



**MANUAL FOR LOBBYISTS AND EMPLOYERS OF
LOBBYISTS**

(REVISED 12/2010)

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Foreword

The 2006 Extraordinary Session of the Tennessee General Assembly enacted in the Comprehensive Governmental Ethics Reform Act of 2006 (“Act”). The Act addressed, among other items, financial disclosure and other reporting requirements for lobbyists, employers of lobbyists, legislators, state and local elected officials, and candidates and appointees to such positions. Further, the Act prohibited activities such as certain campaign contributions and the offer and acceptance of certain gifts. The Act established an independent Tennessee Ethics Commission (“Commission”) to interpret and enforce the provisions of the Act.

The Act was passed to advance the public’s confidence in government by enhancing the integrity and transparency of state and local government. Under the Act, the Commission is required to deliver an Annual Report to the Governor, the General Assembly, and the public.

In 2009, a new entity was created in order to consolidate certain management and administrative functions of the Commission and the Registry of Election Finance (“Registry”), in order to save the taxpayers of Tennessee and the regulated entities several hundred thousand dollars per year. The new entity is called the Bureau of Ethics and Campaign Finance. Both the Commission and the Registry continue to exist, with no change in their respective jurisdictions, powers, duties and authority. There has been no weakening or dilution of either the Commission or the Registry, and both agencies remain as independent entities of state government.

This organizational structure has enabled the Commission to operate in a more efficient manner and save significant expense without undermining its effectiveness.

We, the Commissioners of the Tennessee Ethics Commission, look forward to working with the Governor, the General Assembly, state and local elected officials, lobbyists and their employers, and the public in carrying out the mandates of the Act and enhancing an ethical climate for state government.

Background of the Tennessee Ethics Commission

The Tennessee Ethics Commission was created with the passage of the *Comprehensive Governmental Ethics Reform Act of 2006*, signed into law by Governor Bredesen on February 15, 2006. The Commission's jurisdiction was effective October 1, 2006. Among its many mandates, the Commission has the responsibility to:

- Promulgate rules and regulations (pursuant to the Uniform Administrative Procedures Act) to implement the provisions of the Act;
- Recommend "Guiding Principles of Ethical Conduct" for the General Assembly, the executive agencies, lobbyists, and employers of lobbyists;
- Receive complaints and conduct investigations, in conjunction with the Tennessee Attorney General's office;
- Compel the attendance of witnesses and the production of documents as needed to conduct its investigations;
- Conduct an annual ethics course for supervisory personnel of the Executive Branch, the General Assembly, and lobbyists;
- Provide an ethics manual for lobbyists and employers of lobbyists with the employer of the lobbyist, on its initial Lobbyist Registration Statement, being required to verify receipt of the manual;
- Collect and disseminate Disclosure of Interests Statements for the General Assembly, Governor, Governor's Cabinet, the Constitutional Officers, other state officials, local elected officials and candidates and appointees to such positions;
- Provide public access to the documents and forms filed with the Commission to the extent financially and technologically practical; and
- Provide an annual report to the Governor and the General Assembly by February 1st concerning the administration and enforcement of laws under the jurisdiction of the Commission, including the necessity, or lack of necessity, for any additional action or additional legislation that will serve to further the purposes of the law.

The Bureau of Ethics and Campaign Finance was created in 2009 with the passage of Public Chapter 556. The Bureau is composed of two (2) divisions:

- The existing independent Tennessee Ethics Commission
- The existing independent Tennessee Registry of Election Finance

While Public Chapter 556 consolidated the staffs, office space and equipment of the two (2) agencies, the operating agencies remain separate and have the same responsibilities, powers, duties and functions as before.

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Overview of the Tennessee Ethics Commission

A. Jurisdiction of the Tennessee Ethics Commission

The Commission's jurisdiction over lobbyists, employers of lobbyists, legislative and state officials was effective October 1, 2006. The Commission does not have jurisdiction to investigate or take action on any activities which occurred (or any actions which may have been required but were failed to be taken) prior to October 1, 2006. In addition, the Commission's jurisdiction over *local* elected officials and *candidates* for local elected positions is limited to the filing of Statements of Disclosure of Interests. Finally, the Commission does not have jurisdiction over lobbyists who lobby only local governments.

B. Commission Meetings

The Commission holds regular meetings which are open to the public. Meeting notices and agendas are posted on the Commission's website.

C. The Commission's Website (www.tn.gov/sos/tec)

The Commission, with the assistance of the Secretary of State's Office, continuously improves and expands the information available its website (www.tn.gov/sos/tec) to educate the public about the Commission and to be in compliance with the mandate. The website also provides news and other important information to the public and regulated communities; provides notice of Commission meetings and agenda; 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.

In addition, the Commission maintains a separate e-mail address (ethics.counsel@state.tn.us), which is routinely monitored, whereby any individual can pose a question to the Commission and receive a response.

Requirements for Lobbyists

The following sections contain a summary of the key requirements that apply to lobbyists, as contained in T.C.A. § 3-6-301 through 308 and Commission Rule 0580-1-1.

A. Definition of “Lobbyist”

Lobbyist: A lobbyist is a person who communicates with state government officials for the purpose of influencing action by the executive or legislative branch. See T.C.A. § 3-6-301(15) for the full definition of the term “lobby.” Specifically, a **lobbyist is “any person who engages in lobbying for compensation.”** T.C.A. § 3-6-301(7) defines “compensation” as “any salary, fee, payment, reimbursement or other valuable consideration, or any combination thereof, whether received or to be received; however, “compensation” does not include salary or reimbursement of an individual whose lobbying is incidental to that person’s regular employment. See Advisory Opinion 06-02 concerning how the definition of lobbying applies to **attorneys.**

Volunteer Lobbyist: One who does not receive any compensation for his or her services other than reimbursement of actual out-of-pocket expenses and the reimbursement does not exceed ten (10) days. A volunteer lobbyist who so qualifies need not register. See T.C.A. § 3-6-307(a). **Please note that** a lobbyist who does not receive any compensation for services other than reimbursement of actual out-of-pocket expenses and the reimbursement *exceeds ten (10) days* is required to register, but is not required to pay the registration fee. The training fee must be paid. See T.C.A. § 3-6-307(b). The employer of such lobbyist must also register. See T.C.A. § 3-6-307(c).

Monitors: An individual who only monitors legislation on behalf of a client, and does not communicate with the intent to influence legislative or executive action, is not required to register as a lobbyist. See Advisory Opinion 06-03.

Lobbying Firm: Any firm, corporation, partnership or other business entity that regularly supplies lobbying services to others for compensation. See T.C.A. § 3-6-301(16) for the full definition of the term “lobbying firm.” Each individual lobbyist within the firm must register, but the firm is not considered an “employer” or any lobbyist within the firm for employer of lobbyist registration purposes.

Lobbyists for Governmental Entities: Governmental entities are not required to register as an employer. *However,* a third party (non government employee) lobbyist retained by a governmental entity must register. See § T.C.A. 3-6-301(15).

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B. Registration

Lobbyists and employers of lobbyists are required to register, each calendar year, not later than seven (7) days after becoming a lobbyist/employer of 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 is required to pay a \$150 registration fee for each registration within 30 days after registration. 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 <http://www.tennesseeanytime.org/lobby/> where lobbyists/employers must complete the registration process. The information listed below is required at the time of registration.

Lobbyist registration information includes:

- His or her full contact information. The lobbyist must also report whether he or she has an immediate family member who is a legislative or executive branch official and whether he or she has any business arrangements with such officials.
- A current photographic portrait, which must be submitted to the Commission within thirty (30) calendar days after registration. This portrait should be submitted in jpeg or gif format, be smaller than 5 megabytes in size, and for best appearance, be 180 by 255 pixels. Portraits should be emailed to the Commission at ethics.pics@tn.gov.
- Identifying information concerning the lobbyist's employers.

The \$150 registration fee, required for each registration, 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, it is the Commission's policy that the annual training fee of \$40 be paid at the time of the first registration.

Registration statements are public records and are viewable through the Commission's website. Lobbyists must update their registration statements *if any event or circumstance* occurs that renders the registration statement inaccurate or incomplete (such as withdrawal). T.C.A. § 3-6-302(c).

C. Random Audits of Lobbyist Registrations

It is the duty of the Commission to conduct audits each year of no more than 4% of all lobbyists. The overall objective of the audit is to determine whether the statements, amendments, and reports filed concerning the lobbyist in the audit year and the preceding year were timely, accurate, complete, and otherwise in compliance with the Act. Reports subject to audit include cost reports on all-Legislature in-state events in which the lobbyist participated, as well as reports on lobbyist compensation filed by the lobbyist's employer(s). Finally, the Act specifically provides that total lobbying and lobbying related compensation and expenses paid to the lobbyist by an employer are to be checked against the range of expenditures reported by the employer.

D. Training

Lobbyists are required to complete one (1) ethics course annually See T.C.A. § 3-6-114(b). The training is accomplished by an online course accessible through the Commission's website. At the end of the course, there is a certificate of completion that the lobbyist is responsible for printing and sending to the Commission. The certificate can also be emailed to ethics.counsel@state.tn.us.

E. Information about Complaints and the Processing Thereof

Pursuant to T.C.A. § 3-6-201, the Commission has the authority to receive complaints or initiate complaints on its own. Valid complaints that allege acts within the jurisdiction of the Commission are referred to the Office of Attorney General for investigation. Upon receipt of the report of investigation by the Attorney General, the Commission shall conduct a probable cause hearing which, by statute, is not open to the public. If the Commission finds probable cause, a public hearing must be conducted.

Requirements for Employers of Lobbyists

The following sections contain a summary of the key requirements that apply to Employers as contained in T.C.A. §§ 3-6-301 through 308 and Commission Rule 0580-1-1.

A. Definition of “Employer”

“Employer of a Lobbyist” or “Employer” means any person or entity that employs, retains, or otherwise arranges for a Lobbyist to engage in lobbying on behalf of the person or entity for compensation . T.C.A. § 3-6-301(8).

Entities *not* defined as an “Employer” for registration purposes are:

- Governmental entities. See T.C.A. §3-6-301(15).
- An entity that utilizes the services of a volunteer lobbyist (who is reimbursed for expenses *ten* days or less). See page 5 for full definition of *volunteer lobbyist*.
- An entity that employs someone to *monitor* legislation. See Advisory Opinion 06-03.

B. Registration

Within seven (7) days after employing a Lobbyist, the Employer shall electronically register with the Commission. See T.C.A. § 3-6-302. Note that it is not an act of lobbying which triggers the requirement to register, but the act of accepting employment/retainer of employment. (See Advisory Opinion 06-01.) For the purpose of Employer registration requirements, the Lobbyist has been employed whether the engagement is formal or informal, written or oral. The registration fee is ***\$150 per Lobbyist*** retained by the Employer.

The registration process for both lobbyists and employers is completed on-line. The Commission maintains a website at <http://www.tennesseeanytime.org/ilobby/> where lobbyists/employers must complete the registration process. The information listed below is required at the time of registration.

- The Employer’s name, address, telephone number, and e-mail address. Note that the names of the individuals performing the functions of chief executive officer and chief financial officer (or equivalent executive) are also required.
- The name and contact information of each Lobbyist authorized to represent the Employer are also required; and
- The date that the Employer received or downloaded a copy of the Commission’s manual for Lobbyists and Employers of Lobbyists must be entered. To meet this requirement, Employers may download the Manual from the Commission’s website. Employers with multiple Lobbyists need download the Manual only once.

State law further requires that registration statements are publicly available documents and the information contained therein is posted on the Commission’s website. Registration statements must be updated throughout the registration year if any event or circumstance occurs which renders the statement inaccurate or incomplete (for example, the Employer terminates the Lobbyist’s employment, changes address or has a new contact person). This update must be completed within seven (7) days of the change in circumstances. Failure to update may result in civil penalties. See T.C.A. § 3-6-306(a)(1)(A)(i).

C. Semi-Annual Lobbying Expenditure Reports

Each Employer, pursuant to T.C.A. § 3-6-303, must file a “Semi-Annual Lobbying Expenditure Report for Employers of Lobbyists” for the preceding six-month period. Reports are filed electronically. There is no fee for filing the report.

<i>Reporting Period</i>	<i>Due Date</i>
October 1 st through March 31 st	May 15
April 1 st through September 30	November 14

Each box on the form must be completed. Total aggregate compensation and lobbying related expenses are reported in ranges. Aggregate total of in-state events is the expenditure for events permissible under T.C.A. § 3-6-305(b)(8) that must be reported to the Commission prior to the occurrence of the event.

Additional Instructions for Completing Expenditure Reports:

- **Total Aggregate Lobbyist Compensation:** The report is to be in monetary ranges from less than \$10,000 to \$400,000 or more. Note that the only amounts to be reported are for compensation *actually paid* during the reporting period. If the services were rendered on September 1st but the Employer did not actually pay the Lobbyist until October 15th, the compensation would be reported on the report due May 15th, *not* on the report due November 15th.

Pursuant to T.C.A. § 3-6-301(7), “compensation” means any salary, fee, payments, reimbursement or other valuable consideration, or any combination therefore, whether received or to be received; however, “compensation” does not include the salary or reimbursement of an individual whose lobbying is incidental to that person’s regular employment. (See page 5 for the full definition of a *lobbyist*.)

The monetary value associated with Internal Revenue Service taxable benefits must be reported as compensation. For more information on what benefits are taxable, see IRS Publication 15: www.irs.gov/pub/irs-pdf/p15b.pdf.

The percentage of a Lobbyist’s salary that is attributable to lobbying activities must be reported as compensation. The reimbursement of expenses paid directly by the Lobbyist must be reported as compensation.

Examples:

- Lobbyist X is employed by ABC Corp. as an in-house lobbyist. ABC Corp. pays her a base salary of \$75,000 and pays \$15,000 for fringe benefits. If the fringe benefits are taxable, ABC Corp. must report the \$75,000 base salary, plus the \$15,000 taxable fringe benefits, for a total of \$90,000 in compensation. If the fringe benefits are not taxable, only the salary of \$75,000 must be reported to the Commission.
 - Lobbyist X is an in-house lobbyist who only spent 40% of her time lobbying for ABC Corp. If her total salary is \$75,000, ABC Corp. must report to the Commission total lobbyist compensation paid of \$30,000 (.40 x \$75,000). If she receives \$15,000 in taxable fringe benefits (as in the previous example), then ABC Corp. would report her total compensation as \$36,000 (.40 x \$90,000).
 - Lobbyist X is a contract lobbyist with ABC Corp. She was paid a base salary of \$75,000. She incurred \$15,000 of lobbying expenses, which were reimbursed by ABC Corp. ABC Corp. must report \$90,000 as total compensation (e.g., the base salary of \$75,000 + reimbursements of \$15,000).
- **Lobbying Related Expenses:** The total amount of Employer expenditures incurred for the purpose of influencing legislative or administrative action through public opinion or grassroots action – *excluding Lobbyist compensation*. The total must be filed in ranges from less than \$10,000 to \$400,000 or more.
 - **Aggregate Total of All In-State Events:** The aggregate total amount of expenditures for events sponsored in whole or in part by the Employer *to which the entire membership of the Tennessee General Assembly has been invited*. If the entire membership was *not* invited, then the expenditures for the event would be reported as “Lobbying Related Expenses.”

D. Auditing of Employer Registration and Reports

The Commission is required by statute to perform random audits of no more than four percent (4%) of Lobbyist Registrations, and in the course of such audit, may review Employer registrations and reports for the purpose of verifying the Lobbyist’s registration information. However, the Commission may not audit Employers unless there is “probable cause” to do so. See T.C.A. § 3-6-308(a)(7).

E. Information About Complaints and the Processing Thereof

Pursuant to the Act, the Commission has the authority to receive complaints or initiate complaints on its own. Valid complaints that allege acts within the jurisdiction of the Commission are referred to the Office of Attorney General for investigation. Upon receipt of the report of investigation by the Attorney General, the Commission shall conduct a probable cause hearing which, by statute, is not open to the public. If the Commission finds probable cause, a public hearing must be conducted.

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Prohibited Activities

T.C.A. § 3-6-304 states that a Lobbyist or an Employer of a Lobbyist is prohibited from engaging in certain listed activities with respect to members of the Legislature, officials of the executive and legislative branches, and employees of either branch and their immediate families. The statutory definition of “Official in the executive branch” includes the Governor, any member of the Governor’s staff, any member or employee of a state regulatory commission (including directors of the Tennessee Regulatory Authority), any member or employee of any executive department or agency, or any member or employee of any other state body in the executive branch, and also includes any administrative governmental official or employee of any county exercising the authority set forth in T.C.A. § 8-17-103(b). “Official in the legislative branch” includes any member, member-elect, any staff person or employee of the General Assembly, or any member of a commission established by the General Assembly; the Secretary of State, Treasurer, and Comptroller and any employee of such office, and also includes any legislative governmental official or employee of any county exercising the authority set forth in § 8-17-103(b). (In Advisory Opinion 08-09, the Commission held that officials of the Tennessee Commission on Uniform Legislation (TCUL) are legislative officials.)

Thus, Lobbyists and Employers are prohibited from engaging in activities prohibited by the Act with any official in the executive and legislative branches (including *all* state employees) and their immediate families.

The question of whether or not an activity is prohibited can vary depending upon the particular factual circumstances. Thus, when considering potentially prohibited activities the Commission advises Lobbyists and Employers to err on the side of caution and also to contact the Commission at any time for an informal staff opinion or a formal Advisory Opinion regarding the legality of the planned activity.

Prohibited activities include the following:

- Offering anything of value – T.C.A. § 3-6-304(a) and (c)

A Lobbyist or an Employer cannot give nor offer anything of value to an official in the legislative or executive branch, or his or her immediate family to influence the official’s vote, official action, or judgment. Likewise, an official in the legislative or executive branch of government may not solicit a Lobbyist or an Employer for anything of value to influence his or her vote, official action, or judgment.

- Misrepresenting Matters Lobbied

A Lobbyist or an Employer cannot make a false statement or misrepresent any information to an official in the executive or legislative branch about any subject matter that is listed on the Lobbyist’s or Employer’s registration statement.

- Loans

A Lobbyist cannot make a loan to any candidate for public office (state or local public office) or an official in the executive or legislative branch, or to anyone on their behalf. Likewise, none of these candidates or officials may solicit or accept a loan from a Lobbyist.

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- Payment for services or property

A Lobbyist or an Employer or anyone working for either (with or without compensation) cannot pay a candidate for public office or an official in the legislative or executive branch for property or services in excess of what the official would normally charge. In other words, they cannot pay government officials more than fair market value.

- Credit Cards

A Lobbyist or an Employer or anyone working for him or her (with or without compensation) cannot permit a candidate for public office, an official in the legislative or executive branch or member of their immediate family (spouse or minor children living at home) to use the Lobbyist's/Employer's credit, credit card, or a credit card that the Lobbyist and/or Employer Controls.

- Lodging Expenses

A Lobbyist or an Employer or anyone working for him or her (with or without compensation) cannot pay the lodging expenses of an official in the legislative or executive branch, or the official's immediate family members, *unless* it falls within the exceptions under T.C.A. § 3-6-305(7)(A) and (7)(B) for expenses related to government conferences.

- Campaign Contributions

A Lobbyist cannot offer or make a campaign contribution, including an in-kind contribution, to the Governor or member of the General Assembly, or any candidate for the office of Governor or the General Assembly. ***This ban applies regardless of whether the General Assembly is in session.***

Campaign contributions from a lobbyist to an incumbent legislator who is running for a ***local public office are prohibited.*** See Commission Rule 0580-1-05.03(4) and Advisory Opinion 07-05.

The ban on campaign contributions set forth in T.C.A. § 3-5-304(j) ***does not prohibit*** contributions by a lobbyist to an incumbent legislator or governor that are made in support of his or her election to a ***federal office.*** See Commission Rule 0580-1-05.03(3) and Advisory Opinion 07-05.

An Employer cannot make any campaign contributions to any candidate for Governor or member of the General Assembly during either the regular or an extraordinary legislative session. ***Employers may make such contributions out of session.***

If an Employer has a multi-candidate political campaign committee (PAC), the PAC cannot make any campaign contributions to any candidate for Governor or member of the General Assembly during either the regular or an extraordinary legislative session. ***The PAC may make such contributions out of session.***

The Commission has held that a Lobbyist who also serves as a treasurer of a PAC may sign campaign contribution checks on behalf of the PAC. See Advisory Opinion 07-03.

- Contingent Fees

An Employer cannot pay a fee, compensation or bonus to a Lobbyist that is contingent upon achievement of a successful outcome.

A Lobbyist cannot solicit or accept a fee, compensation or bonus from an Employer that is contingent upon achievement of a successful outcome.

- Lobbyists Serving in Certain Public Positions

A Lobbyist cannot serve on any state board, commission or other entity of state government that regulates the business or professional activities of any of the Lobbyist's Employers.

A Lobbyist cannot serve as a member of the State Election Commission or any County Election Commission *unless* the Lobbyist was a member of a County Election Commission as of February 15, 2006, and continues to serve in that office.

Gifts

The general rule is that gifts, direct or indirect, from Employers and Lobbyists to a candidate for public office, an official in the legislative or executive branch (including all employees of both), or the immediate family of the candidate or official **are prohibited**. In addition, these individuals cannot attempt to solicit, directly or indirectly, a gift from a Lobbyist or an Employer. See T.C.A. § 3-6-305. **Note:** Certain items are, by statute, excluded from the definition of gift, including campaign contributions and the waiver of a conference or registration fee.

Exceptions to the Gift Prohibition

Please note that while there are certain exceptions to the general prohibition on gifts discussed below, a Lobbyist or an Employer should act with caution. Where there may be questions on whether a particular gift qualifies under the exception, a Lobbyist or an Employer should contact the Commission for guidance or, in the alternative, avoid the questionable activity. In addition, please note that any individual or entity subject to the Commission's jurisdiction may ask for an Advisory Opinion on an issue. Contact the Commission office for assistance with requesting an Advisory Opinion.

The Commission must consider any rise in the Consumer Price Index in odd numbered years. As a result, effective January 1, 2009, the Gift threshold for certain provisions was increased from \$50 to \$53.

Items which may constitute an exception to the gift prohibition including the following:

- **Benefits of Employment**, etc. - Benefits from the business, employment or outside activities of a candidate, an official in the executive or legislative branch, or immediate family – if the benefits are customarily provided and not enhanced because of the individual's status as a public official.
- **Informational Materials** - Informational materials such as books, audiotapes, videotapes, etc.
- **Personal Gifts** - Gifts given for a non-business purpose and motivated by a close personal friendship – *but only as permitted by the rules of the Commission*. While the Commission anticipates issuing formal rules in the future, the Commission has issued informal guidelines to assist Lobbyists and Employers of Lobbyists in determining whether a gift would fall within this exception. The guidelines can be found on the Commission's website.

Promotional Items - Sample merchandise, promotional items, and tokens of appreciation if they are routinely given to customers and suppliers (or potential customers and suppliers) in the ordinary course of business. Hats, t-shirts or "goodie bags" are all examples of promotional items.

- ***Honors and Awards*** - Unsolicited tokens or awards of appreciation, honorary degrees or bona fide awards in recognition of public service, as long as the token or award is not in a form that can readily be converted into cash. Trophies, plaques or desk items are examples of honors or awards.

- ***Benefits Available to the General Public*** -

Discounts given to the general public or specified groups or occupations under normal business conditions.

Prizes and awards given in public contests.

Benefits from participating in an in-state event sponsored by or for the benefit of a charitable organization if either:

- The event is open to persons other than officials in the executive or legislative branch and their immediate families and the officials receive no enhanced benefit; or
- Invitations to the event are extended to the entire membership of the General Assembly (discussed below). See T.C.A. 3-6-305(b)(8).

For an application of the charitable events exception, see Advisory Opinion 07-02.

- ***Expenses – Out-of-State Government Conferences***

Authorized expenses paid for or reimbursed by a governmental entity or by an established and recognized organization of elected or appointed officials and/or their staff.

Authorized expenses include: travel, entertainment, food, refreshments, meals, beverages, amenities, health screenings, lodging and admission tickets provided in connection with, arranged with, or coordinated with an out-of-state conference, including events designated as a “State Night” or other events for attendees.

- ***In-State Event for General Assembly – T.C.A. § 3-6-305(b)(8)***

The entire membership of the General Assembly must be invited.

An invitation must be delivered to each member of the General Assembly and a copy of the invitation must be filed with the Commission at least seven (7) days before the event.

The per person cost of the event must be based on number of persons invited and cannot exceed \$53 per person per day, excluding sales tax and gratuity.

The value of the “gift” cannot be reduced by dividing the cost between two or more Lobbyists or Employers.

A report must be filed with the Commission within **30 days** after the event disclosing the total aggregate cost of the event, as well as per person contractual cost or actual per person cost. (ss-8007: <http://www.state.tn.us/sos/tec/forms/ss-8007.pdf>
Invitations and reports are posted on the Commission’s website (See <http://tnsos.org/tec/events.php>.)

- ***Participation in an In-State Event as Speaker***

Note: Exception applies only to events sponsored by Employers and not those sponsored by Lobbyists.

A candidate for public office, an official in the executive or legislative branch, or family member thereof must be a speaker or part of a panel discussion at a scheduled meeting of an established and recognized membership organization that has regular meetings.

The authorized expenses include: entertainment, food, refreshments, meals, amenities, or beverages not to exceed \$53 per person per day.

- ***In-State Event for Officials in Executive or Legislative Branch***

Note: Exception applies only to events sponsored by Employers and not those sponsored by Lobbyists.

There is a \$53 per person per day limit with no more than a total of \$106 to an official during a calendar year.

The value of the “gift” cannot be reduced by dividing the cost among two or more Employers.

The exception only applies to a legislator if: (1) he/she does not receive their legislative per diem for the day on which the event is held; and (2) the legislator does not receive anything that is not provided to non-legislators.

The presence of an officer or management-level employee of each Employer paying for the event is required. This does not include the Lobbyist of the Employer.

- ***Local Travel*** – Occasional or incidental local travel for which no fare is ordinarily charged.

▪ ***Indirect Gifts***

If you are a Lobbyist and attend an event that is also attended by an official in the executive or legislative branch; ***and***

The official accepts a gift provided by a person who is not a Lobbyist or an Employer; ***but***

You know, or have reason to know, that the gift was provided at the suggestion or direction of a Lobbyist; ***then***

You must report the following information to the Commission within seven (7) days after the event:

- Name of the official;
- Nature and purpose of the event;
- Name, address and business of the person or entity that provided the gift;
- Description of the gift; and
- Cost of the gift, if known. If unknown, a good faith estimate of the cost.

▪ ***Safe Harbor Provision***

If a prohibited gift is given by a Lobbyist or Employer to a candidate for public office, official in the executive or legislative branch, or their immediate families, ***the gift will not be in violation of the law if:***

- The gift is not used and is returned within ten (10) days after *receipt* of the gift or ten (10) days after *learning* that the gift is prohibited; or
- Within this same time period, the recipient pays for the gift a value equal to or greater than its actual value.

Penalties

The Commission may assess a civil penalty against an Employer or a Lobbyist for failure to timely register or to timely pay a registration fee. The Commission may additionally assess a civil penalty against an Employer for failure to timely file an expenditure report. The penalty for a violation of these requirements is no more than \$25 per day up to a maximum of \$750.

The Commission may assess a civil penalty of up to \$10,000 against a Lobbyist or an Employer who knowingly files inaccurate or incomplete statements or reports; an Employer who utilizes the services of a Lobbyist who is not registered; a Lobbyist who lobbies without registering; or either than Employer or a Lobbyist who commits a prohibited act, including campaign contribution restrictions, or violates the gift prohibition.

The Commission may also administratively place on probation status, suspend, reject, or revoke the registration of any lobbyist who knowingly and persistently (e.g., more than 3 times in a two year period) violates the provisions of T.C.A. §3-6-301 through 308.

Additionally, an intentional violation is a criminal offense and may be prosecuted by the appropriate District Attorney General. The first offense is punishable as a class C misdemeanor, and a violator may face up to 30 days imprisonment and a fine of up to \$50, or both. A second violation is a class B misdemeanor, and a violator may face not more than six months imprisonment and a fine of up to \$500, or both. A third violation is a class A misdemeanor and a violator may face up to eleven months and twenty-nine days imprisonment and a fine of up to \$2,500, or both. T.C.A. §3-6-306