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### 2019 Annual Report to the Governor and the General Assembly

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**2019  
Annual Report  
to the  
Governor and the General Assembly**

**Bureau of Ethics and Campaign Finance  
Registry of Election Finance  
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## The Registry

The Tennessee Registry of Election Finance (Registry) was created by the General Assembly and Governor in 1989 as an independent entity of the State government. The Registry currently is responsible for the enforcement of the following laws:

- Campaign Financial Disclosure Act (T.C.A. § 2-10-101, et seq.)
- Campaign Contribution Limits Act (T.C.A. § 2-10-301, et seq.)
- Gubernatorial Inauguration Finance Disclosure Act (T.C.A. § 2-10-401, et seq.)

The Registry's Board ("Registry") consists of six members appointed to five (5) year terms. Registry members receive no compensation; however, each member is reimbursed for travel expenses pursuant to State travel regulations. Registry members are appointed by the Governor and General Assembly. Below is a list of Registry members with their appointing authority, city of residence and term expiration:

- Governor
  - David Golden, Secretary, Kingsport. December 31, 2021.
  - Paige Burcham Dennis – South Fulton. December 31, 2021.
- Senate Democratic Caucus
  - William (Paz) Haynes III, Nashville, December 31, 2022
- Senate Republican Caucus
  - Tom Lawless, Chairman, Nashville, December 31, 2022
- House Democratic Caucus
  - Henry Fincher, Cookeville, December 31, 2014 (holdover)
- House Republican Caucus
  - Tom Morton, Bristol, December 31, 2019 (holdover)

The Registry generally meets on the second Wednesday of each month. A meeting agenda is posted on the Registry's website, [www.tn.gov/tref](http://www.tn.gov/tref), one week in advance of any meeting. In addition, a notice of the Registry meeting is posted in the window of the Registry's first floor offices in Parkway Towers. Agendas are available in the Registry office and can be mailed to anyone upon request. The Registry meetings usually are held in the Registry's office and are open to the public. Minutes of past meetings are available at the Registry's website after they have been approved by the Registry.

In 2009, a new entity was created to consolidate certain management and administrative functions of the Registry and the Tennessee Ethics Commission ("Commission"). This consolidation also saved the taxpayers of Tennessee and the regulated entities several hundred thousand dollars per year. The new entity is named the Bureau of Ethics and

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

Under the new structure, the staff of the Bureau consists of an executive director and eight additional staff. The staff of nine employees handles the duties of the Registry and Commission on a day-to-day basis. Staff responsibilities include handling notification and input of campaign financial disclosure filings, verifying the accuracy of the campaign finance filings, aiding filers with questions, answering questions from the press and public seeking information, advising Administrators of Elections on local election questions and working with the General Assembly and Governor to ensure compliance with the statutes the Registry enforces.

The Bureau is administratively attached to the Secretary of State.. The Secretary of State assists the Registry in administrative matters such as receipts, disbursements, budget, travel, personnel and information services. This step was taken as a cost saving measure and allows the Bureau to operate without the costs of having its own administrative staff.

In late 2019, the long time Executive Director of the Bureau Drew Rawlins retired. The Bureau appointed Bill Young as the new Executive Director effective October 15, 2019. The senior management staff of the Bureau currently includes Assistant Director Lance Frizzell, Chief of Staff and Chief Compliance Officer Janet Williams and Director of Audit Jay Moeck.

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## **RESPONSIBILITIES**

### **Campaign Finance Filings**

One of the main purposes for the creation of the Registry in 1989 was to house campaign financial disclosure filings and make them readily available to the public. The Campaign Financial Disclosure Act requires candidates for state office, multi-candidate committees (PACs) and single-measure committees (referendum committees) to file campaign finance reports with the Registry.

Candidates and PACs now file campaign financial disclosure reports at the same time based on the reporting year. In state election years (even numbered years) candidates and PACs file six (6) campaign finance reports. These reports consist of four (4) quarterly reports and two (2) pre-election reports that are filed 10 days before the primary and general elections. In non-election years (odd numbered years) candidates and PACs file two (2) semi-annual campaign finance reports.

Candidates, PACs and single-measure committees are required to file detailed information about their contributions and expenditures on the campaign finance reports. For example, for every contribution received over \$100 the report must contain detailed information including the name, address, occupation and employer of the contributor; date of contribution and amount of the contribution. Similar information is required for expenditures of over \$100.

### **Enforcement**

The main goal of the Registry is to ensure all campaign financial disclosure reports are filed in a timely and accurate manner. The Registry staff reviews all campaign financial disclosure reports for errors. When reports are filed with minor errors, the Registry returns these reports for correction and allows the filer a reasonable amount of time to correct the report.

In addition to checking for minor disclosure errors, the Registry cross-checks disclosure reports to ensure that all contributions reported as being given by PACs are reported as being received by candidates.

The Registry also reviews campaign disclosure reports for compliance with the Contribution Limits Act. The Contribution Limits Act sets limits on the amount of contributions a candidate may receive from individuals and PACs.

When a filer does not file on time or fails to comply with any other campaign finance statute, the Registry has civil penalty authority. Late filing of a report up to 30 days late is a class one violation subject to civil penalties of up to \$25 a day for each day the report is filed late. Filing a report over 30 days late or any other failure to comply with the Campaign Financial Disclosure Act is a class two violation normally subject to a civil

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## **RESPONSIBILITIES**

penalty of up to \$10,000. A failure to comply with the Contributions Limits Act is subject to a civil penalty of up to \$10,000 or 115% of the amount of all contributions made or accepted in excess of the limitations.

The Registry follows several steps before assessing a civil penalty against an individual or organization. For example, a two-week notification is sent to any candidate, PAC, or single measure committee owing a disclosure report notifying that individual or entity of the report due and the due date. If the report is not filed by the due date, the Registry sends a certified notice to the individual or entity that the individual or entity has five (5) days to file the required report or civil penalties will begin to accrue. If the required report is filed during this five (5) day period, no action will be taken by the Registry.

Any late filing beyond the five (5) day grace period, or any other failure to comply with the campaign finance statutes, will be presented by the Registry staff to the Registry for action. At this point, the Registry can vote to issue a show cause notice or take no action. Before making this decision, the Registry will consider all the facts in the matter including whether the person or entity has had previous matters before the Registry in the past.

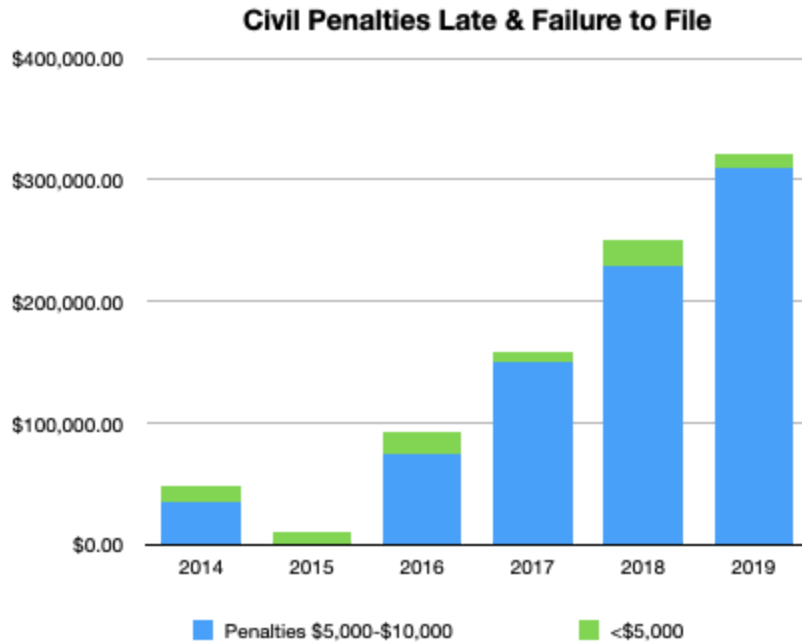
If the Registry votes to issue a show cause notice, a letter is sent to the individual or entity notifying the individual or entity of the allegations in the matter and the maximum civil penalty that may be assessed. In addition, the individual or entity is advised by the notice that the individual or entity may respond in a sworn statement or appear in person at the Registry's next meeting to explain why civil penalties should not be assessed.

Before assessing a civil penalty, the Registry will consider all information provided to the Registry in response to the show cause notice. Most of the civil penalties assessed by the Registry are small. The largest civil penalty assessments occur in cases where no response is provided to the show cause notice and/or when an individual or entity either has had multiple failures to comply with the statutes enforced by the Registry or willfully fails to comply with these statutes. Again, the primary purpose of the Registry is to ensure compliance by all those responsible for reporting under the campaign finance statutes so that accurate campaign disclosure information is timely made available to the public.

An analysis of civil penalty assessments for failure to file/late filing of campaign finance disclosure reports between large civil penalties (\$5,000 and greater) and under \$5,000 civil penalties reveals the following: \$310,000 was assessed in 27 cases where candidates and PACs failed to file reports. In the other 20 cases when candidates and PACs filed but were late, only \$11,265 was assessed.

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## RESPONSIBILITIES



In 2019, approximately 96% of the total civil penalty assessments were assessed in just 57% of the civil penalty cases for late and failure to file campaign financial disclosure reports. As can be seen in the chart on the previous page this is similar to previous years. These large assessments are mainly due to two (2) reasons: cases where candidates or PACs did not file a required report and failed to respond to the Registry's attempts to allow the individual or entity to explain what caused the individual or entity's failure to comply and repeat offenders.

After any assessment of a civil penalty, the individual or entity assessed the civil penalty has the right to request a reconsideration of the civil penalty assessment. The individual or entity must notify the Registry in writing of the request for reconsideration within 14 days of the issuance of the Registry's civil penalty order.

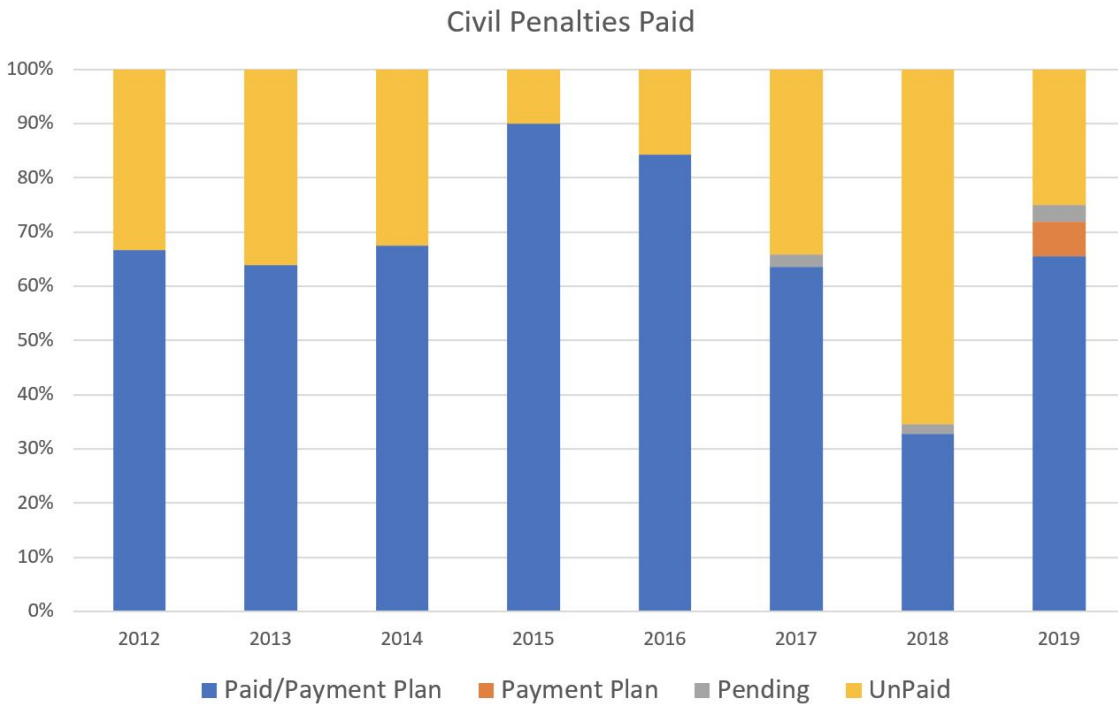
In addition to the right to request a reconsideration from the Registry, any person or entity assessed a civil penalty may request a contested case hearing pursuant to the Uniform Administrative Procedures Act.

A candidate that is assessed a civil penalty or fails to file a campaign financial disclosure report is ineligible to qualify to run for State or local office until the penalty is paid and/or the report is filed.



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## RESPONSIBILITIES



A PAC that fails to file campaign financial disclosure reports for two (2) consecutive reporting periods, fails to pay a civil penalty assessment within 90 days of becoming final or no longer has an active mailing address may be administratively terminated. In addition, if the civil penalty is not paid within 30 days, the PAC is prohibited from receiving or making campaign contributions.

After a civil penalty assessment becomes final, the Registry makes every attempt to collect the civil penalty. In addition to the restrictions placed on candidates and PACs with outstanding civil penalties mentioned above, the Registry forwards every unpaid civil penalty assessment to the Tennessee Attorney General for collection 30 days after the assessment becomes final. The chart above shows the percentage of civil penalties that are paid.

The Registry also has the authority to assess civil penalties based on sworn complaints filed with our office. The Registry follows the same procedures with a sworn complaint as it does with a late filing. All information available will be examined before any action is taken in a case involving a sworn complaint.

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# **RESPONSIBILITIES**

## **Education and Information**

Two of the main functions of the Registry are to educate and to provide information to our customer base. This includes candidates, PACs, political parties, press and the general public. The Registry staff attempt to accomplish these functions through several methods.

The best tool the Registry possesses to educate and inform is the Registry's website ([www.tn.gov/tref](http://www.tn.gov/tref)). The Registry is continuously updating and making improvements to this website to ensure that the best information is made available to our customer base in a cost-efficient manner.

For educational purposes, the website includes guides for candidates, PACs, single measure committees (referendum committees) and citizens. In addition, the web site contains filing calendars, blank reporting forms and links to the Registry's statutes and rules.

The Registry also uses the website to provide our customer base with the most up to date campaign finance information. The information includes summary data on every state candidate's campaign finance information and campaign contributions made by PACs. In addition to the campaign finance summary information, the website contains a list of registered PACs, list of qualified candidates, lists of candidates and PACs who have failed to file campaign financial disclosure reports and copies of campaign audits.

In addition to the Registry's main website, the Registry maintains a website (<https://apps.tn.gov/tncamp>) that allows the public to view campaign financial disclosure statements, beginning with the 2000 elections, and to do searches on the data contained in these reports. As the public continues to become more aware of the information available on the campaign financial disclosure viewing site and the variety of ways that the data can be retrieved, the Registry expects the number of users to continue to increase.

While the websites are a good starting point for educational purposes, the Registry staff uses several more direct methods to educate its customer base. The most obvious method is ensuring that staff members are available to answer questions received by telephone and e-mail.

The Registry staff conducts seminars for candidates and committees on the campaign finance disclosure laws. These seminars are usually held throughout the State and not only include education on the laws but a detailed discussion on how to complete the campaign financial disclosure reports.

The Registry staff also regularly attends conferences and seminars sponsored by other groups. The staff annually attends the Tennessee Association of County Election Officials' seminars held on a statewide and regional basis. The Registry hopes that the

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## **RESPONSIBILITIES**

training received at these seminars can be passed on to both State and local candidates by the Administrators of Elections in each county.

Another seminar attended annually by the Registry staff is the Tennessee Lobbyist Association (TLA) seminar. While lobbyist registration and disclosure are now handled by the Tennessee Ethics Commission, many lobbyists are involved with PACs. As a result of the lobbyists' involvement with PACs, the TLA has requested the Registry to update the TLA on campaign finance statutes at the TLA's annual seminar.

The Registry also publishes separate campaign financial disclosure guidelines for candidates and PACs. The information includes frequently asked question sections, campaign financial disclosure laws and campaign finance rules.

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# YEAR IN REVIEW

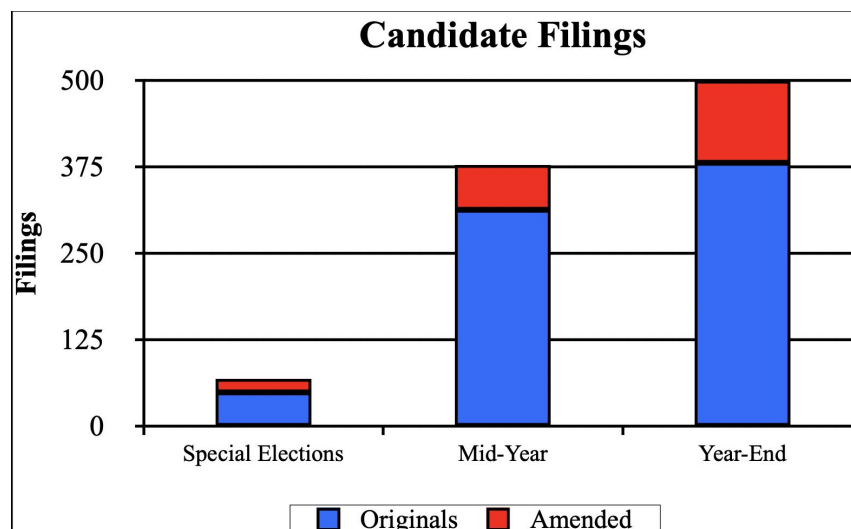
## Electronic Filing Update

The Registry is continually updating the internet based electronic filing system for campaign financial disclosure reports (TNCAMP). Every attempt is made to make the system easy and fast to use. The continued increase in the number of users requires the Registry to constantly work with the State to have TNCAMP function properly during peak filing times.

As part of this improvement process, the Registry rewrote TNCAMP, the campaign finance electronic filing system. As part of the update, large PACs are now able to upload their contributor data directly into TNCAMP. This new feature encourages PACs that had previously filed on paper, requiring staff to input their data, to file electronically. In addition to the upload feature, additional search features were added so the public may accomplish more detailed searches.

Lastly, the updated TNCAMP allows better use of the error check system by filers and staff. Fewer reports filed with errors will save the staff time in the review of reports and notifying filers of errors.

### Filings



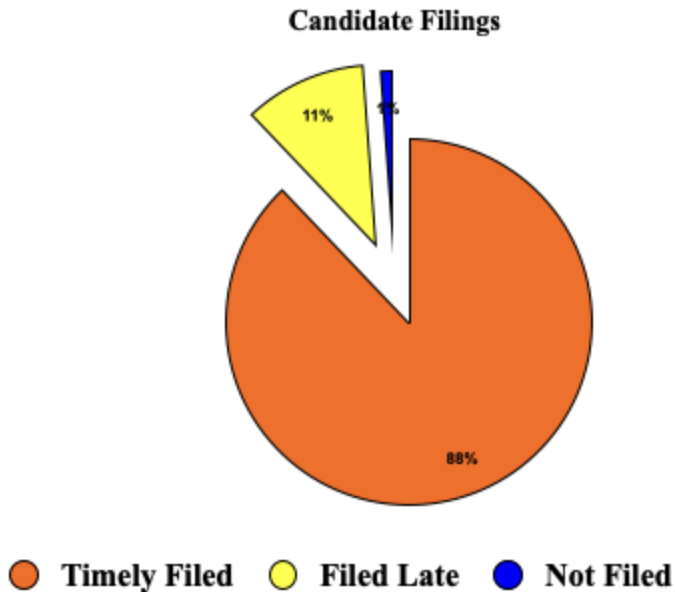
### Candidates

While 2019 was not a normal state election year, three special elections were held to fill vacancies for Senate Districts 22 and 32 and House District 77. Candidates for these seats filed campaign financial disclosure reports with the Registry in 2019. In addition to these candidates, candidates with open campaign accounts from past elections (1990 through 2018) and candidates with open accounts for future elections (2020 and 2022) were required to file mid-year and

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## YEAR IN REVIEW

year-end supplemental campaign financial disclosure reports in 2019. As of the completion of this report, the Registry received 687 original campaign financial disclosure reports from candidates. In addition, the Registry received 166 amended (corrected) campaign financial disclosure reports from candidates. The chart shows the breakdown of original and amended campaign financial disclosure reports filed by candidates.

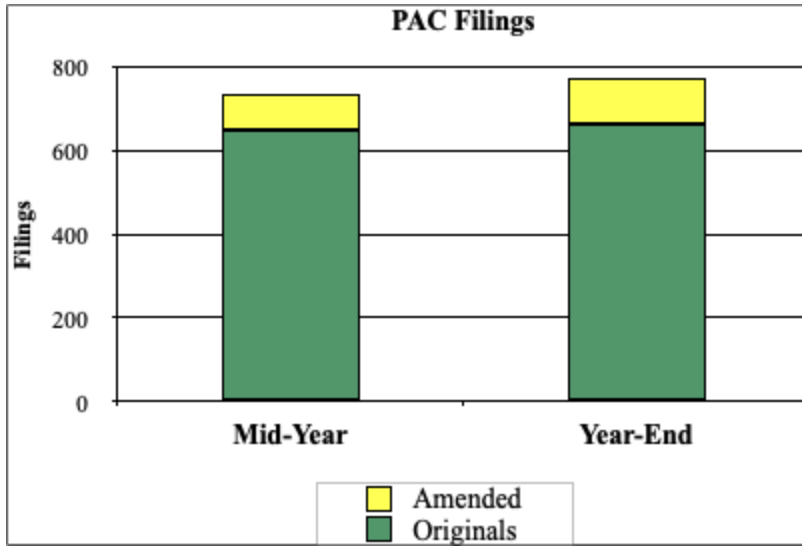


To date, sixteen reports have not been filed. Certified letters were sent notifying those candidates that civil penalties could be assessed if the required report was not filed within five days of receipt of the notice.

The candidates failing to file the reports have either been assessed civil penalties or are in the process of being assessed penalties by the Registry. Final actions on some candidates that have failed to file reports are still pending. These candidates will be ineligible to qualify for election until the reports are filed and the civil penalties are paid.

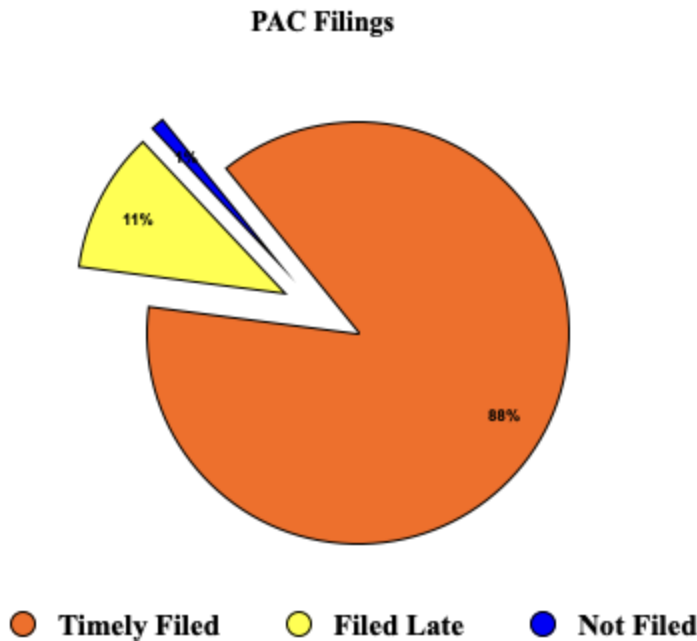
# YEAR IN REVIEW

## Multi-Candidate Committee (PACs)



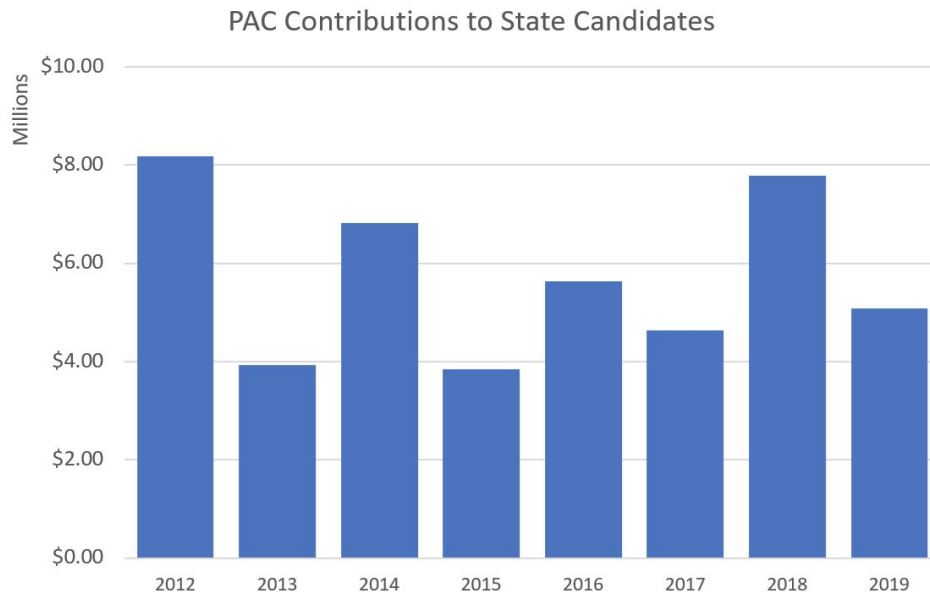
During non-election years (odd-numbered years) PACs are required to file mid-year and year-end supplemental campaign financial disclosure reports with the Registry. These reports disclose receipts and contributions made to candidates. The Registry received 1,359 original campaign financial disclosure reports from PACs in 2019.

In addition, the Registry received 161 amended campaign financial disclosure reports from PACs in 2019. The chart above shows the breakdown of original and amended campaign financial disclosure reports filed by PACs in 2019.



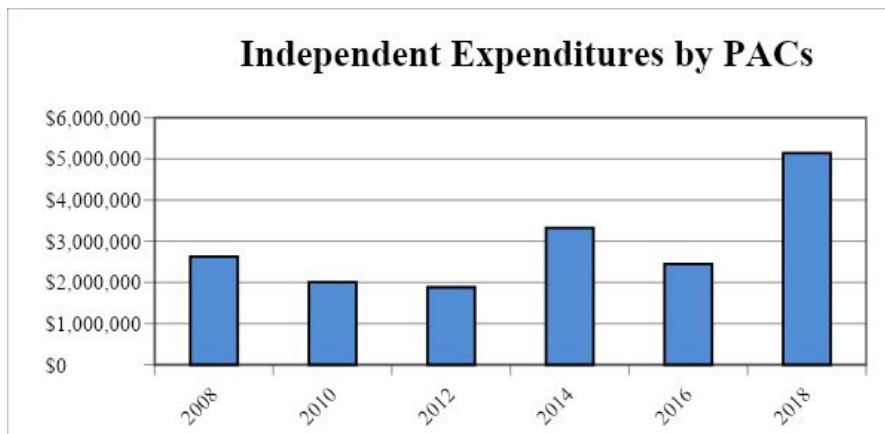
# YEAR IN REVIEW

During 2019, PACs were



required to file a total of 1,379 campaign financial disclosure reports with the Registry for the two reporting periods. Of the 1,379 disclosure reports required to be filed with the Registry, 1,267 were filed timely. Certified letters were sent to the remaining 92 PACs. Out of 92 late PAC reports for 2019, 20 have still not been filed.

State candidates reported receiving contributions of \$5,078,978 from PACs registered with the Registry during the 2019 reporting year.



In addition to direct monetary and in-kind contributions shown in the chart above, PACs also make independent expenditures. Independent expenditures are expenditures made to support or

oppose candidates that are made without consulting the candidates or the candidates' committees. Thus, they are independent of the candidates and their committees. Independent expenditures are not subject to contribution limits. However, PACs (groups that only make independent expenditures are required to register as PACs) that make independent expenditures are required to report independent expenditures in the same

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## **YEAR IN REVIEW**

manner as direct campaign contributions. As shown in the chart above, PACs reported a total of \$35,017 in independent expenditures in 2019.

### **Audits**

The Registry is required to conduct campaign audits on 4% of all legislative candidates for the 2018 election cycle. Districts were selected by random draw until 4% of the candidates were selected.

For legislative elections, districts are selected by random draw until approximately 4% of legislative candidates are selected. The Registry was required to select at least twelve candidates for audit for 2019. House District 3 (1 candidate), House District 33 (3 candidates), House District 37 (2 candidates), House District 60 (1 candidate), House District 79 (2 candidates) and House District 96 (3 candidates) were chosen before the 4% threshold was achieved.

Campaign finance audits from the 2018 election cycle were conducted during 2019. Completed audits were presented to the Registry for approval and any necessary action and have been posted to the Registry's website.

In addition to random campaign audits, the Registry is required to audit the un-itemized contributions on a campaign finance report for any candidate who lists more than 30% of his or her total contributions as un-itemized contributions and the amount is greater than \$5,000. For the 2018 election, nine candidate reports were required to be audited for this reason. Eight have been approved by the Registry and are posted to the Registry's website.

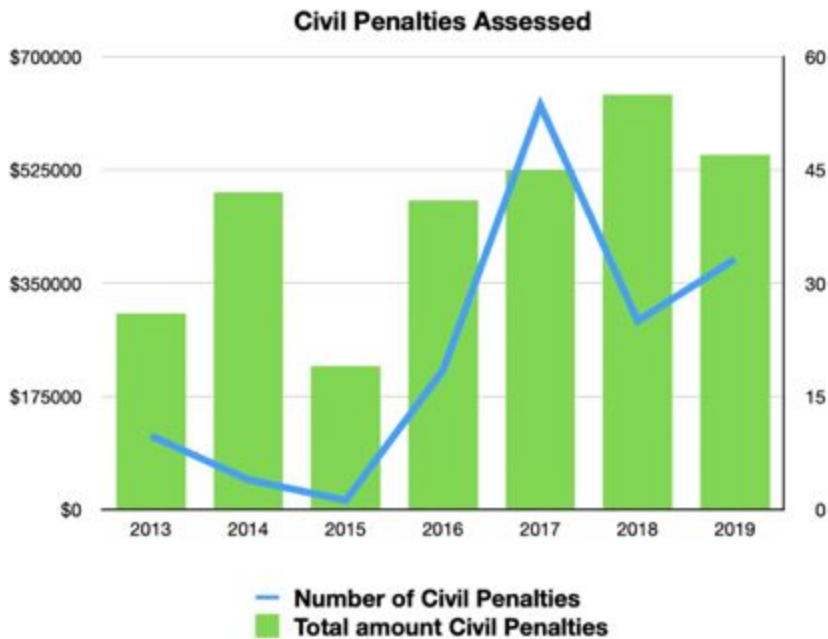
### **Citizen's Guide**

In 2008, the Registry added a Citizen's Guide to its website. The guide may be viewed on the website or printed. The main purpose of the guide is to advise citizens on how they may legally take an active part in the State and local election process and be in compliance with Tennessee campaign finance statutes. The Citizen's Guide is constantly updated as laws and rules change, providing the public the latest information on campaign finance laws.



# YEAR IN REVIEW

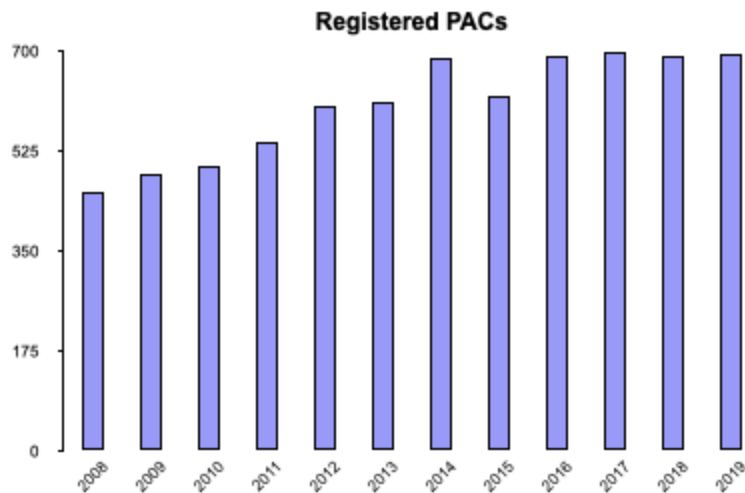
## Civil Penalties



To ensure compliance with the statutes that the Registry is mandated to enforce, the Registry assessed civil penalties against 47 individuals and organizations in 2019. In 20 of the cases the violations were Class 1 violations, which carry a maximum penalty of \$25 a day for each day a campaign financial disclosure report is filed late. The other 27 cases were Class 2 violations, which carry civil penalties of up to \$10,000 per violation. In 2019, the 47 civil penalty assessments by the Registry totaled \$387,090.

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## FUTURE



With the demands on the Registry increasing every year, the Registry will need to continue to become more efficient in order to meet its mandated duties.

The number of PACs registered with the Registry in 2019 increased to 696. As can be seen in the chart, the number of registered PACs has increased over 50% in the last ten years. For every new PAC there are eight additional reports filed with the Registry in an election cycle that must be reviewed for errors and cross-indexed.

In addition to the increasing number of PACs, the Registry also added several hundred judicial candidates that are now required to register and file campaign financial disclosures with the Registry. In addition to more filings, campaigns are becoming more complicated with each election. The increased number of filings along with more complicated campaigns will require the Registry to be more efficient to handle its mandated duties without increasing its staff size or budget.

### Goals

In 2020, the Registry hopes to continue to improve services to its customers. The continued promotion of the Registry's electronic filing and viewing system is one of the main ways the Registry can better serve the public. Such promotion will not only improve the timeliness and accuracy of reports filed with the Registry but also will aid the Registry in making the information available on a more timely basis to the public.