

# TENNESSEE GOVERNMENT

## Update

### NEWS FOR THE CLIENTS AND FRIENDS OF BASS, BERRY & SIMS PLC

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The Tennessee General Assembly continues to meet in extraordinary session. The ethics reform bill recommended by the Joint Legislative Committee on Ethics was considered in the State Government subcommittee of the House State and Local Committee, and, on Thursday, recommended to the full State and Local Committee for consideration beginning Monday afternoon. The Senate Committee of the Whole continued to consider amendments to the bill and will meet again on Wednesday.

The Governor conceded defeat on the three-week special session schedule he tried to impose on the General Assembly and re-scheduled the State of the State address from January 30 to February 6, and that date is tentative. It is apparent that the extraordinary session will last at least four weeks, through the week of January 30.

The bill under consideration would require any employee of a business speaking to any governmental official about that business to register as a lobbyist with all the filings and costs that accompany the registration (including the \$400 occupational privilege tax). The business itself would be subject to audit by the state with regard to its public relations and advertising expenditures as well as any other expenditures conceivably related to influencing public opinion.

Details of some of the discussion follow. However, an issue important to business is beginning to receive public notice following a meeting of the Safety Net Study Committee on Thursday.

#### **Health Insurance for Uninsured**

At the meeting, the Safety Net Study Committee discussed Health Savings Accounts and reinsurance as two possible ways to address the problem of those without health insurance. Obviously either would have implications for business and employers in general. Joe Winn, American Health Insurance Plans, said HSAs are one way employers can afford to offer health coverage due to the higher deductible associated with them. HSAs create a savings account with which the insured can pay medical expenses. Commerce and Insurance Commissioner Paula Flowers said the department found in a 2005 study that of some 580,000 uninsured in the state, 83% work full time in permanent

positions. Many work for small businesses or are self-employed. The cost of small group policies prevents many small business owners from providing insurance to employees, Flowers said. In the current environment, reinsurance could be feasible, Flowers said. The department's 119-page report on the problem, in .pdf format, can be found at <http://www.tennessee.gov/commerce/pdf/FinalHRSAReport2005.pdf>

Dr. Jay Harrington of the Department of Commerce and Insurance told the study committee how reinsurance works in New York State. Reinsurance would split the cost of premiums between employer and employee and would have co-pays and deductibles. The state would have a set amount of funding to insure the insurance provider. The insurance coverage would be determined on the cost to the state per each member, and the cost of the insurance premium. "The issue is premium price," Harrington said. Once the reasonable price is found the coverage can be found that can be offered for that price. The Safety Net Committee was to review other possible programs and hear from citizens affected at its next meeting, Feb. 2 at noon.

## **Ethics**

The ethics bill, and questions about the election of Senator Ophelia Ford, sister of indicted former Senator John Ford, became firmly mired in a partisan bog in the past week. In the Senate on Thursday, 16 Republicans and one Democrat combined to vote to set aside the September 15 election of Senator Ford, in a meeting of the Senate as committee-of-the-whole. That action was based on a number of questionable votes in the special general election, which Ophelia Ford won by only 13 votes. Two voters turned out to be dead, the precinct worker who voted them was found to be in New York rather than in Memphis on election day, four voters were convicted felons who shouldn't have been registered to vote, and some 40 voters couldn't be matched with legitimate addresses in the district and so were presumed to be "out of district."

State Senator Ron Ramsey (R-Blountville), who despite being in the majority party lost a bid to become Senate speaker to the entrenched John Wilder (D-Mason), sponsored the resolution to unseat the Democrat Ford. If she were removed from office, the District 29 seat would be filled by the Shelby County Commission, where Republicans hold a one-vote majority. On Wednesday, Senator Ford filed a lawsuit in federal court in Memphis and got a temporary injunction barring the Senate from proceeding with the final vote. A hearing is set in Memphis Wednesday morning.

The ethics bill which has been the focus of the session, SB 7001/HB 7001, is now festooned with some 70 amendments (passed or pending) in the Senate committee. Most were technical in nature, offered by Senator David Fowler (R-Signal Mountain).

The House State & Local Government Committee is to take up the bill Monday afternoon, but the House wouldn't meet again until Tuesday morning. Once cleared by State & Local Government, the bill would go to House Finance, Ways & Means Committee before being considered on the House floor. When the bill hit the State Government Subcommittee (of House State & Local Government) last week it began to

acquire partisan baggage. House members wrangled at length about how the measure (which calls for more campaign finance reform, lobbyist regulation and an independent ethics commission) would affect them personally, using illustrations from their own careers and campaigns.

House Republican Leader Bill Dunn (R-Knoxville) sat in the audience while a group of GOP members on the subcommittee consistently voted against amendments proposed by Democrats on the subcommittee. The Republican Caucus began issuing daily press releases painting the amendments as "weakening" the legislation. Dunn was a member of the joint ethics committee but never signed the resulting bill as a sponsor. Instead, last week he filed a competing bill, HB 7011/SB 7009, the "Ethics Reform Act" sponsored in the Senate by the Senate Republican Caucus chair, Sen. Randy McNally (R-Oak Ridge).

House Government Operations Committee had earlier argued that the Tennessee Registry of Election Finance should be rolled into the new ethics commission. The State Government Subcommittee later reversed that; in both houses the bill now forecasts two separate commissions for campaign disclosure and for ethics.

**J. Richard Lodge, Jr.**

PHONE: (615) 742-6254

FAX: (615) 742-2754

E-MAIL: [dlodge@bassberry.com](mailto:dlodge@bassberry.com)



**Leslie K. Hafner**

PHONE: (615) 259-6342

FAX: (615) 742-2801

E-MAIL: [lhafner@bassberry.com](mailto:lhafner@bassberry.com)

