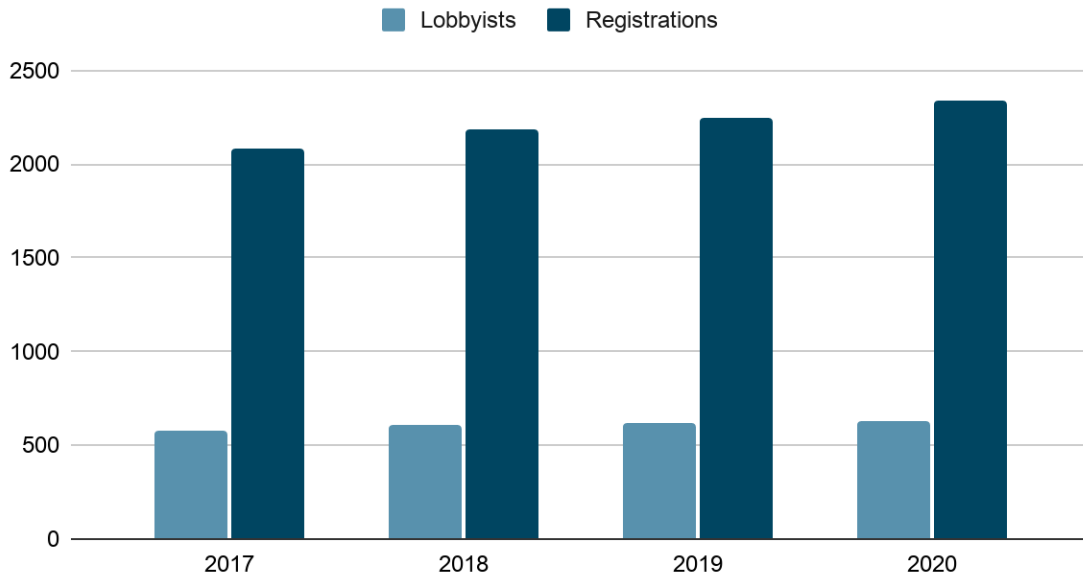
Employer of Lobbyist registration information includes:

- The employer's name, address, telephone number and email address;
- The name and contact information of each lobbyist authorized to represent the employer; and
- Verification by the employer that the employer has downloaded the Manual for Lobbyists and Employers of Lobbyists from the Commission's website.

Throughout the registration year, each lobbyist or employer of a lobbyist must update the registration statement if any event or circumstance occurs which renders the statement inaccurate or incomplete. This update must be completed within seven (7) days after the change in circumstances.

Lobbyist and employer of lobbyist information is available to the public on the Ethics Commission's website (<https://apps.tn.gov/ilobbysearch-app/search.htm>). The information is available in a searchable format by the lobbyist name, employer of lobbyist name, subject matter and registration year.

## Lobbyists and Registrations

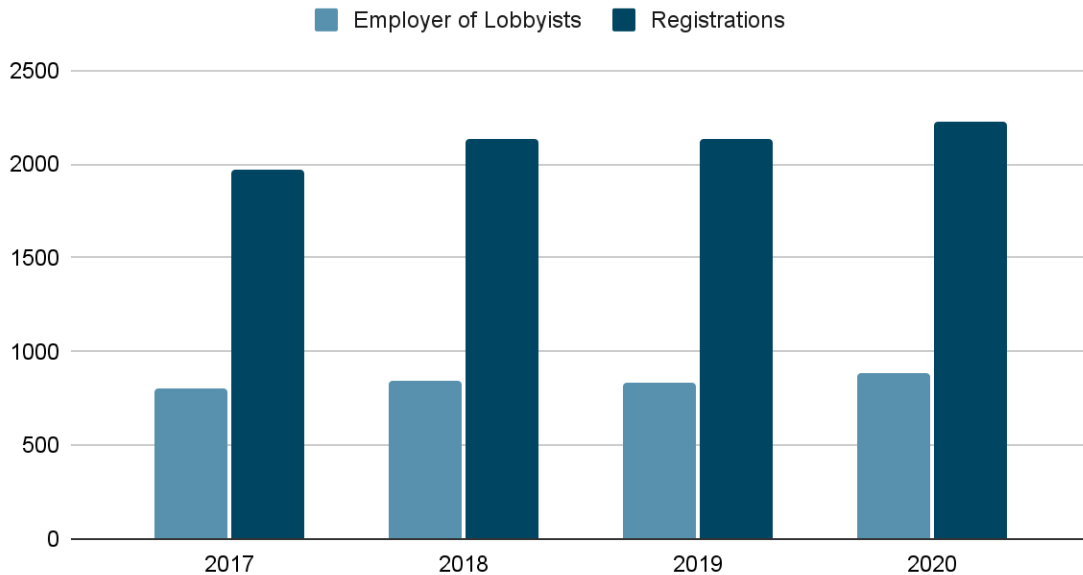


In 2020, 628 lobbyists filed 2,334 registrations with the Ethics Commission. As can be seen in the chart above, the number of lobbyists and total number of lobbyists' registrations continue to moderately increase.

In 2020, 884 employers of lobbyists filed 2,223 registrations with the Ethics Commission. Like lobbyists and the number of lobbyist registrations, the number of employers of lobbyists and their registrations continue to moderately increase.



## Employer of Lobbyists and Registrations



Note the number of registrations filed by lobbyists and employers of lobbyists do not match because of an exemption from the registration requirements for some employers of lobbyists.

### **TRAINING**

An annual training course for lobbyists is required upon registration. The training is completed electronically through the website.

In 2013, the annual training course for lobbyists was built into the lobbyist registration system. Lobbyists now enter the training site after logging in to their individual web page. The system automatically tracks who has completed the training, which eliminates the need for lobbyists to submit a certificate to the Ethics Commission.

### **EMPLOYER DISCLOSURE REPORTS**

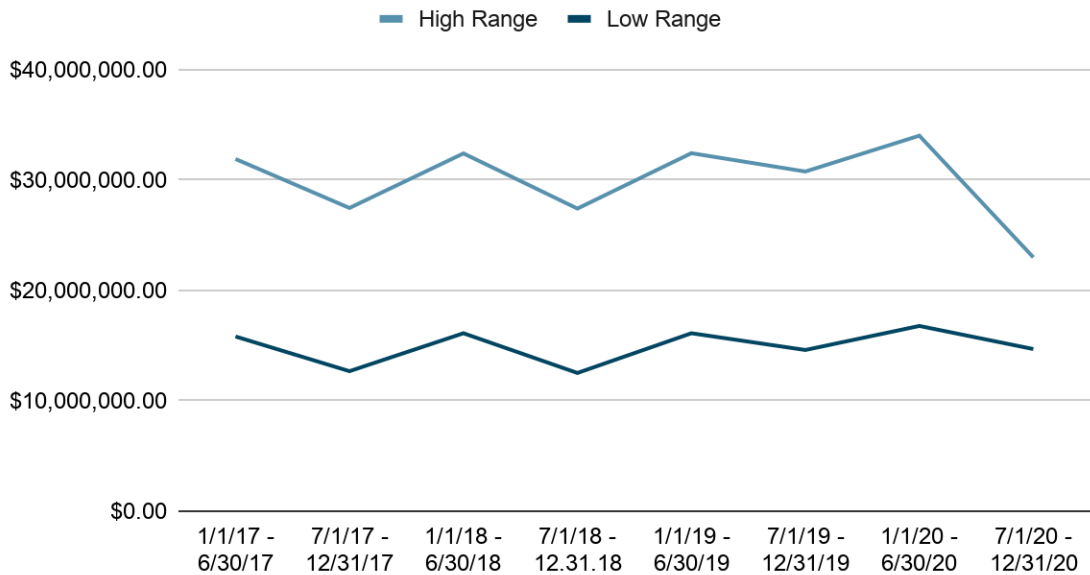
Each employer of a lobbyist is required to file an Employer Disclosure Report within 45 days after the end of each six-month reporting period. The reports cover the following periods:

- January 1 through June 30, due on August 14
- July 1 through December 31, due on February 14

The Employer Disclosure Reports are filed electronically through the Commission’s website. The reports consist of three (3) parts:

- The aggregate total amount of compensation paid to lobbyists by the employer. The report must be in monetary ranges from less than \$10,000 (including zero), to \$400,000 or more;
- The aggregate total amount of employer expenditures incurred for the purpose of influencing legislative or administrative action through public opinion or grassroots action, excluding lobbyist compensation. (Expenditures related to lobbyist compensation must be disclosed in the first part of the report.) This portion of the report must also be filed in ranges from less than \$10,000 (including zero) to \$400,000 or more, in the same manner as Part 1 of the report; and
- The total amount of expenditures for events paid for by the employer to which the entire membership of the Tennessee General Assembly was invited.

### Lobbyist Compensation



### TOTAL AGGREGATE LOBBYIST COMPENSATION

As can be seen in the above chart, the range of total lobbyist compensation has not varied vastly over the four years shown. The chart shows that more lobbyist compensation is reported by employers of lobbyists in the first six (6) months of a year than in the last six (6) months of a year. This is due to the Tennessee General Assembly usually being in session during the first part of each year.

The following tables show the detailed data for lobbyist compensation from the two reporting periods for 2020. The data is shown by the ranges selected by the employer of lobbyists on their expenditure reports.

**01/01/20 - 06/30/20**

RANGE	# OF FILERS IN RANGE	LOW RANGE	HIGH RANGE
< \$10,000	243	\$0	\$2,430,000
\$10,000 - \$25,000	265	\$2,650,000	\$6,625,000
\$25,000 - \$50,000	217	\$5,425,000	\$10,850,000
\$50,000 - \$100,000	74	\$3,700,000	\$7,400,000
\$100,000 - \$150,000	18	\$1,800,000	\$2,700,000
\$150,000 - \$200,000	4	\$600,000	\$800,000
\$200,000 - \$250,000	8	\$1,600,000	\$2,000,000
\$250,000 - \$300,000	4	\$1,000,000	\$1,200,000
\$300,000 - \$350,000	0	\$0	\$0
\$350,000 - \$400,000	0	\$0	\$0
\$400,000 OR MORE	0	\$0	\$0
<b>TOTAL</b>	<b>833</b>	<b>\$16,775,000</b>	<b>\$34,005,000</b>

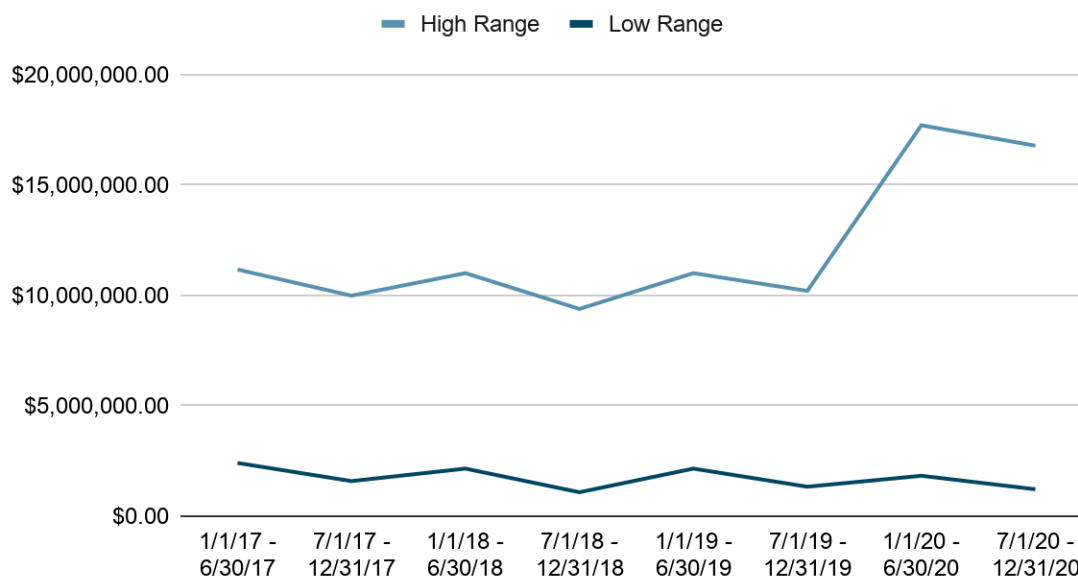
**07/01/20 - 12/31/20**

RANGE	# OF FILERS IN RANGE	LOW RANGE	HIGH RANGE
< \$10,000	309	\$0	\$3,090,000
\$10,000 - \$25,000	226	\$2,260,000	\$5,650,000
\$25,000 - \$50,000	203	\$5,075,000	\$10,150,000
\$50,000 - \$100,000	87	\$4,350,000	\$8,700,000
\$100,000 - \$150,000	13	\$1,300,000	\$1,950,000
\$150,000 - \$200,000	4	\$600,000	\$800,000
\$200,000 - \$250,000	3	\$600,000	\$750,000
\$250,000 - \$300,000	2	\$500,000	\$600,000
\$300,000 - \$350,000	0	\$0	\$0
\$350,000 - \$400,000	0	\$0	\$0
\$400,000 or more	0	\$0	\$0
<b>TOTAL</b>	<b>847</b>	<b>\$14,685,000</b>	<b>\$31,690,000</b>

## LOBBYING RELATED EXPENDITURES

As with lobbying compensation, lobbying related expenditure ranges have not dramatically changed over the last four years.

### Lobbying Related Expenses



The following tables show the detailed data for lobbyist related expenses from the two reporting periods for the 2020 year. The data is shown by the ranges selected by the employer of lobbyists on their expenditure reports.

### 01/01/20 - 06/30/20

RANGE	# OF FILERS IN RANGE	LOW RANGE	HIGH RANGE
< \$10,000	776	\$0	\$7,760,000
\$10,000 - \$25,000	33	\$330,000	\$825,000
\$25,000 - \$50,000	14	\$350,000	\$700,000
\$50,000 - \$100,000	3	\$150,000	\$300,000
\$100,000 - \$150,000	5	\$500,000	\$750,000
\$150,000 - \$200,000	0	\$0	\$0
\$200,000 - \$250,000	1	\$200,000	\$250,000
\$250,000 - \$300,000	1	\$250,000	\$300,000
\$300,000 - \$350,000	0	\$0	\$0
\$350,000 - \$400,000	0	\$0	\$0
\$400,000 or more	0	\$0	\$0
<b>TOTAL</b>	<b>833</b>	<b>\$1,780,000</b>	<b>\$10,885,000</b>

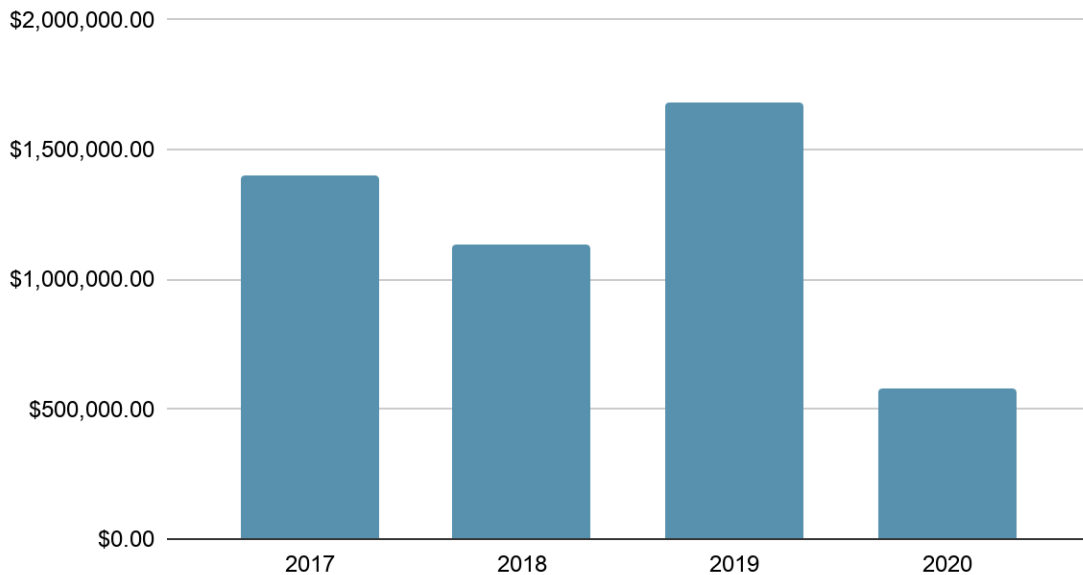
**07/01/20 - 12/31/20**

<b>RANGE</b>	<b># OF FILERS IN RANGE</b>	<b>LOW RANGE</b>	<b>HIGH RANGE</b>
< \$10,000	814	\$0	\$8,140,000
\$10,000 - \$25,000	20	\$200,000	\$500,000
\$25,000 - \$50,000	8	\$200,000	\$400,000
\$50,000 - \$100,000	1	\$50,000	\$100,000
\$100,000 - \$150,000	2	\$200,000	\$300,000
\$150,000 - \$200,000	1	\$150,000	\$200,000
\$200,000 - \$250,000	0	\$0	\$0
\$250,000 - \$300,000	0	\$0	\$0
\$300,000 - \$350,000	0	\$0	\$0
\$350,000 - \$400,000	1	\$350,000	\$400,000
\$400,000 or more	0	\$0	\$0
<b>TOTAL</b>	<b>847</b>	<b>\$1,150,000</b>	<b>\$10,040,000</b>

**IN-STATE EVENTS**

The last item reported on the employer expenditure report is the total amount of expenditures for events paid for by an employer of a lobbyist to which the entire membership of the Tennessee General Assembly was invited. The Commission must receive a copy of the invitation at least seven days prior to the event and the sponsor must report within 30 days following the event the cost of the event. In addition, the employer must disclose the total cost of all these types of events sponsored by the employer on their lobbyist expenditure report. The Commission posts all invitations and event costs on the Commission website (<https://www.tn.gov/tec/tec-lobbyist/tec-in-state-events.html>). Due to COVID-19, in-person events were substantially reduced and many virtual receptions were held. Total costs for in-state events decreased nearly two-thirds, from \$1,684,980 in 2019 to \$579,233.68 in 2020.

## In-State Events



### LOBBYIST AUDITS

The Commission has a statutory duty to conduct audits each year of no more than 4% of all lobbyists. The overall objective of the audits is to determine whether the lobbyist registration statements and amendments to the statement are timely, accurate, complete, and otherwise in compliance with the lobbying statutes. Reports subject to audit include cost reports on in-state events in which the lobbyist participated. Completed lobbyist audits are available on the Commission's website at <https://www.tn.gov/tec/tec-lobbyist/audits.html>.

### INCREASE IN GIFT THRESHOLD AMOUNT

Pursuant to T.C.A. § 3-6-305, the per event gift limitation and annual aggregate gift limit shall be increased to the nearest dollar amount to reflect the percentage change in the average consumer price index ("CPI") as published by the United States Department of Labor every odd numbered year. Gifts exempted in T.C.A. § 3-6-305(b)(8), (9) and (10) are subject to the per event gift limitation and gifts exempted in T.C.A. § 3-6-305(b)(10) are also subject to the annual aggregate gift limit.

In 2009 (effective for 2009 and 2010), the per event gift limitation was increased to \$53 (from \$50) and the aggregate limit was increased to \$106 (from \$100). In 2011 (effective for 2011 and 2012), the per event gift limitation was increased to \$55 and the aggregate limit to \$110. In 2013 (effective for 2013 and 2014), the per event gift limitation was increased to \$58 and the aggregate limit to \$115. In 2015 (effective

for 2015 and 2016), the per event gift limitation was increased to \$59 and the aggregate limit to \$118. In 2017 (effective for 2017 and 2018), the per event gift limitation was increased to \$61 and the aggregate limit to \$121. In 2019 (effective for 2019 and 2020), the per event gift limitation was increased to \$63 and the aggregate limit to \$126. In 2021, (effective for 2021 and 2022), the per event gift limitation was increased to \$65 and the aggregate limit to \$130.

## **TRAINING AND EDUCATION**

Pursuant to the Act, the Commission must conduct various ethics training for members of the General Assembly, certain state officials, and lobbyists. In addition, and in furtherance of its public mission, the Commission is obligated to conduct education programs and outreach whenever possible.

### **GENERAL ASSEMBLY**

The members of the General Assembly must attend an annual ethics training class “when the Legislature is in session.” In 2020, ethics training classes were held for both the State Senate and House of Representatives. The training included the following required elements:

- Laws administered and enforced by the Commission
- Administrative Regulations
- Relevant internal policies
- Technical and legal requirements
- Summary of advisory opinions
- Underlying purposes and principles of ethics laws
- Examples of practical application of ethics statutes

The Commission must provide a manual to the General Assembly members with the above information. A copy of the General Assembly Training manual is available on the Commission website under the Forms and Publications section:

<https://www.tn.gov/content/dam/tn/ethicscommission/documents/2021%20General%20Assembly%20Training%20Manual.pdf>.

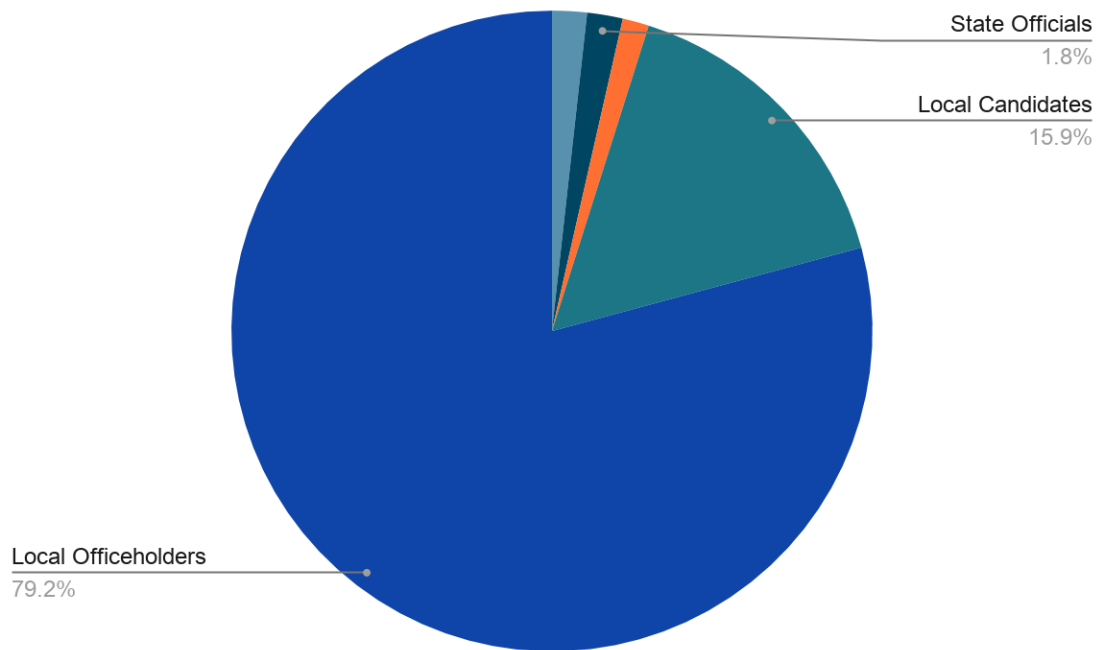
### **EXECUTIVE BRANCH**

By February 1<sup>st</sup> of each year, all executive agencies must provide the Commission a list of their senior managers required to take ethics training. The training is then completed by each of the required state employees on-line (<https://www.tn.gov/tec/officials-and-candidates/ethics-online-training.html>). The following is a list of the agencies that were required to have senior managers take on-line ethics training:

- Bureau of TennCare
- Council on Developmental Disabilities
- Department of Agriculture
- Department of Children's Services
- Department of Commerce and Insurance
- Department of Corrections
- Department of Economic & Community Development
- Department of Education
- Department of Environment & Conservation
- Department of Finance & Administration
- Department of Financial Institutions
- Department of General Services
- Department of Health
- Department of Human Resources
- Department of Human Services
- Department of Military
- Department of Revenue
- Department of Safety and Homeland Security
- Department of Tourist Development
- Department of Transportation
- Department of Veterans Affairs
- Dept. of Labor & Workforce Development
- Dept. of Intellectual & Developmental Disabilities
- Health Services and Developmental Agency
- Mental Health and Substance Abuse
- Office of the Governor
- State Board of Education
- TRICOR



## STATEMENT OF INTERESTS



State officeholders, officials and candidates as well as local officeholders and candidates are required to file Statement of Interests with the Commission on an annual basis. Officeholders and candidates must disclose information such as sources of income, investments, non-traditional loans, and bankruptcies.

All Statement of Interests, whether filed on-line or on paper, are available for viewing on-line by going to <https://apps.tn.gov/conflict> and clicking "Search Reports" under Public Searches.

### **MEMBERS OF THE GENERAL ASSEMBLY, GOVERNOR, GOVERNOR'S CABINET, CONSTITUTIONAL OFFICERS, AND CANDIDATES AND APPOINTEES TO THOSE POSITIONS (STATE OFFICEHOLDERS)**

This group was required to file a Statement of Interests no later than April 15, 2020. In 2020, [Executive Order 24](#) extended the due date to 7/15/20 due to COVID-19. All required 166 Statements were received by the Commission. By law, these disclosure statements are posted on the Commission's website. One member of this group filed late and appeared before the Commission to explain the circumstances of the late filing.

### **OTHER STATE OFFICIALS**

One hundred seventy (170) State officials were required to file a Statement of Interest with the Commission by no later than January 31, 2020. This group includes Justices of the Tennessee Supreme Court, Judges of the Court of Appeals,

Judges of the Court of Criminal Appeals, Attorney General, District Attorneys, Public Defenders, President of the University of Tennessee, Chancellors of the University of Tennessee campuses, Chancellor of the Board of Regents, Presidents of the colleges and universities administered by the Board of Regents, members of the Board of Probation and Parole, members of the Alcoholic Beverage Commission, members of the Registry of Election Finance, members of the State Election Commission, members of the Tennessee Ethics Commission, and the State Election Coordinator.

#### **STATE CANDIDATES**

State candidates that were not required to file a Statements of Interests by April 15, 2020, were required to file their Statement of Interests within 30 days after the last day to qualify for election to the office they are seeking. Appointees to certain State positions must file their Statements within 30 days after the date of their appointment. In 2020, State candidates and appointees filed 126 Statement of Interests with the Commission.

#### **LOCAL OFFICIALS**

All local elected officials were required to file a Statement of Interests no later than January 31, 2020. The Commission works closely with the State's 95 County Election Commission offices to obtain names and addresses of the local officeholders. Due to the volume of local officeholders, the process of obtaining this information is a difficult task. In 2020, 7,492 local officials filed Statement of Interests with the Commission.

#### **LOCAL CANDIDATES**

Local candidates that were not required to file a Statement of Interests by January 31, 2020 were required to file their Statement of Interests within 30 days after the last day to qualify for election to the office they are seeking. Appointees to a local elected office must file their Statements within 30 days after the date of their appointment. In 2020, local candidates filed 1,506 Statement of Interests with the Commission.

Again, the Commission works closely with the County Election Commission offices and the Secretary of State's Election Division to obtain the names and addresses of candidates and appointees to State and local offices. Because elections and appointments take place throughout the year, it is a constant task to maintain accurate information for all State and local candidates and appointees.

The staff consolidation of the Commission and Registry into the Bureau improved the working relationship between a central Bureau staff and the County Election Commissions, State and local officials and State and local candidates. The Bureau offers a "one stop shop" for Statement of Interests and Campaign Financial

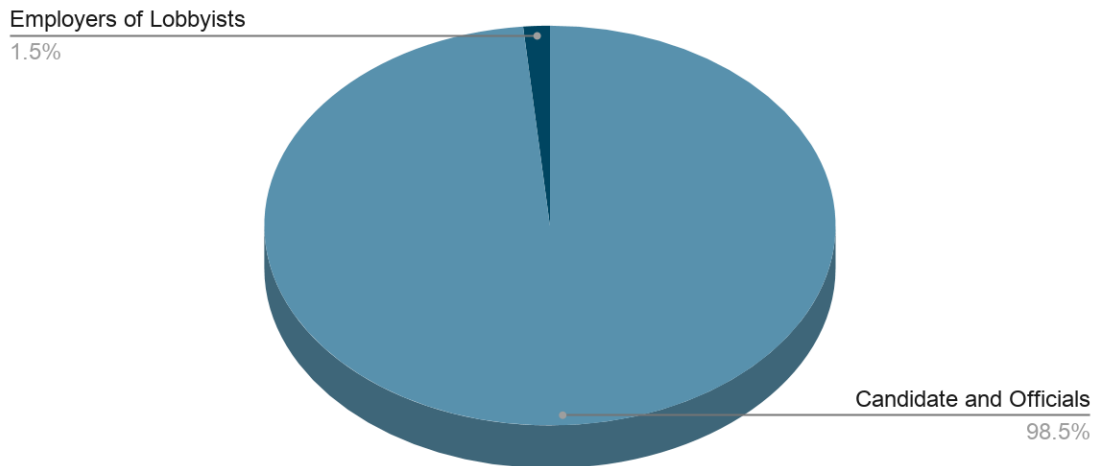
Disclosure Reports, which makes reporting and dissemination of necessary information, forms and instructions much easier for all parties involved.

## ENFORCEMENT

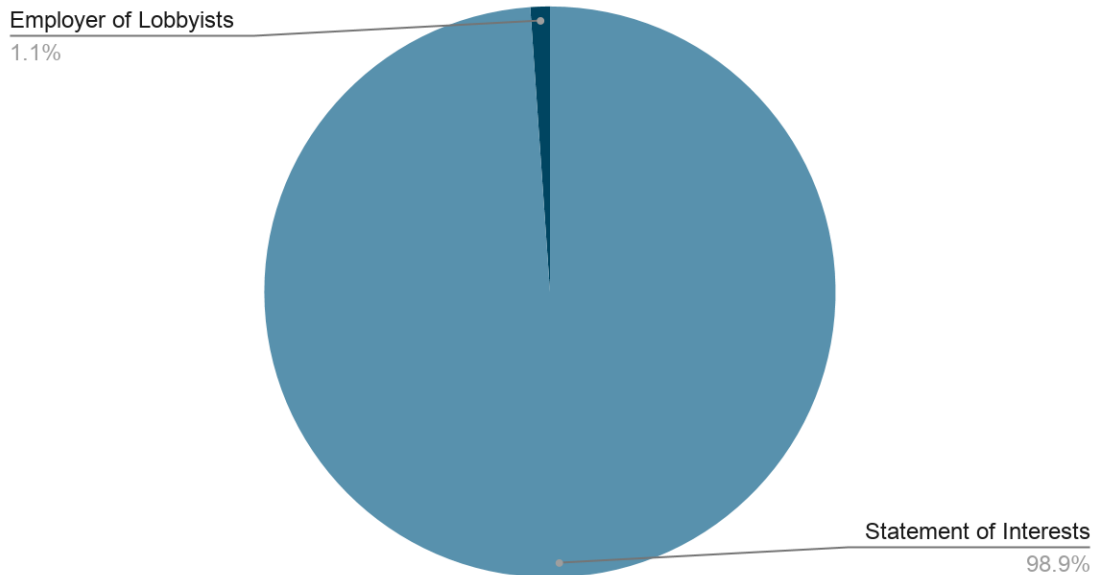
### ENFORCEMENT ACTIONS

During 2020, the Commission imposed civil penalties (Class 1 and Class 2), pursuant to T.C.A. § 3-6-205, against candidates and officials, totaling \$49,300, for failure to timely file Statement of Interests. In addition, a civil penalty of \$750 was assessed against an employer of a lobbyist pursuant to T.C.A. § 3-6-306.

### Civil Penalty Assessments - 2020



## Civil Penalty Cases - 2020



A large percentage of the civil penalty cases in which civil penalties are assessed by the Commission are against candidates and officials for failure to file and late filing of Statement of Interests. As the chart above shows, 99% of the cases in which civil penalties were assessed were due to Statement of Interests in 2020. The remaining 1% of the cases were employers of lobbyist matters.

Cases where the civil penalties became final without the penalty being paid were forwarded to the Tennessee Attorney General for collection.

### COMPLAINTS

Any citizen of the State of Tennessee may file a sworn complaint with the Ethics Commission alleging a violation of a statute within the jurisdiction of the Commission. Pursuant to the statute, none of the complaints filed, at the time they are filed, are public. In certain instances, complaints do become public. In 2020, the Commission received four (4) complaints.