

# The Tennessee Journal

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

Vol. 44, No. 3  
January 19, 2018

## Black to sit out first televised debate of 2018 governor's race

The open race for Tennessee governor reaches a milestone on Tuesday with its first televised debate. All of the major candidates are scheduled to attend the forum about education issues with one major exception: Republican U.S. Rep. Diane Black plans to sit it out, with her campaign citing scheduling conflicts.

Black's campaign has so far been the most aggressive about lobbying attacks at her Republican rivals, but joint appearances with former Economic and Community Development Commissioner Randy Boyd, state House Speaker Beth Harwell, businessman Bill Lee, and former state Sen. Mae Beavers have largely been cordial (and sometimes sleepy) affairs.

While reliable head-to-head polling has yet to materialize, Black is widely considered the GOP frontrunner based on name recognition, her personal wealth, and the passage of the sweeping Republican tax overhaul while she was chair of the House Budget Committee (she has since stepped aside from that role).

The hour-long debate at Belmont University in Nashville is hosted by the State Collaborative on Reforming Education (SCORE), the Gannett newspapers and WTVF-TV. The candidates are expected to field about five or six questions, with answers and closing comments limited to one minute each. They will be prohibited from asking each other questions or engaging in back-and-forth discussions.

Black also did not attend a gubernatorial forum hosted by Healthy Tennessee and Lipscomb University on Friday that featured the Republican and Democratic candidates appearing one-by-one, without any interaction with their rivals.

The 2018 governor's race has been an unusual one from a media coverage standpoint, with none of the candidates going out of their way to keep reporters from the state's major news organizations informed in advance about their appearances or whereabouts. Most appear happy to rely on after-the-fact Twitter and Facebook posts about groups they recently met with, selfies with supporters, or events they had dropped in on.

Republican Sen. Bob Corker's surprise decision not

to seek a third term – and the ensuing excitement about who would seek to succeed him – has further drawn attention away from the governor's race. But with the primary just over six months away, the candidates are going to have to start building their cases for why voters should pick them to become their party's nominee.

And if Black is indeed as far ahead as some believe, she may have the most to lose by giving her rivals the opportunity to take her on in a public forum.

**Fake debate?** While Democratic candidates Karl Dean, the former mayor of Nashville, and state House Minority Leader Craig Fitzhugh were invited to the televised debate, Republican candidate Kay White of Johnson City was not. She decried it as a "fake debate."

White said in a press release that organizers denied her on the basis of her modest fundraising haul so far, but she argues that she won't have to divulge her donations until "later this spring." (The next campaign finance disclosures for state candidates are due Jan. 31.)

White echoed the dissent among some Republicans about the bipartisan nature of the debate and over the state Democratic and Republican parties signing on as partner organizations. A letter circulating among conservative activists claims state Republican Party Chairman Scott Golden was pressured to endorse the event by GOP establishment figures eager to promote Boyd.

Golden said the party's only aim was to ensure a fair format for the candidates to detail their education positions, and that the state GOP will only support a candidate once the nomination is secured.

**Attack ad.** A political action committee called Tennessee Jobs Now began running radio ads featuring sound of a man flushing money down the toilet rather than let "dishonest Diane Black" get her hands on it. The spot rehashes a TV spot Lou Ann Zelenik ran against Black during their first congressional primary contest in 2010, implying that Black as a state senator directed state money to Aegis Sciences, the drug testing company run by her husband (which he has since left). The company lost a defamation lawsuit against Zelenik, who in turn sued for malice and willful intent.

The radio ads were later pulled from the airwaves by Nashville-area stations WWTN, WGFX, and WLAC.

The Tennessee Jobs Now PAC lists a Nashville address, and its treasurer as Maria Wojciechowski of Herndon, Va., who is also registered with the Federal Election Commission as treasurer of the Future45 Super PAC. The Center for Responsive Politics says that PAC spent more than \$24 million on ads attacking Hillary Clinton in the 2016 presidential campaign. Media reports indicate Future45 PAC is substantially funded by billionaire TD Ameritrade founder Joe Ricketts and Las Vegas casino billionaire Sheldon Adelson.

The Tennessee Jobs Now PAC's website is registered to James McKay, a New Hampshire political operative who ran a group called Indiana Jobs Now in support of Tennessee transplant Trey Hollingsworth's successful congressional bid there in 2016. The congressman's father, Joe Hollingsworth of Clinton, Tenn., has given \$8,000 to Boyd's gubernatorial bid. The Boyd camp said it has nothing to do with the ads.

The elder Hollingsworth publicly contemplated a Democratic bid for governor of Tennessee in 1998, but ultimately bowed out.

**Beavers endorsement.** In what was billed as a "an important announcement concerning the campaign," Beavers was endorsed Thursday by former House Speaker Newt Gingrich's sister, Susan Gingrich of Lenoir City.

### Political roundup

## **Poll from Blackburn supporter group finds big support for Blackburn**

A poll commissioned by the Club for Growth, the conservative group that endorsed U.S. Rep. Marsha Blackburn's bid for the Senate in October, indicates that the Brentwood Republican leads former Rep. Stephen Fincher of Frog Jump by a 53-point margin. Among likely Republican voters who have opinions of both candidates, that margin narrowed to 40 percentage points.

Since the poll was conducted for a strong Blackburn backer, it's best to take the results with a grain of salt. But even if you quadrupled the claimed margin of error of 4.4 percentage points, things would still look pretty bleak for Fincher, who has yet to release his own polling.

The Club for Growth's pollster, WPA Intelligence, also asked about a hypothetical match-up between Blackburn and incumbent Sen. Bob Corker, who announced in September that he wouldn't seek a third term. The poll found Blackburn with 63% support, compared with 25% for Corker.

Half of the 502 people surveyed said they had an unfavorable view of Corker, while 44% viewed him favorably. That compares with a 64% favorability rating for Blackburn.

Corker incurred the wrath of many Donald Trump supporters in Tennessee for his past criticism of the president's temperament and competence. But Corker joined Trump (along with Blackburn and others) on his recent trip to Nashville. And Corker, who has often cited

a long-ago mission trip to Haiti for inspiring him to seek public office, has also not spoken out about the president's recent comments disparaging immigrants from that country and from Africa.

The poll memo did not include any head-to-head results for a general election match-up with Democrat Phil Bredesen.

**Dream come true?** Blackburn campaign adviser Ward Baker sent out a memo trumpeting the latest poll results and declaring that the results are "in line with every single data point we have seen to date."

Baker noted that donors gave \$500,000 more to Blackburn than to Fincher last quarter, despite the former congressman's boasts that "we will not be out-raised, and we will not be outworked."

Baker stressed that a contentious and expensive Republican primary campaign could be "a dream come true for Democrats."

**Solar investment.** Silicon Ranch, the company chaired by Bredesen and run by two of his former commissioners, has sold a nearly 44% stake to Royal Dutch Shell for up to \$217 million. The deal is expected to close during the first quarter, and a separate agreement allows Shell to increase its ownership after 2021.

Bredesen will remain involved in the company, but will step aside as chairman if he wins election to the Senate in November.

The company was founded during Bredesen's last full year in office by Matt Kisber, who was commissioner of economic and community development, and Reagan Farr, who ran the state Revenue Department. Bredesen in 2010 defended his low six-figure investment into the venture while still in office as "perfectly appropriate," even though he had told Farr that the commissioner would have to leave state government to begin building the business.

One of Silicon Ranch's early high-profile projects was a solar farm at the Volkswagen plant in Chattanooga, which Bredesen, Kisber, and Farr played leading roles in bringing to Tennessee in 2008.

**More megasite money.** Economic and Community Development Commissioner Bob Rolfe told lawmakers that he skipped a series of meetings surrounding the Detroit Auto Show to make the case for making the Memphis Regional Megasite "shovel ready" for the next big investor after losing out to Alabama for a new Toyota-Mazda plant. He said that's going to take another \$80 million (\$8 million more than previously estimated). That's on top of the \$144 million appropriated for the 4,100-acre site since 2009.

Much of the new money would be aimed at completing a wastewater discharge plan that involves running an underground pipe of 18 inches in diameter about 35 miles from the site to Mississippi River. Roughly three-quarters of property owners have agreed to easements, but Rolfe said eminent domain proceedings against holdout property owners are expected to take between six and nine months.

Securing a major investor for the site is Haslam's

# Tennessee News Digest

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● Nashville made Amazon's first cut for cities vying for the online retailer's second headquarters, but Memphis did not. Twenty cities from the original 238 applicants remain in the running for the \$5 billion, 50,000-job project.

● Senate Speaker Randy McNally (R-Oak Ridge) has named Sen. Ferrell Haile (R-Gallatin) as speaker pro tempore. Haile succeeds former Sen. Jim Tracy (R-Shelbyville), who resigned after

Trump named him to a position in the USDA. McNally named Sen. Janice Bowling (R-Tulahoma) to Haile's former position as deputy speaker.

● The Tennessee Lottery is celebrating its 14th anniversary since tickets first went on sale. The lottery said it has sold about \$17.5 billion in tickets, paid out \$12 billion in prizes, and contributed \$4.4 billion to education programs.

● Alex Lewis, an aide to Senate Majority

Leader Mark Norris (R-Collierville) for the last five years, has joined Miller & Martin's lobbying team. Lewis is a Murfreesboro native with degrees from MTSU and the Nashville School of Law.

● Tori Venable has taken over as state director of Americans for Prosperity, where she previously served as communications director. Venable succeeds Andy Ogles, who left to run for the U.S. Senate, but later withdrew.

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"No. 1 priority" before leaving office, according to Rolfe. And the failure to get the Toyota-Mazda plant has already had reverberations in the governor's race, where Black has intimated that rivals Boyd and Harwell shoulder the blame for the "inexcusable loss" of the Japanese automakers bypassing the West Tennessee site.

Harwell was in the audience for the legislative hearing on the megasite, but was quickly urged by fellow lawmakers to join them on the dais. She did not pose any questions to Rolfe.

Alabama's state and local incentive package to lure the Toyota-Mazda plant to Huntsville will top at least \$700 million. That compares with about \$550 million in combined incentives offered to Volkswagen to build its plant in Chattanooga in 2008, plus another \$260 million to add an SUV production line in 2015.

**Executions scheduled.** Three prisoners on death row have had their executions scheduled for later this year. The state plans to administer lethal injections to James Hawkins on May 9, Billy Ray Irick on Aug. 9, and Sedrick Clayton on Nov. 28. The Department of Correction said it has the necessary drugs on hand. Executions were halted in 2015 pending a legal challenge of the state's execution protocol. The state Supreme Court unanimously upheld the procedure last year.

**Bathroom bill.** Rep. Gerald McCormick (R-Chattanooga), who is among several likely candidates to succeed Harwell as speaker late this year, announced during Wednesday's floor session that he was withdrawing a bill to require the attorney general to represent districts that might be sued for requiring transgender students to use bathrooms and locker rooms corresponding to the gender listed on their birth certificates.

McCormick initially told reporters he would introduce a new version of the bill to clarify his aim of protecting rural school districts from ACLU lawsuits, and appeared undaunted by a warning from Tennessee Equality Project's Chris Sanders that a renewed effort would "encounter massive citizen resistance."

But Harwell scheduled a meeting with McCormick to pass along assurances from the state attorney general's office that it was already prepared to extend any legal assistance to local governments as needed. McCormick said the attorney general's readiness to take action meant his concerns and need for the legislation had "pretty much evaporated."

**De-annexation.** Memphis Mayor Jim Strickland's plans for voluntary de-annexation in light of perennial legislative efforts to redraw city lines involve a "build up, not build-out" strategy of encouraging more multi-family housing units by enlarging current tax-incentive zones. According to Strickland in a speech to the Memphis Kiwanis Club on Wednesday: "After decades and decades of sprawl, our administration is taking Memphis in a different direction. The days of growth by annexation are over."

**Confederate statues.** Strickland's efforts to transform the Memphis landscape continued to simmer in the wake of the city's December sale of two downtown parks to a non-profit, which promptly removed statues of Nathan Bedford Forrest, a Confederate general and early leader of the Ku Klux Klan, and Confederate President Jefferson Davis.

Descendants of Forrest and the Sons of Confederate Veterans filed a petition last week with the Tennessee Historical Commission seeking legal action against the city for its role in the statue removal. The petition accuses both the city and the non-profit, Memphis Greenspace Inc., of violating "numerous" state laws.

**Medical marijuana.** Rep. Jeremy Faison (R-Cosby) and Sen. Steve Dickerson (R-Nashville) have filed the latest bill seeking to legalize medical marijuana in Tennessee. The bill would only allow oil-based manufactured products to treat a specific set of medical conditions. The sponsors note that a recent Vanderbilt poll found 80% support for medical marijuana in Tennessee. Republican leadership in the Senate was quick to snuff out much hope that they will get on board with the proposal. Senate Speaker Randy McNally (R-Oak Ridge) said he considers marijuana a "gateway drug" and that the chamber wants to focus on efforts to curb opioid abuse before considering any pot changes.

**Pre-payment bonanza.** Tennessee's general fund tax collections came in at \$158 million above projections in December, which reflects economic activity in the previous month that included Black Friday shopping. Corporate taxes included two "substantial" one-time payments, and accounted for \$103 million of the surplus. Sales taxes came in at \$33 million above projections, while Hall income tax revenues exceeded expectations by \$31 million. The state suspects the extra Hall payment stem from people pre-paying their 2017 taxes due to rule changes under the federal tax overhaul.

## Tennessee Notes & Quotes

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■ “For me, campaigning brought challenges that I had never anticipated. While the meek might inherit the earth, what do they do on the campaign trail?” – *Republican Gov. Bill Haslam* in an essay about spirituality in public office for “Comment,” a publication run by the Canadian think tank *Cardus*.

■ “[Phil] Bredeesen is a serious candidate who has the potential to make Tennessee one of the most competitive Senate races in the country in 2018.... We are going to work day in and day out to define Bredeesen as a **Schumer, Hillary** Democrat who would not effectively represent Tennessee.” – *Ward Baker*, adviser to Rep. **Marsha Blackburn’s** Senate campaign.

■ Baker returned home to Nashville after serving as executive director of the National Republican Senate Committee, where he was credited with holding on to the GOP majority against heavy odds in the 2016 cycle. The *Washington Post* recently reported that **Trump’s** legislative director **Marc Short** has “informally suggested” that Baker be considered for the position of political director in the White House.

■ “Our Tennessee state constitution says that government is supposed to carry out justice, not ‘somebody who’s trying to make money’ gets to carry out justice. That’s crazy.” – *State Rep. Jeremy Faison (R-Cosby)* about his bill aimed at phasing out private prisons in the state. The Tennessean noted that the effort co-sponsored by Sen. **Mike Bell (R-Riceville)** is likely an “uphill battle,” given that Nashville-based *CoreCivic* holds more than one-third of the state’s 22,000 inmates at its facilities. **Mark Emkes**, a former finance commissioner in the **Haslam** administration, is the chairman of the company better known by its former name, *Corrections Corporation of America*.

■ “I am gratified to learn that Morgan Stanley now acknowledges what I always knew, that I did not engage in any acts of sexual harassment.” – *Former U.S. Rep. Harold Ford Jr. (D-Memphis)* after a New York Times story about his firing that said Morgan Stanley officials couldn’t corroborate Ford’s alleged misconduct with a Reuters reporter, but that he had misled them about some of his behavior. Ford had also received written warnings about his expense account and other conduct, according to the Times.

■ “Zero. Zero. Zero.” – **Haslam** in response to questions about how much his push to shrink the size of the University of Tennessee’s board of trustees is related to the rejection of his outsourcing plans, the performance of UT-Knoxville’s chancellor, or the football coach hiring fiasco.

■ “We are machine agnostic.” – *Secretary of State Tre Hargett* on whether the state should promote voting machines that leave a paper trail given concerns about data breaches.

■ **Hargett’s** comments may come as a surprise to Democrats who saw Hargett and Elections Coordinator

**Mark Goins** as driving efforts to scuttle the Tennessee Voter Confidence Act of 2008, a law that sought to require counties to buy voting machines that provide a paper trail. Hargett persuaded lawmakers to punt on the law, arguing in 2009 that it created a “Catch-22” for local governments because it required counties to buy voting machines meeting a federal standard for which none had been certified at the time.

■ State law requires Tennesseans to remit sales tax payments for all online purchases, but in practice very few people do. But that could change under a South Dakota case headed before the U.S. Supreme Court about whether states like Tennessee can require online retailers to collect state sales taxes.

■ “A lot of the sales that are now online, those are not new sales. Those are things people were buying locally and are now going somewhere else.... How much of this really is new revenue? And if so then I would recommend cutting taxes. But how much of it just replacement sales going somewhere else?” – **Haslam** urging a comprehensive online sales tax study before considering some fellow Republicans’ calls to cut Tennessee taxes if the Supreme Court case prevails.

■ With Tennessee’s population projected to double over the next 50 years, **Haslam** has named his deputy **Jim Henry** to lead a committee developing plans to ensure future water availability.

■ Rep. **Sherry Jones (D-Nashville)** asked for a legal opinion from Attorney General **Herbert Slatery** about whether a ban on hand-carried signs within the new Cordell Hull legislative office complex violates the First Amendment. Though the issue is probably moot because the House and Senate speakers quietly signed a revision to the policy on Jan. 3, declaring that “small letter-sized signs that do not obstruct the view of visitors are acceptable.”

■ When state lawmakers last tried to move to new offices in the late 1990s, the proposal to construct a new \$40 million building was roundly panned by the members of the press as being a “Tower of Power,” and by a House Republican leader as a “monument to big government.” Revelations that plans called for the inclusion of a “health spa” only added to the derision. Perhaps it’s with that memory in mind that House leadership declined to go along with Senate plans for a workout room in the basement of the new Cordell Hull office building.

■ The *Nashville Post* reports that the Senate is shouldering the entire \$50,000 cost to outfit the new workout room with mirrors and exercise equipment, and that as a consequence, House members and staff won’t be welcome to use the facility.

■ This could cause some ill feelings among health-conscious House-siders facing a workout lockout. But at least they can protest with small signs in the building.