

# The Tennessee Journal

The weekly insiders newsletter on Tennessee government, politics, and business

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## Lawmakers grapple with logistics, scope of restarting session

Before state lawmakers left on their 75-day coronavirus hiatus in March, Republican leaders in the House and Senate engaged in a spirited debate about when — or whether — to return. They ultimately settled on a June 1 resumption. With that date rapidly approaching, they are now mulling over how much legislation to consider and trying to nail down guidelines for going about business in the current period of social distancing.

The preference for now appears to be to focus only on revisions to the state budget to account for worse-than-expected revenue collections and quickly adjourn. But there are still some lawmakers — particularly in the House — who want another chance to pass bills unrelated to the coronavirus outbreak. The tiebreaker may be whether Gov. Bill Lee decides to pursue pending pieces of his legislative agenda. If he does, it will be hard to dissuade lawmakers from following suit.

The Senate is planning to reapportion the chamber's seating arrangements to keep members at least six feet apart. To accomplish that, some senators will have desks and microphones set up in what is usually the visitors' gallery. Committee meetings will likely be held within the chamber as well.

House officials are trying to determine whether they have enough space within the chamber and gallery for a similar arrangement for floor sessions. Other potential venues could include the War Memorial or Municipal auditoriums on the edges of the Capitol complex. Another option could be to have masked lawmakers sit at their regular desks and move quickly through proceedings. House committee meetings may still be held in the Cordell Hull Building.

One unresolved challenge will be how to move lawmakers between their offices and the chambers. Unless they are able to make the steep walk up the outdoor stairs, the only way into the Capitol is through 6-by-7 foot elevators. In other words, just big enough for one person per trip under social distancing guidelines.

**How deep?** Officials know the state budget outlook will be bad, but nobody knows quite how drastic the state economy will be hit. Tennessee's most recent reve-

nue collections reflect happier times before the coronavirus struck. General fund tax collections in March (which represent economic activity in February) came in at \$57 million above projections to bring the surplus through the first eight months to \$487 million.

Sales taxes have made up about 80% of the \$8.17 billion in general fund collections since July, while corporate franchise and excise taxes have accounted for almost all of the rest. Both revenue streams have slowed to a trickle since the state went into lockdown. Gas tax revenues, which are largely dedicated to road building and maintenance projects, will also be severely reduced as Tennesseans have hunkered down at home.

While the state expects to receive more than \$3.66 billion in federal coronavirus relief, the money is dedicated to responding to the pandemic and is not to be used to fill budget holes. When they return into session, lawmakers are being told to prepare to cut about \$200 million from the current year's spending plan and \$500 million from the one starting on July 1.

**Campaign implications.** While the ban on sitting lawmakers raising money from individual donors expires on May 15, they still can't accept contributions from political action committees controlled by employers of lobbyists until they adjourn. That could accelerate members' desire to wrap up their business quickly, not least with early voting for the primary beginning July 17.

**Masks for the masses.** Lee told lawmakers in a conference call this week the state is buying 5 million cloth masks to distribute to Tennesseans. The move accompanies a decision by the Lee administration to allow the statewide stay-at-home order to expire at the end of the month in 89 of 95 counties. Restaurants and retailers in those counties will be allowed to reopen at 50% capacity, the governor announced Thursday.

The state's largest counties are being left to chart their own course. Nashville Mayor John Cooper said the phased reopening of the city's economy will be based on 14 consecutive days of progress against the virus. Chattanooga Mayor Andy Berke said he wouldn't commit to what he called an "arbitrary" reopening date.

## From the campaign trail

### **Hagerty secures line of credit from bank where he once served on board**

When Republican U.S. Senate candidate Bill Hagerty decided to bolster his campaign's war chest, he only had to look so far as Pinnacle Financial Partners, where he served on the board before he was appointed ambassador to Japan. The close ties don't end there. The Nashville-based bank's co-founder and chairman is Rob McCabe, the brother-in-law of former Gov. Bill Haslam, for whom Hagerty previously served as commissioner of Economic and Community Development.

Hagerty secured a \$2.5 million line of credit on March 27, just days before the end of the reporting period. The interest rate is 3.75%, and any balance is due to be repaid within three years. Hagerty posted securities worth the equivalent amount as collateral.

Unlike with traditional candidate loans to a campaign (such as the \$1.9 million rival Republican Manny Sethi has provided to his bid), Hagerty will have to pay back only as much as he draws from the line of credit. But the Federal Election Commission considers the upper limit in its calculations of cash on hand, giving Hagerty a large advantage — at least on paper.

Without the line of credit, Hagerty would have had \$1.8 million remaining on hand for the primary — just \$9,000 more than Sethi (with the latter's loans included). With the line of credit added, Hagerty's available primary cash jumps to \$4.3 million.

McCabe and Pinnacle CEO M. Terry Turner have both given maximum campaign contributions to Hagerty. And the candidate had been scheduled to deliver a speech at a luncheon forum hosted by Pinnacle at the Nashville convention center earlier this month.

**Senate challenges.** Five U.S. Senate candidates were initially removed from the Republican primary ballots when their bona fides were called into question for failing to meet the requirement to have voted in three of the last four GOP primaries. Three of those — Byron Bush, Roy Dale Cope, and Terry Dicus — were restored after appealing their verdicts.

The identities of the challengers to the five candidates have raised some eyebrows in campaign circles: Cyndi Miller, an executive committee member from Brentwood, and Rachel Flynn of Crossville. Both are active supporters of Sethi's campaign, which said it had nothing to do with seeking the removal of candidates from the ballot (in fact, two other Sethi supporters on the executive committee were among those vouching for Bush to be restored).

In 2018, successful challenges to seven GOP candidates' bona fides had the effect of clearing the field of all but one little-known opponent for Marsha Blackburn. She went on to win the Republican nomination with 85% of the vote while reserving resources for the general election matchup against Democrat Phil Bredesen. Taking aim at the five GOP hopefuls this year had less of an obvious benefit for Sethi, given that even if the chal-

lenges had held up, there still would have been a total of 12 contestants on the ballot. And now there are 15.

**Rose challenge back on.** State Sen. Paul Rose of Covington was one of just three Republican incumbents facing a primary opponent this year. Then his challenger, Scott Throckmorton of Collierville, was removed from the GOP ballot following a challenge by former Shelby County Chair Lee Mills (who is mounting his own GOP primary campaign against state Rep. Tom Leatherwood of Arlington) and Charlotte Kelly of Burlington, who has given \$1,500 to Rose's re-election effort.

Throckmorton was restored to the ballot after being vouched for by Terry Rowland, an executive committee member and former Shelby County commissioner. Throckmorton is the owner of a private security company in Memphis and a handgun carry permit instructor. While he should have a built-in advantage based on where he lives (the Shelby County portion of the district is far more populous than Rose's home county of Tipton), he's not very well known politically. And in an era of social distancing and economic uncertainty, introducing himself to voters and raising money will be a lot more challenging than under normal circumstances.

Rose won the special election to succeed former Senate Majority Leader Mark Norris (R-Collierville) following his confirmation to a federal judgeship in 2018.

**Shadow Democrat?** Much of the attention among the Democratic fights over bona fide credentials was on the circumstances surrounding the ouster of state Rep. John DeBerry of Memphis and his failed appeal. But the party also blocked the 9th Congressional District candidacy of a longtime thorn in its side, M. LaTroy Williams (who now goes by Alexandria-Williams).

Williams has long roiled the party by running unaffiliated groups like the Shelby County Democratic Club and the National Democratic Party USA, which have issued pre-election sample ballots of preferred candidates (including some running as Republicans). In 2014, incumbent U.S. Rep. Steve Cohen (D-Memphis) obtained a court order to halt the placement of signs declaring a primary challenger as having been endorsed by the National Democratic Party USA. The signs included photos of then-President Barack Obama, who had in fact endorsed Cohen.

Other than denying involvement, Williams declared nobody had "done more for the Democratic Party" than he had, touting his past association with athletes Jim Brown and Muhammad Ali, former Presidents Jimmy Carter and Bill Clinton, and, probably unhelpfully, conservative U.S. Supreme Court Justice Samuel Alito. Williams received just eight of the 34 votes he would have needed to overturn the decision to keep him from running against Cohen in this year's Democratic primary.

**Professional candidate.** Democrat Renee Hoyos is running against U.S. Rep. Tim Burchett (R-Knoxville) in the 2nd District again this year. The former executive director of the Clean Water Network has shown some respectable fundraising prowess, banking \$125,500 in the first quarter, \$1,000 more than the incumbent.

# Tennessee News Digest

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- Gov. Bill Lee signed a letter asking President Trump to declare a major disaster for areas affected by the Easter tornado outbreak. The request covers Bradley, Hamilton, Marion, Monroe, Polk, Scott, and Washington counties.
- Most Tennessee state parks and natural areas reopened Friday for daytime use after having been shut down during the statewide stay-at-home order. Four parks aren't opening yet: Burgess Falls,

Cummins Falls, Seven Islands, and Lamar Alexander Rocky Fork.

- Volkswagen plans to resume operations at its lone U.S. plant in Chattanooga on May 3. The automaker said it has implemented more than 90 measures to limit contact among workers. Union officials are telling General Motors an early-May restart would be "too risky." Nissan has announced plans to resume production in mid-May.

- FedEx won a \$60 million contract from the U.S. Department of Health and Human Services to expedite shipping of personal protective equipment, the *Memphis Business Journal* reported. The arrangement runs through Sept. 22.
  - Passenger volume at Nashville International Airport has dropped by 95%, from a daily average of about 50,000 travelers to less than 2,000. Those are levels last seen in the 1960s.
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One unusual element of Hoyos' campaign is that she's paying herself a monthly salary of about \$1,800. Campaign manager Don Black told the *Knoxville News Sentinel* that running for Congress is a full-time job Hoyos wouldn't otherwise be able to pursue because she's not independently wealthy.

**Roe seat.** State Rep. Timothy Hill of Blountville received the endorsement of the House Freedom Caucus for his bid to succeed retiring U.S. Rep. Phil Roe (R-Johnson City) in the 1st District. Hill is one of 16 candidates vying for the GOP nomination. Rival John Clark, a former Kingsport mayor, announced this week he would limit himself to three terms if he's elected.

Longtime state Sen. Rusty Crowe of Johnson City has long had a reputation for trying to keep everyone happy in his dealings at the legislature. It will be interesting to see if he can keep that approach going as a congressional candidate. An early challenge might be explaining to Hagerty supporters in the U.S. Senate primary why his campaign manager, Stephen Sebastian of Kingsport, has been making regular (if small) donations to Sethi.

**Lotfi business.** When Rep. Matthew Hill (R-Jonesborough) was making his bid for House speaker last year, he pledged to colleagues he wouldn't rehire twice-fired legislative staffer Michael Lotfi if he won the post. Once that bid for speaker fizzled, his brother Timothy Hill started paying Lotfi for work out of his campaign account, racking up \$10,500 in expenditures between August and March.

Other top Lotfi clients for advertising and website work through his Red Ivory Strategies have included the House Republican Caucus (\$6,000) and Reps. Robin Smith of Hixson (\$3,700), Michael Curcio of Dickson (\$3,000), and Andy Holt of Dresden (\$2,500).

**Boyd's money.** When Randy Boyd was appointed interim president of the University of Tennessee in 2018, he told the *Nashville Post* he planned to allow his Growth and Opportunity PAC to become inactive in order to avoid "possible conflicts of interest."

Since then, Boyd has given thousands of dollars in donations to House Speaker Cameron Sexton, the Senate Republican Caucus, and Jai Templeton's bid to succeed retiring state Sen. Dolores Gresham. Boyd, who was recently awarded a five-year UT contract, tells the *Post* he changed his PAC policy to back candidates who support "the future of our great university."

**Name games.** Democrat Matt Ferry is trying to unseat incumbent Republican Rep. Bryan Terry in the state House race in Murfreesboro. While the Ferry-Terry matchup involves the closest-sounding last names going head-to-head this year, there are several House candidates who have the same or similar last names as sitting lawmakers in other districts, which would provide for a great source of confusion (and amusement) if they were all to win election. They include:

- David Hawks, one of five Republicans running to succeed retiring Rep. Andy Holt (R-Dresden). Rep. David Hawk (R-Greeneville) is just one letter off.
- Tim Hicks, the Republican primary challenger of Rep. Micah Van Huss of Jonesborough. No relation to Rep. Gary Hicks (R-Rogersville).
- Dean Sparks, the Democratic challenger to Rep. Ron Travis (R-Dayton). Rep. Mike Sparks (R-Smyrna) has befuddled colleagues in the House since 2010.
- C.J. Mitchell, a Democrat running against Rep. Dennis Powers (R-Jacksboro). Rep. Bo Mitchell (D-Nashville) is unopposed this year.
- Ruby Powell-Dennis, one of four Democrats running for the seat being vacated by Rep. Jim Coley (R-Bartlett). Her last name sounds like an amalgam of Reps. Jason Powell (D-Nashville) and Dennis Powers.
- Mary Vaughn, the Democratic opponent of Rep. Tim Rudd (R-Murfreesboro). Rep. Kevin Vaughan (R-Collierville) is the part-owner of a beloved rodeo bull.
- If Democrats Orrden Williams and Lynette Williams win their respective races in Districts 88 and 95, they could make it three with their name in the chamber alongside Rep. Ryan Williams (R-Cookeville).

There have been a surprising number of duplicate last names serving in the House over the years, including current Speaker Cameron Sexton (R-Crossville) and firebrand Rep. Jerry Sexton (R-Bean Station).

Reps. Harry Brooks (R-Knoxville) and Henri Brooks (D-Memphis) served together in the early 2000s. Shortly after Henri Brooks resigned in 2006, Rep. Kevin Brooks (R-Cleveland) was elected to his first term. Both remaining Brookses have since retired.

In 2009, there were three simultaneously-serving Cobbs in the chamber: Curt, Jim, and Ty. Three decades earlier, two Chattanooga-area lawmakers were named Bill Carter. To keep them apart, they were often referred to by their nicknames, Beer Bill and Bald Bill.

## Tennessee Notes & Quotes

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■ “I’ve had calls with governors in our region about efforts they have taken. We’re not coordinating a group effort to move forward, but we certainly are talking, one with the other, about how it is that we individually move forward in our states.” — Gov. **Bill Lee** about whether Tennessee is coordinating with other states on efforts to reopen the economy in the face of COVID-19.

■ “We have had a meeting with all the Southeastern governors — Mississippi, Alabama, Georgia, Florida, South Carolina, and Tennessee. And we shared a lot of ideas. I think we will be on the same page on some stuff.” — Florida Gov. **Ron DeSantis** on Fox News.

■ Unemployment claims have reached nearly 400,000 in Tennessee in the six weeks since businesses began shutting down due to COVID-19. New claims reached a peak of 116,141 the week ending April 4. There were 68,968 jobless claims last week.

■ Finance Commissioner **Butch Eley** announced a state hiring freeze in a memo to department heads on Thursday. Exceptions include “mission critical areas necessary for the public welfare.” Promotions, demotions, and transfers within agencies are not covered by the freeze unless they lead to an increase in the employee count. Departments are also instructed to put off equipment purchases not related to the COVID-19 response or work-from-home initiatives.

■ “When it’s time, a sledgehammer is pretty easy to use. But now we have to do the surgical work of slowly reopening the economy, which we know we have to do. That’s a lot more delicate work than it was just to flip off the switch.” — Former Gov. **Bill Haslam** in an interview with WBIR-TV.

■ **Haslam** said he’s working on a book on faith and public service. It’s due to be released in about a year.

■ City and state officials in Missouri are offering Tesla \$1 billion in incentives to build a new electric pickup truck plant at a 1,042-acre site in Joplin, the *Joplin Globe* reported. The paper said Austin, Texas, and Nashville remain in the running. Tesla CEO **Elon Musk** tweeted last month that the new Cybertruck would be manufactured in the “central USA.”

■ **Amity Schuyler**, who had been spearheading efforts to launch the state’s new school voucher program for the state Department of Education, has been hired by Shelby County Schools as chief of strategy and innovation. Shelby County and Nashville have filed a lawsuit seeking to block the voucher program from getting underway in the academic year starting in August.

■ “As we reaffirm our opposition to vouchers and champion public education, we know that **Amity’s** proven work for Gov. **Bill Lee** and the TDOE has allowed her to develop key strategies and cultivate partnerships with stakeholders.” — *Shelby County Schools Superintendent Joris Ray* in a statement.

■ Nashville Chancellor **Anne Martin** is scheduled to hear arguments on Wednesday over motions by plain-

tiffs to grant summary judgment in the school voucher lawsuit and by defendants to dismiss the case.

■ Gov. **Bill Lee’s** effort to include most abortions in his ban on elective medical procedures during the coronavirus pandemic was blocked in federal court late last week. U.S. District Judge **Bernard Friedman** of Michigan ruled the state hadn’t shown that any appreciable amount of personal protective equipment would be saved by banning abortions. A Lee spokesman called the legal challenge by abortion rights groups an “unfortunate distraction.” The state is seeking an appeal.

■ “Will the nonprofits that serve the abortion determined and abortion minded women be allowed to continue their ministry during this period, especially if the abortions are allowed to be done?” — *State Rep. Debra Moody (R-Covington)* in a March 31 email to **Lee’s** office obtained by *The Associated Press* for a story about efforts by anti-abortion lawmakers and activists to get the state to enact a stricter ban.

■ The Cookeville-Putnam County Chamber of Commerce has named **Amy New**, a director in the community and government affairs office at Vanderbilt University Medical Center, as its president and CEO. She previously worked for the Department of Economic and Community Development from 2010 to 2018.

■ “This is the time for both government and its industry partners to step up and pull out all the stops. American ingenuity will succeed, but like any enterprise, it needs start-up financing to help it thrive.” — *Republican U.S. Sens. Lamar Alexander and Roy Blount of Missouri* in a Washington Post op-ed calling for a \$1 billion fund to spur coronavirus testing innovation in a program they liken to the TV reality show Shark Tank.

■ Is it just us, or does it seem this is being framed in a way a certain former TV reality star might understand?

■ TV crews covering the anti-lockdown protests at the state Capitol captured images of former state Rep. **Jeremy Durham** (R-Franklin) among the demonstrators demanding an end to social distancing and stay-at-home requirements. Durham hasn’t been seen much around the statehouse since his colleagues threw him out of the General Assembly in 2016 amid allegations of sexual misconduct with interns, lobbyists, and staffers.

■ While the investigation into **Durham’s** conduct was being conducted, then-House Speaker **Beth Harwell** (R-Nashville) exiled the lawmaker to an office in the Rachel Jackson Building, far removed from the center of activity in the legislative office complex.

■ So it only makes sense that **Durham** was at the center of the weekend protests. He certainly has a wealth of expertise when it comes to being quarantined.

■ “I hate having to get two iced teas in the drive-thru.” — *Lockdown protest rally organizer Steve Hasty of Murfreesboro* about how curbside pickup at restaurants has prevented him from getting free refills.

■ The new tea party will be iced.