

1 AN ACT relating to legislative ethics.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 6.611 is amended to read as follows:

4 As used in this code, unless the context requires otherwise:

5 (1) "Adversarial proceeding" means a proceeding in which decisions are made based
6 upon evidence presented as measured against established standards, with parties
7 having the right to appeal the decision on the record to a court;

8 (2) (a) "Anything of value" includes the following:

- 9 1. A pecuniary item, including money, or a bank bill or note;
- 10 2. A promissory note, bill of exchange, order, draft, warrant, check, or
11 bond given for the payment of money;
- 12 3. A contract, agreement, promise, or other obligation for an advance,
13 conveyance, forgiveness of indebtedness, deposit, distribution, loan,
14 payment, gift, pledge, or transfer of money;
- 15 4. A stock, bond, note, or other investment interest in an entity;
- 16 5. A receipt given for the payment of money or other property;
- 17 6. A right in action;
- 18 7. A gift, tangible good, chattel, or an interest in a gift, tangible good, or
19 chattel;
- 20 8. A loan or forgiveness of indebtedness;
- 21 9. A work of art, antique, or collectible;
- 22 10. An automobile or other means of personal transportation;
- 23 11. Real property or an interest in real property, including title to realty; a
24 fee simple or partial interest, present or future, contingent or vested,
25 within realty; a leasehold interest; or other beneficial interest in realty;
- 26 12. A rebate or discount in the price of anything of value unless the rebate or
27 discount is made in the ordinary course of business to a member of the

- 1 public without regard to that person's status as a legislator;
- 2 13. A promise or offer of employment; or
- 3 14. Any other thing of value that is pecuniary or compensatory in value to a
- 4 person, or the primary significance of which is economic gain.
- 5 (b) "Anything of value" does not include:
- 6 1. A campaign contribution properly received and reported, if reportable,
- 7 as required under KRS Chapter 121;
- 8 2. Compensation, food, beverages, entertainment, transportation, lodging,
- 9 or other goods or services extended to a legislator by the legislator's
- 10 private employer or by a person other than a legislative agent or
- 11 employer;
- 12 3. A usual and customary commercial loan made in the ordinary course of
- 13 business, without regard to the recipient's status as a legislator, and by a
- 14 person or institution authorized by law to engage in the business of
- 15 making loans;
- 16 4. A certificate, plaque, or commemorative token of less than one hundred
- 17 fifty dollars (\$150) value;
- 18 5. Promotional items of less than fifty dollars (\$50);
- 19 6. Educational items;
- 20 7. Informational items;
- 21 8. The cost of attendance or participation, and of food and beverages
- 22 consumed, at events:
- 23 a. To which all members of the Kentucky Senate or the Kentucky
- 24 House of Representatives, or both, are invited;
- 25 b. To which all members of a joint committee or task force of the
- 26 Kentucky Senate and the Kentucky House of Representatives are
- 27 invited;

- 1 c. To which a caucus of legislators approved as a caucus by the
2 Legislative Research Commission is invited;
- 3 d. Sponsored or coordinated by a state or local government entity,
4 including a state institution of higher education, provided that the
5 cost thereof is covered by the state or local government entity or
6 state institution of higher education; or
- 7 e. To which an individual legislator is invited that are held in-state,
8 and for which the legislator receives prior approval from a
9 majority of the Legislative Research Commission;
- 10 9. Gifts from a person related by blood or marriage or a member of the
11 legislator's household;
- 12 10. A gift that:
- 13 a. Is not used; and
- 14 b. No later than thirty (30) days after receipt, is returned to the donor
15 or delivered to a charitable organization and is not claimed as a
16 charitable contribution for federal income tax purposes;
- 17 11. The cost, paid, reimbursed, raised, or obtained by the Legislative
18 Research Commission, for attendance or participation, and for food and
19 beverages consumed at, and funds, goods, and services provided for
20 conducting events sponsored or coordinated by multistate or national
21 organizations of, or including, state governments, state legislatures, or
22 state legislators if the attendance and expenditures are approved in
23 advance by the Legislative Research Commission;
- 24 12. The cost of attendance or participation provided by the sponsoring
25 entity, of lodging, and of food and beverages consumed, at in-state
26 events sponsored by or in conjunction with a civic, charitable,
27 governmental, trade association, or community organization;

- 1 13. A gift or gifts from one member of the General Assembly to another
2 member of the General Assembly;
- 3 14. Anything for which the recipient pays or gives full value; or
- 4 15. Any service spontaneously extended to a legislator in an emergency
5 situation;
- 6 (3) "Associated," if used with reference to an organization, includes an organization in
7 which an individual or a member of the individual's family is a director, officer,
8 fiduciary, trustee, agent, or partner, or owns or controls, in the aggregate, an interest
9 of ten thousand dollars (\$10,000) or more, or an interest of five percent (5%) or
10 more of the outstanding equity;
- 11 (4) "Business" means any corporation, partnership, sole proprietorship, firm,
12 consulting firm, enterprise, franchise, association, organization, self-employed
13 individual, holding company, joint stock company, receivership, trust, professional
14 service corporation, or any legal entity through which business is conducted for
15 profit;
- 16 (5) "Business associate" includes the following:
- 17 (a) A private employer;
- 18 (b) A general or limited partnership, or a general or limited partner within the
19 partnership;
- 20 (c) A corporation that is family-owned or in which all shares of stock are closely
21 held, and the shareholders, owners, and officers of such a corporation;
- 22 (d) A corporation in which the legislator or other person subject to this code has
23 an investment interest, owns, or has a beneficial interest in shares of stock
24 which constitute more than:
- 25 1. Five percent (5%) of the value of the corporation; or
- 26 2. Ten thousand dollars (\$10,000) at fair market value;
- 27 (e) A corporation, business association, or other business entity in which the

1 legislator or other person subject to this code serves as an agent or a
2 compensated representative; or

3 (f) Clients of a consulting firm that is owned by a legislator or spouse of a
4 legislator or that employs a legislator or spouse of a legislator. This
5 paragraph shall not apply to a legislator or spouse of a legislator who is an
6 attorney;

7 (6) "Candidate" means an individual who seeks nomination or election to the General
8 Assembly. An individual is a candidate when the individual:

9 (a) Files a notification and declaration for nomination for office with the
10 Secretary of State; or

11 (b) Is nominated for office by his or her party under KRS 118.105, 118.115,
12 118.325, or 118.760;

13 (7) "Charitable organization" means an organization described in 26 U.S.C. Sec. 170(c)
14 as it currently exists or as it may be amended;

15 (8) "Child" means the unemancipated minor daughter, son, stepdaughter, or stepson;

16 (9) "Commission" means the Kentucky Legislative Ethics Commission;

17 (10) (a) "Compensation" means:

18 1. An advance, salary, conveyance, forgiveness of indebtedness, deposit,
19 distribution, loan, payment, gift, pledge, or transfer of money; or

20 2. A contract, agreement, promise, or other obligation for an advance,
21 conveyance, forgiveness of indebtedness, deposit, distribution, loan,
22 payment, gift, pledge, or transfer of money for services rendered or to be
23 rendered.

24 (b) "Compensation" does not include reimbursement of expenses if:

25 1. The reimbursement is equal to, or less than, the amount paid for the
26 expenses;

27 2. Expense records are itemized; and

- 1 3. No portion of the reimbursed expense is used to give anything of value
2 to a legislator, candidate, or the spouse of a legislator or candidate;
- 3 (11) "Economic interest" means an interest distinct from that of the general public in a
4 state purchase, sale, lease, contract, option, or other transaction or arrangement
5 involving property or services in which a legislator may gain an economic benefit of
6 fifty dollars (\$50) or more;
- 7 (12) "Employer" means any person who engages a legislative agent and in the case of a
8 business other than a sole proprietorship or self-employed individual, it means the
9 business entity, and not an individual officer, director, or employee thereof, except
10 when an officer, director, or employee makes an expenditure for which he or she is
11 reimbursed by the business entity;
- 12 (13) "Engage" means to make any arrangement, and "engagement" means any
13 arrangement, by which an individual is employed or retained for compensation to
14 act for or on behalf of an employer to lobby;
- 15 (14) "Ethical misconduct" means any violation of the Kentucky Code of Legislative
16 Ethics;
- 17 (15) (a) "Expenditure" means any of the following that is made to, at the request of,
18 for the benefit of, or on behalf of any member of the General Assembly, the
19 Governor, the secretary of a cabinet listed in KRS 12.250, or any member of
20 the staff of any of those officials:
- 21 1. A payment, distribution, loan, advance, deposit, reimbursement, or gift
22 of money, real estate, or anything of value, including, but not limited to,
23 food and beverages, entertainment, lodging, transportation, or honoraria;
- 24 2. A contract, promise, or agreement, to make an expenditure; or
25 3. The purchase, sale, or gift of services or any other thing of value.
- 26 (b) "Expenditure" does not include a contribution, gift, or grant to a foundation or
27 other charitable organization that is exempt from federal income taxation

1 under Section 501(c)(3) of the Internal Revenue Code. "Expenditure" does not
2 include the purchase, sale, or gift of services or any other thing of value that is
3 available to the general public on the same terms as it is available to the
4 persons listed in this subsection;

5 (16) "Family member" means a person:

6 (a) Who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-
7 law, daughter-in-law, grandparent, or grandchild of an individual; or

8 (b) Who is a member of the individual's household, and is dependent upon the
9 individual;

10 (17) "Filer" means an individual who is required to file a statement of financial interests
11 pursuant to KRS 6.781;

12 (18) (a) "Financial transaction" means a transaction or activity that is conducted or
13 undertaken for profit and arises from the joint ownership, ownership, or part
14 ownership in common of any real or personal property or any commercial or
15 business enterprise of whatever form or nature between the following:

16 1. A legislative agent, his or her employer, or a member of the immediate
17 family of the legislative agent or his or her employer; and

18 2. Any member of the General Assembly, the Governor, the secretary of a
19 cabinet listed in KRS 12.250, or any member of the staff of any of the
20 officials listed in this subparagraph.

21 (b) "Financial transaction" does not include any transaction or activity:

22 1. Described in paragraph (a) of this subsection if it is available to the
23 general public on the same or similar terms and conditions; or

24 2. Made or let after public notice and competitive bidding or contracts that
25 are available on similar terms to other members of the general public.

26 (19) "Former legislator" means a person who previously held a position as a legislator
27 and who no longer holds that position;

- 1 (20) "Immediate family" means an unemancipated child residing in an individual's
2 household, a spouse of an individual, or a person claimed by the individual as a
3 dependent for tax purposes;
- 4 (21) "In-state" means within the borders of Kentucky or outside Kentucky in a county
5 that is contiguous with the border of Kentucky;
- 6 (22) "Legislation" means bills, resolutions, amendments, nominations, administrative
7 regulations, and any other matter pending before the General Assembly or any of its
8 interim or statutory committees, or the executive approval or veto of any bill acted
9 upon by the General Assembly;
- 10 (23) (a) "Legislative agent" means any individual who is engaged:
- 11 1. during at least a portion of his or her time to lobby as one (1) of his or
12 her official responsibilities; or
- 13 2. In lobbying activities as a legislative liaison of an association, coalition,
14 or public interest entity formed for the purpose of promoting or
15 otherwise influencing legislation.
- 16 (b) "Legislative agent" does not include:
- 17 1. Any person who limits his or her lobbying activities to appearing before
18 public meetings of legislative committees, subcommittees, or task
19 forces, or public hearings or meetings of public agencies;
- 20 2. A private citizen who receives no compensation for lobbying and who
21 expresses a personal opinion; or
- 22 3. A public servant acting in his or her fiduciary capacity as a
23 representative of his or her agency, college, university, or city, county,
24 urban-county, consolidated local government, unified local government,
25 or charter county government, except persons engaged by a de jure
26 municipal corporation, such as the Kentucky Lottery Corporation or the
27 Kentucky Housing Corporation, institutions of higher education, or local

1 governments, whose primary responsibility during sessions of the
2 General Assembly is to lobby;

3 (24) "Legislative interest" means a substantial economic interest, distinct from that of the
4 general public, in one (1) or more legislative matters;

5 (25) "Legislative matter" means any bill, resolution, nomination, or other issue or
6 proposal pending before the General Assembly or any interim committee,
7 committee, subcommittee, task force, or commission of the General Assembly;

8 (26) "Legislator" means a member or member-elect of the General Assembly;

9 (27) (a) "Lobby" means to promote, advocate, or oppose the passage, modification,
10 defeat, or executive approval or veto of any legislation by direct
11 communication with any member of the General Assembly, the Governor, the
12 secretary of any cabinet listed in KRS 12.250, or any member of the staff of
13 any of the officials listed in this paragraph.

14 (b) "Lobbying" does not include:

15 1. Appearances before public meetings of the committees, subcommittees,
16 task forces, and interim committees of the General Assembly;

17 2. News, editorial, and advertising statements published in newspapers,
18 journals, or magazines, or broadcast over radio or television;

19 3. The gathering and furnishing of information and news by bona fide
20 reporters, correspondents, or news bureaus to news media described in
21 paragraph (b)2. of this subsection;

22 4. Publications primarily designed for, and distributed to, members of bona
23 fide associations or charitable or fraternal nonprofit corporations;

24 5. Professional services in drafting bills or resolutions, preparing
25 arguments on these bills or resolutions, or in advising clients and
26 rendering opinions as to the construction and the effect of proposed or
27 pending legislation, if the services are not otherwise connected with

1 lobbying; or

2 6. The action of any person not engaged by an employer who has a direct
3 interest in legislation, if the person, acting under Section 1 of the
4 Kentucky Constitution, assembles together with other persons for their
5 common good, petitions any official listed in this subsection for the
6 redress of grievances, or other proper purposes;

7 (28) "Person" means an individual, proprietorship, firm, partnership, joint venture, joint
8 stock company, syndicate, business, trust, estate, company, corporation, association,
9 club, committee, organization, or group of persons acting in concert;

10 (29) "Public servant" means an elected or appointed officer or employee of a federal or
11 state agency; state institution of higher education; or a city, county, urban-county, or
12 charter county government;

13 (30) "State agency" means any department, office, commission, board, or authority
14 within the executive department, and includes state-supported universities and
15 colleges but does not include local boards of education; and

16 (31) "Through others" means a scheme, artifice, or mechanism, the sole purpose of
17 which is to accomplish by indirect means, using third parties, results which would
18 be unlawful under this code if accomplished directly between a legislator or
19 candidate and another person or entity.

20 ➔Section 2. KRS 6.787 is amended to read as follows:

21 (1) The statement of financial interests required by KRS 6.781 shall be filed on a form
22 prescribed by the commission. The commission shall provide copies of the form
23 without charge to any person required to file.

24 (2) The statement shall include the following information for the preceding calendar
25 year:

26 (a) Name, business address, business telephone number, and home address of the
27 filer;

- 1 (b) Title of the filer's public position or office sought;
- 2 (c) Any other occupations of filer and spouse;
- 3 (d) Positions held by the filer or his spouse in any business, partnership,
4 corporation for profit, or corporation not for profit from which the filer
5 receives compensation, and the name of that business, partnership, or
6 corporation;
- 7 (e) Names and addresses of all businesses, investments, or securities in which the
8 filer, his spouse, or children has or had at any time during the preceding year
9 an interest of ten thousand dollars (\$10,000) at fair market value or five
10 percent (5%) ownership interest or more;
- 11 (f) Sources of gross income of the filer and his spouse, information concerning
12 the source, and the form of the income;
- 13 (g) All positions of a fiduciary nature in a business;
- 14 (h) A designation as commercial, residential, or rural, and the location of all real
15 property, other than the filer's primary residence, in which there is an interest
16 of ten thousand dollars (\$10,000) or more held by the filer, his spouse, or
17 children;
- 18 (i) Sources of gifts of money or property with a retail value of more than two
19 hundred dollars (\$200) to the filer or the filer's immediate family, except those
20 from a member of the filer's family;
- 21 (j) The name of any creditor owed more than ten thousand dollars (\$10,000),
22 except debts arising from the purchase of consumer goods. As used in this
23 paragraph, the term "consumer goods" has the same meaning as in KRS
24 355.9-102;
- 25 (k) The name of any legislative agent who is:
- 26 1. A member of the filer's immediate family;
- 27 2. A partner of the filer, or a partner of a member of the filer's immediate

- 1 family;
- 2 3. An officer or director of the filer's employer;
- 3 4. An employer of the filer or an employer of a member of the filer's
- 4 immediate family; or
- 5 5. A business associate of the filer or a business associate of a member of
- 6 the filer's immediate family;

7 (l) The names of any of the filer's clients who are legislative agents or
 8 employers;~~and~~

9 (m) An answer to the question, "If you have held a professional license during the
 10 filing period, has a properly licensed partner of yours engaged in the practice
 11 of cases or other matters which you are prohibited from practicing under KRS
 12 6.744?" If the filer responds affirmatively, he shall also list the names of the
 13 clients represented and list the agencies before which the partner made an
 14 appearance. These lists shall be separate and need not identify which client
 15 was represented before a specific agency; **and**

16 **(n) The name of a client paying more than one thousand dollars (\$1,000)**
 17 **annually to a consulting firm that provides expert advice for a fee, that is**
 18 **owned by a legislator or spouse of a legislator, or that employs a legislator**
 19 **or spouse of a legislator. This paragraph shall not apply to a legislator or**
 20 **spouse of a legislator who is an attorney.**

21 (3) Paragraphs (a) to (j) of subsection (2) of this section shall not require disclosure of
 22 specific dollar amounts. Paragraph (f) shall not require the disclosure of the names
 23 of clients or customers of business entities listed as sources of income.