

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

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## After sleepy start, GOP primary for Senate finishes in a frenzy

Lamar Alexander's surprise announcement in December 2018 that he wouldn't seek a fourth term in the U.S. Senate was widely expected to be followed by a mad dash among several Republicans hoping to grab the nomination to succeed him. Instead, much of the next 18 months turned out to be a snoozefest.

First. the field had to wait six months for former Gov. Bill Haslam to make up his mind not to run, and then for President Donald Trump's preferred candidate, Bill Hagerty, to return from his ambassadorship in Japan. And just as the nomination contest against Vanderbilt surgeon Manny Sethi appeared poised to take off, traditional campaigning came to a screeching halt with the March arrival of the coronavirus.

The return to in-person campaigning in May played to the advantage of Sethi, who proved far more adept at retail politics than the wooden Hagerty, a venture capitalist and former state economic and community development commissioner. Sethi's anti-establishment message also resonated with primary voters despite the disadvantage of not having the Trump endorsement.

While the Hagerty camp long sought to project an air of inevitability about his prospects of landing the GOP nomination, endorsements from the likes of U.S. Sens. Rand Paul of Kentucky and Ted Cruz of Texas lent credence to the Sethi camp's claims that momentum was shifting its way just as early voting was getting underway. That's when the Hagerty camp decided it was time to switch from publicly treating Sethi like little more than a nuisance to attacking him relentlessly.

The force of the Hagerty assault — and Sethi's efforts to parry the blows and return fire on his opponent — have played out on the campaign trail and in a flood of ads on TV, radio, digital, and direct mail. The intensity has moved the race from an afterthought to a true top-of-the-ticket throwdown.

National media outlets are suddenly taking notice: A *Politico* headline declared the race to be the "nastiest Republican primary in the country," *The New York Times* chronicled efforts by the candidates "however tenuously" to tie each other to Black Lives Matter, and

CNN reported about Sen. Marsha Blackburn (R-Brentwood) being angered by Paul declaring in a super PAC ad supporting Sethi that the state is far too conservative "to keep sending Democrats in Republican clothing to represent Tennessee."

Blackburn's outrage is likely misplaced. The spot featuring Paul seems more likely to be referring to Blackburn's predecessor, Bob Corker, or Alexander. Asked by CNN what he thinks of Alexander, Hagerty said the incumbent is "somebody I don't agree with," citing Alexander's criticism of Trump's decision to withdraw from the World Health Organization and his reluctance to get behind the White House push to immediately reopen schools this fall. Pressed by the *National Review* about why he gave \$1,000 to Democrat Al Gore's presidential campaign in 1999, Hagerty would only say voters should pay attention to his endorsement from Trump.

Money matters. Hagerty has had the upper hand on fundraising since the start of the race. Through the reporting period covering the final weeks before early voting began on July 17, Hagerty brought in \$5.8 million in outside contributions, plus \$2.5 million in loans. He spent \$5.7 million and had a balance of \$1 million left for the primary. The Hagerty camp has drummed up \$103,500 since the start of early voting, including \$2,800 from FedEx founder Fred Smith.

Sethi raised a total of \$2.7 million from outside donors and loaned his effort \$1.93 million. He had spent \$4.3 million through the period, leaving his campaign with just \$20,000 remaining on the first day of early voting. But since then, Sethi has written his campaign checks for another \$300,200 and brought in \$131,100 worth of outside contributions.

While Hagerty and Sethi have driven the headlines, self-funder George Flinn has poured \$4.9 million into his campaign presenting the Memphis broadcaster and radiologist as a Republican willing to stand up to Trump over matters like his relationship with Russia and the handling of the coronavirus pandemic.

Attack of the PACs. According to Advertising Analytics data, Hagerty has spent \$3.8 million on spots

across all platforms since the beginning of June, while Sethi has totaled \$2.2 million and Flinn \$1.4 million. But that's not the end of the story, as super PACs have become major players in the race.

The Paul-affiliated Protect Freedom PAC has disclosed spending \$1 million on behalf of Sethi, while another group called the Conservative Outsiders' PAC has spent \$523,000 attacking Hagerty. Meanwhile, the Standing with Conservatives PAC, which is supporting Hagerty's bid, upped its spending by \$326,600 to bring its total to \$839,000. U.S. Sen. Tom Cotton (R-Ark.), who is endorsing Hagerty, is mobilizing his own America One PAC to attack Sethi. The group has committed \$254,500 toward ad placement through next week.

#### Congressional races

## First to 20% wins? Crowded GOP primary for 1st District is wide-open

With 16 Republican candidates in the race to succeed retiring U.S. Rep. Phil Roe (R-Johnson City) — including at least five who could end up with a double-digit percentage of the vote — it could well take less than a 20% plurality to capture the nomination. With heavy spending from outside groups and several of the candidates themselves, the contest remains anyone's to win headed into the final week before the primary.

Kingsport pharmacist Diana Harshbarger, who has self-funded her campaign to the tune of nearly \$1.5 million, was the early frontrunner as she was the first to regularly run TV ads. But that was before the Washington-based Club for Growth decided to back state Rep. Timothy Hill of Blountville, pouring \$857,900 into the race so far — much of it to attack Harshbarger.

The Club ads have hit Harshbarger for running her own spots demanding medical manufacturing to be brought back from China while failing to mention her husband pleaded guilty in 2013 to federal charges of mislabeling kidney dialysis drugs from that country. Harshbarger said she took over the company only after her husband's imprisonment, but WJHL-TV reported she was listed as an officer for at least 13 prior years.

Harshbarger has hit back at Hill and other rivals, including state Sen. Rusty Crowe, former Kingsport Mayor John Clark, and former Johnson City Mayor Steve Darden, as career politicians. Crowe, who has represented the bulk of the district in the General Assembly since 1990, is hoping to become the chief beneficiary of the vitriol between Harshbarger and Hill.

But other self-funders could still pull off a surprise. Knoxville dermatologist Josh Gapp has loaned his campaign \$1.15 million while mostly eschewing outside contributions. Clark has loaned his campaign another \$241,000 since early voting started, bringing his total personal spending on the race to \$734,000. He has raised another \$159,000 from outside donors.

Crowe has been the most successful at raising money from outside donors, not least because of the generosity of his state Senate colleagues and PACs. He has brought in \$414,000, including \$27,000 from himself. Darden

raised \$294,600 and loaned his bid another \$55,000. Fundraising efforts by state Rep. David Hawk of Greeneville have stalled. He managed just \$1,250 in the weeks since the end of the second quarter, bringing his total haul for the campaign to \$53,500.

*5th District.* Longtime U.S. Rep. Jim Cooper faces a spirited Democratic primary challenge from Keeda Haynes, a former public defender who previously spent nearly five years in federal prison for a drug conviction. Haynes, who is black, is looking to tap into the energy among progressives about the social justice protests occurring around the country.

Cooper, who is white, will hope to make up for any lack of enthusiasm for his bid through his vast fundraising advantage. The incumbent had received \$731,600 in donations through July 17. His operating expenditures of \$710,610 have already well exceeded the approximate \$450,000 he spent in each of his last three election cycles. Cooper still had \$614,000 remaining as early voting got underway.

Haynes raised \$111,250, including \$10,000 in donation and loans from herself. About half of her outside total came in the form of unitemized contributions of less than \$200. Just 16 donations were of \$1,000 or more, including \$2,500 from criminal defense attorney Peter Strianse, who represented her at trial in 2002, and a combined \$1,000 from former Nashville Mayor David Briley and his wife, Jodie Bell. Cooper's brother, John, defeated Briley in last year's mayoral runoff. Haynes spent \$49,000 through the pre-primary period and had \$52,300 on hand for the final days of the race.

#### Legislative roundup

# Pro-voucher group hits candidate endorsed by chief voucher sponsor

Retiring state Sen. Dolores Gresham (R-Somerville) has endorsed former Agriculture Commissioner Jai Templeton to succeed her in District 26 over Republican primary opponent Page Walley, a former state representative from Bolivar. Templeton has raked in contributions from several sitting senators, including Gresham, who as education chairwoman sponsored several efforts to introduce school youchers, including the current law.

Templeton also received \$10,000 from the Tennessee Education Association, the voucher-opposing teachers' union. The donation has put Templeton on the hit list of the Tennessee Federation for Children, which is sending out mailers claiming he would be "another liberal union puppet" opposed to the education agendas of Gov. Bill Lee and President Donald Trump.

Whither the Hill bloc? Two northeast Tennessee incumbents, Micah Van Huss and Matthew Hill (both R-Jonesborough), are facing well-funded primary challenges from Tim Hicks and Rebecca Keefauver Alexander, respectively. Hill launched an ill-fated bid for House speaker last summer following a decision to vote for controversial school voucher legislation, which lost him his longtime support by the TEA. A loss by either or both incumbents along with the decision by Hill's

### Tennessee News Digest

- Mitsubishi Motors Corp. plans to cut fixed costs by 20% over the next two years as projected losses are expected to reach \$1.3 billion in the financial year ending in March. Reuters reports the automaker plans to focus on growth in Asia while reducing its presence in Europe and North America. The junior member in the partnership with Renault and Nissan moved its U.S. headquarters from Los Angeles to Franklin last year.
- Tesla announced Austin, Texas, beat out Tulsa, Okla., as the site for its new plant to build the Cybertruck and other electric vehicles. Tennessee officials were reportedly informed in May that Nashville was no longer in the running.
- Amazon formally announced plans to open a nearly 20-acre fulfillment center in Mt. Juliet, creating 1,000 jobs. The long-discussed facility is similar one the online retailer is building in Memphis.
- The Chicago-based Watermark Lodging Trust sold the Hutton Hotel in Nashville for \$70 million last month, about \$7 million less than it bought the property for in 2013. *The Wall Street Journal* reported the 250-room hotel had been valued at more than \$90 million before the COVID-19 outbreak.
- Knoxville-based Regal Cinemas first planned to reopen theaters on July 10. The target date is now set for Aug. 21.

brother, Timothy, to give up his adjacent seat to run for Congress could leave one of the more active House GOP Caucus factions significantly weakened next session. House Speaker Cameron Sexton (R-Crossville) donated \$3,000 to Hill and Van Huss despite the past rivalry.

Sexton's PAC spent a total of \$29,500 in the period, making contributions to other potentially vulnerable Republican Reps. Rush Bricken of Tullahoma, Curtis Halford of Dyer, Tom Leatherwood of Arlington, Bob Ramsey of Maryville, Paul Sherrell of Sparta, Rick Tillis of Lewisburg, and Ryan Williams of Cookeville.

**PAC rebound?** Political action committees gave state candidates \$806,300 in the pre-primary period. That's an 18% drop from the same period two years ago, but an improvement over the 71% collapse in second-quarter PAC donations compared with the last cycle.

More where that came from. Former House Speaker Glen Casada paid off a \$10,500 penalty from the Tennessee Registry of Election Finance. The Franklin Republican had been penalized for failing to keep receipts for about \$99,000 worth of PAC expenditures. Casada drew the money to pay off the fine from the same PAC, leaving it with a balance of \$164,200. He also had \$368,600 in his personal campaign account.

**Robinson indicted.** Sen. Katrina Robinson (D-Memphis) is facing fraud charges for allegedly spending more than \$600,000 in federal grant money for her nursing school on personal items like a vehicle, clothing, and beauty products. Federal prosecutors say she also spent grant funds on her wedding and subsequent divorce. Robinson said she will fight the charges.

#### Letting the mask slip?

## Lee declines COVID-19 mandates despite cover from White House, AG

The politics of the coronavirus response were put on full display at a Republican gathering in Grundy County last weekend. According to *The Tennessean*, Gov. Bill Lee boasted to the assembled party faithful that Tennessee was one of the last states to shut down its economy due to COVID-19, and one of the first to open back up. Lee drew his loudest cheers for pledging "we're not going to shut it back down again."

Lee's comments came as the state this week neared a total of 100,000 confirmed cases and 1,000 deaths since the start of the pandemic. While the governor urges peo-

ple to wear face coverings in public to help stem the spread of the virus, he has refused a statewide mandate. He reiterated that position during a visit to Nashville by Deborah Birx, the White House COVID-19 task force leader, who urged all Tennesseans to wear masks in public and to shut down all bars. The governor argued public buy-in is more important than government mandates, telling reporters he's been to counties where mask requirements are routinely ignored. While officials in Nashville and Shelby County have shuttered bars and restricted late-night alcohol sales, Lee said he had no intention of imposing similar restrictions elsewhere.

Faced with a projected surge in infections threatening to overwhelm hospitals in late March, Lee issued a "safer-at-home" order that included the closure of non-essential businesses and a ban on large gatherings. With infections concentrated around Nashville and Memphis, he began dialing back guidelines for the 89 of 95 counties without independent health departments.

The governor let it be known when lawmakers returned into session in late June he didn't plan to extend the state of emergency given what then appeared to be an improving COVID-19 outlook in the state. But Lee abruptly changed course as the number of infections began rising dramatically in early July, renewing the emergency declaration through Aug. 29. The latest wave has been more pronounced in rural areas, leading the governor's critics to urge a return to a more comprehensive approach toward containing the spread.

Critics were quick to call on Lee to follow Birx's advice on closing bars and wearing masks, but were less keen about her support for the official White House line that schools should reopen for in-person instruction this fall. Lee agrees on the latter point and this week unveiled a blueprint for school instruction to resume.

Constitutional questions. Government mandates to wear face coverings in response to COVID-19 are constitutionally defensible, according to Attorney General Herbert Slatery. A legal opinion cited unsuccessful past efforts to get courts to throw out mandatory seatbelt and motorcycle helmet laws as examples of public safety concerns outweighing individual liberties. Refusal to wear a mask also shouldn't be protected on First Amendment grounds, Slatery opined, because the mandate's purpose is to mitigate the spread of the virus and not to suppress expression. The opinion was requested by Knox County prosecutor Charme Allen.

### Tennessee Notes & Quotes \_\_\_\_

- The number of confirmed cases of COVID-19 at the legislative office complex has reached 10, *The Tennessean* reported. Officials won't say how many of those affected are lawmakers. Rep. **Kent Calfee** (R-Kingston), who earlier divulged he had contracted the virus, this week "turned the corner" and was on his way to recovery, according to a tweet from his wife, **Marilyn.**
- "Another one of many Fake T.V. ads, this one about the Tennessee Valley Authority, which for years has paid its top executive a ridiculous FORTUNE. Not run by the U.S., but I have long been fighting that crazy 'salary' & its policies." President Donald **Trump** in a tweet about a U.S. Tech Workers' ad criticizing the compensation package of TVA CEO **Jeff Lyash**.
- U.S. District Judge **Chip Campbell**, who earlier this month issued a temporary restraining order to block a sweeping new ban on most abortions in Tennessee within an hour of Gov. **Bill Lee** signing the measure into law, took the next step by issuing a preliminary injunction against its implementation. Campbell, a **Trump** appointee, has been pilloried by Republican supporters of the legislation for blocking the law. The judge in his order criticized the measure for a "lack of precision by the legislative body that approved its language." Lee has vowed to do "whatever it takes" to defend the law against legal challenges.
- **Bo Johnson**, who retired after a four-decade lobbying career in 2018, has joined the board of Beacon Impact, the conservative think tank's advocacy arm.
- U.S. Rep. **Mark Green** (R-Ashland City) has been named to the House Foreign Affairs Committee.
- Chattanooga Tea Party members are attacking Hamilton County School Board candidate **Marco Perez** over his purported socialist leanings and Central American heritage, even claiming to have gone so far as to inquire about his immigration status with the federal government. Perez was born in Costa Rica to an American mother, meaning he is a U.S. citizen. Perez, who faces businessman **Tom Decosimo** in the Aug. 6 election, called the issue an "unfair distraction."
- William W. LeRoy, a former insurance industry lobbyist of more than 30 years, died of cancer at age 89. His daughter, Emily LeRoy, lobbies for the Tennessee Fuel and Convenience Store Association.
- The Reuters wire service led a story about wealthy Republicans opposing Trump's re-election with Henry County hog and grain farmer **Jimmy Tosh**, who has given \$11,000 to The Lincoln Project after seeing one of the GOP group's ads attacking the president.
- "I agree with 80% of the things he does; I just cannot stand a liar." *Tosh* about *Trump*.
- The University of Notre Dame withdrew from hosting the first presidential debate over coronavirus concerns. The decision follows the University of Michigan bowing out of putting on the second debate. Belmont in Nashville remains scheduled to host the final debate.

- Longtime state Rep. **John DeBerry** of Memphis was among more than 100 pastors, religion professors, and advocates signing a Democrats for Life letter urging the national party to make its platform more friendly to abortion opponents. The state party's executive committee in April blocked DeBerry from seeking the Democratic nomination for another term in the General Assembly over his habit of voting with Republicans, including on bills aimed at restricting access to abortions. DeBerry plans to run as an independent.
- Former Republican presidential candidate **Herman Cain**, a Memphis native, died Thursday at age 74. The former CEO of Godfather's Pizza was hospitalized with COVID-19 after attending a **Trump** rally in June.
- Freed-Hardeman University is looking to sell the Renaissance Center in Dickson for \$7.2 million. The facility was built in 1999 for \$35 million by the family of former state Sen. **Doug Jackson** (D-Dickson) from proceeds of the sale of the nonprofit Goodlark Regional Medical Center to the private HCA hospital chain two years earlier. The Jackson Family Foundation gifted the facility to Freed-Hardeman in 2013.
- University of Tennessee history professor **Daniel** Feller set off a firestorm within the Society for Historians of the Early American Republic for a presentation about a paper titled "Andrew Jackson in the Age of **Trump.**" According to a lengthy account in *The New* York Times, Feller accused fellow historians of exaggerating Jackson's destructive policies toward Native Americans and allowing their own political views to lead them to see the seventh president as a "homicidal maniac." Feller's criticism of female scholars and his reference to Jackson's reputation for the slaughter of "redcoats and redskins" caused an uproar that led to the resignation of the society's president, who apologized for the panel's lack of diversity and the use of slurs. Feller, the editor of the Andrew Jackson Papers, said he had meant to convey "implied quotation marks" around the offending phrase once common in scholarship.
- "The point in the paper is not that **Andrew Jackson** is a good guy or a bad guy. But because both sides have identified him with **Trump**, for opposite reasons, we are now reading Jackson through the lens of Trump." *Feller*, 69, to The New York Times.
- Conservative donor **Lee Beaman** is selling his auto dealership business to Hudson Automotive Group of South Carolina. The company founded by Beaman's father in 1945 had revenues of \$414 million last year.
- Hickman and Dickson counties have been added to the state and federal quarantine for the emerald ash borer. The bug first identified in Tennessee 10 years ago at a Knox County truck stop has spread to 65 counties.
- The pest gets its name from the fact that it's green, and it bores into ash trees. In other words, there's no truth to the rumor it was named for former Knoxville Mayor **Victor Ashe.**