

White Paper

Oldham Ahead Analysis

Interest Group Contributions in the 2006 Oldham County, Kentucky
Primary and General Elections for Local Offices

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Introduction

The 2006 primary and general elections for local offices in Oldham County, Kentucky were marked by the a significant increase of contributions from individuals and the candidates, as well as political action committee (PAC) contributions from home building interests, realtors, and even a labor union PAC. Whereas prior to 2006, PAC contributions were largely limited to the county judge-executive race (as well as one school board candidate in 2002), PACs contributed a record amount of funds to several county magistrate and county attorney candidates during the 2006 primary and general elections. Additionally, county races reflected a significant amount of contributions from individuals involved in the housing industry (builders, developers, realtors, suppliers, etc) that targeted specific races.

Election contribution data are available on-line at <http://kref.state.ky.us/krefsearch>. A review of candidates running for county office prior to 2006 reveals that in general, most magistrate candidates self-financed their campaigns, while PACs and housing industry individuals targeted significant funding to their favored judge-executive candidates the last three election cycles.

Both the level of individual contributions and the introduction of PAC funding have changed the dynamics of county elections raising the contributions threshold for local office candidates. Oldham Ahead believes that transparency of the contributions is important, as potential candidates for county office start positioning themselves for reelection or challenges for the 2010 elections.

Campaign Contributions in Oldham County, 1998 - 2006

Figure 1 reflects the steady increase of campaign contributions for county judge-executive races since 1998. Former Judge-Executive John Black raised a total of \$36,650 for his successful run for Oldham County Judge-Executive in 1998 and increased his contribution receipts to nearly \$68,000 in his unsuccessful bid for reelection in 2002 against Mary Ellen Kinser. Challenger Duane Murner received a record \$87,370 in contributions in his successful bid for judge-executive in 2006. A significant percentage of funding for John Black's and Duane Murner's campaigns originated from individuals with an interest in the housing industry.

Oldham County Judge-Executive Races 1998-2006 Contributions Totals by Candidate

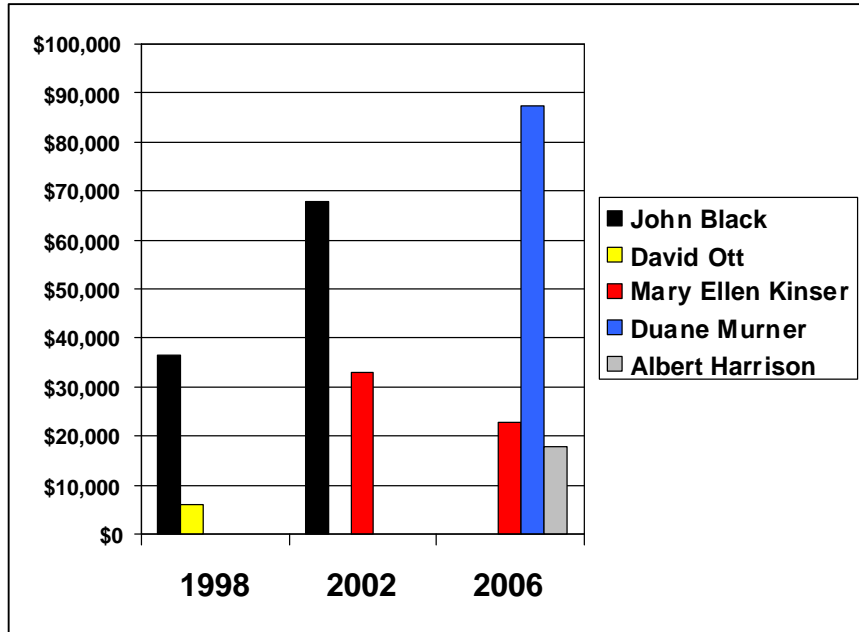


Figure 1, Oldham County Judge-Executive Races, 1998 – 2006: Contribution Totals by Candidate

Six of the eight sitting magistrates, the county attorney, and the property valuation administrator reported receiving funding from PACs in 2006. Overall, \$13,000 of PAC funding was distributed among 10 different candidates.

Home building PAC interest groups contributed \$9,500 to seven candidates, six of whom won election. These home building related PAC contributions represented 73 percent of total PAC contributions for county elections in 2006. Six of the recipients were candidates for magistrate and the remaining recipient of home building PAC funding was the county attorney. Five of the six candidates for magistrate who received housing interest PAC funding won their respective election, as did the candidate for county attorney.

The Greater Louisville Association of Realtors contributed \$2,500 to six candidates, 19 percent of the total PAC contributions. Five candidates receiving Realtor PAC funding were running for magistrate, and three of the five were victorious.

A labor interest PAC, Kentucky United Automobile, Aerospace and Agricultural Implement Workers of America (UAW-SAC) contributed \$1,000 to magistrate candidate Steve Long, who was unsuccessful in his attempt for election.

Three successful county office candidates, Judge-Executive Duane Murner, incumbent Magistrate Steve Greenwell, and magistrate candidate Scott Davis received no PAC funding in support of their campaign efforts.

The table below reflects the distribution and amounts of PAC contributions during the 2006 election cycle in Oldham County.

Political Action Committee Campaign Contributions, 2006 Oldham County Election Cycle														
Elected Office	Judge-Executive	Magistrate	Magistrate	Magistrate	Magistrate	Magistrate	Magistrate	Magistrate	Magistrate	Magistrate	County Attorney	PVA	Magistrate Candidate	Magistrate Candidate
Candidate	Duane Murner	Steve Church	David Voegele	Bob Leslie	Steve Greenwell	Iva Davis	Scott Davis	Rick Rash	Bob Deibel	John Fendley	Ron Winters	Bill Tucker	Steve Long	
HOUSING INDUSTRY POLITICAL ACTION COMMITTEE OF LOUISVILLE		\$ 1,000				\$ 1,000		\$ 1,000	\$ 1,000					
GREATER LOUISVILLE ASSOCIATION OF REALTORS			\$ 250			\$ 1,000		\$ 250			\$ 500	\$ 250	\$ 250	
HOME BUILDERS ASSOC. OF LOUISVILLE, PAC				\$ 1,000										
HOUSING ORGANIZED FOR POLITICAL EDUCATION				\$ 1,000					\$ 1,000	\$ 1,000		\$ 1,000		
KENTUCKY UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA (UAW-SAC)													\$ 1,000	
Housing Industry PAC of Kentucky						\$ 500								
Total Political Action Committee Contributions	\$ -	\$ 1,000	\$ 250	\$ 2,000	\$ -	\$ 2,500	\$ -	\$ 1,250	\$ 2,000	\$ 1,000	\$ 500	\$ 1,250	\$ 1,250	

Table 1 – PAC Contributions during the 2006 Oldham County Election Cycle

Overall, Magistrate Iva Davis received \$2,500 in PAC contributions, accounting for 19 percent of the total distribution of PAC funding within the county. Magistrates Bob Leslie and Bob Deibel each received \$2,000 to round out the top three recipients of PAC funding.

Timing and Reporting of PAC Contributions

The timing and reporting of campaign contributions can either promote transparency of campaign receipts, or obscure them. The timing of the housing and realtor PAC contributions from the five separate housing industry PACs that contributed to Oldham County candidates was such that each contribution made to magistrate candidates for the 2006 primary and general elections was received prior to the election date, but reported in the 30-day post election reports. Political Action Committee PAC contributions for the May 16, 2006 primary were received the last week of April and the first week of May and reported by the candidates in their June post primary reports. Candidates receiving PAC funds for the general election received contributions in early to late October and reported the receipts in December 2006.

Magistrate candidate Steve Long received a \$1,000 contribution from the UAW-SAC on September 23, 2006 and reported the contribution in his 32-Day Pre-Election report as required by Kentucky election law. He also received a contribution from the Greater Louisville Association of Realtors on October 11, 2006. Unlike three other successful magistrate candidates who received housing PAC funding October 1 through October 11, Long was the only candidate who reported his PAC contribution in the 15-Day Pre-Election report.

The effect of housing industry PAC contributions was that the voting public would only be aware of the PAC influence in Oldham County primary and general elections only after the respective elections were conducted, with the exception of one candidate.

This is not unusual in more highly visible and expensive campaigns in Kentucky; however, given the insertion of PAC funding to the magistrate and county attorney level in Oldham County, it is important with respect to funding tactics and transparency. In an election year in which the management of Oldham County's growth was a key issue, the public was unaware that PACs had contributed to favored candidates for magistrates in the primary election, which decided the bulk of magistrate races that year. Likewise, those candidates challenged during the general election who received housing interest PAC funding largely obscured those receipts from the electorate until after the election.

Because Oldham County has become a solid Republican-majority county, most local elections are decided during the primary elections. Several candidates for Magistrate and County Attorney switched parties for the 2006 elections, as chances for running successfully as a Democrat have diminished. There was a pattern to PAC contributions to favored candidates during April and early May of 2006—prior to the May primary date but in enough time for the candidates to use the funding. The tactic of late donations and post-election reporting appears to very effective for interest groups in 2006.

Political Action Committee Funding Can Obscure Individual Contributions and Support

One other impact of utilizing PACs to distribute contributions in local elections is that local influential developers and realtors can support their favored candidates indirectly without the contributors' names and contribution amounts being reflected on KREF reports. By contributing to a Homebuilders or Realtor PAC and then influencing the recipient of PAC contributions, individuals can legally support selected candidates without public disclosure. Moreover, an individual can contribute to multiple PACs and then influence the distribution of the funds to effectively provide funding above the maximum individual amount of \$1,000.

Reasons for Increased PAC Funding in Oldham County Elections

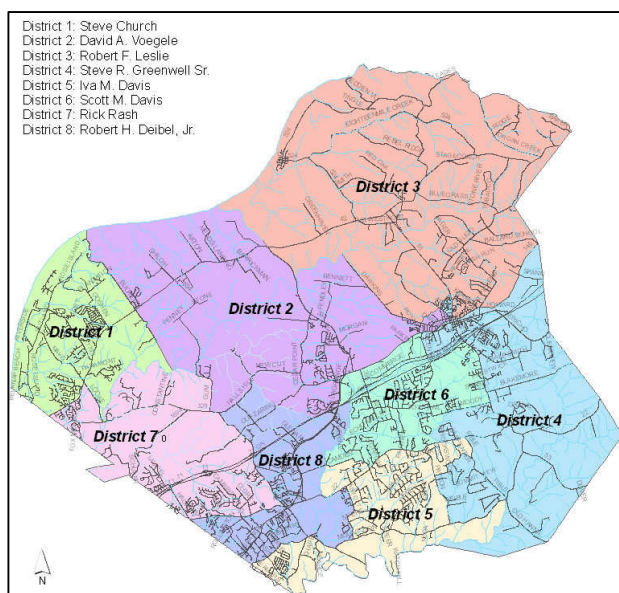
Why the infusion of PAC funding in Oldham County elections? Clearly, Oldham County's growth rate, and the corresponding boom in land development the past several decades have increased the number of developers, builders, real estate agents, real estate lawyers, and others with a financial stake in Oldham County development. As a result, local taxation and fee imposition alternatives, land use policy and related decisions as developed by Fiscal Court, and

the interpretation of policy and law from the county attorney's office have become important to the financial interests of those involved in land development in the county.

The data below reflects the population and housing growth in Oldham County since 2000 that has fueled increased campaign contributions to local candidates:

- The estimated county population as of July 1, 2008 was 56,874. Since the 2000 census, Oldham County has realized a net gain of 9,895 residents for an overall 21.1 percent increase.
- Census data released August 21, 2008 reflect that Oldham County housing units increased by 4,644 to 20,335 from April 1, 2000 to July 1, 2007. The 29.6 percent increase in housing units ranks Oldham County fourth in the state for the period, trailing only Spencer, Boone, and Scott Counties.
- From 2000 to 2008, the Planning Commission approved 6,739 housing units for the county. The Planning and Zoning Commission approved a decade high 1,651 housing units alone in 2006, up 437 from 2005. The total dropped to 359 for 2007, reflecting the weakened housing market conditions but rose to 910 in 2008 despite the economic decline. These figures do not include housing units approved for Planned Unit Developments such as Oldham Reserve.
- The percentage increase of housing units have outpaced the population increase by over eight percent this decade, resulting in a large inventory of un-sold new and existing homes in the county.
- The assessed value of real property in Oldham County increased from \$2.5 billion in 2000 to \$4.6 billion in 2006.

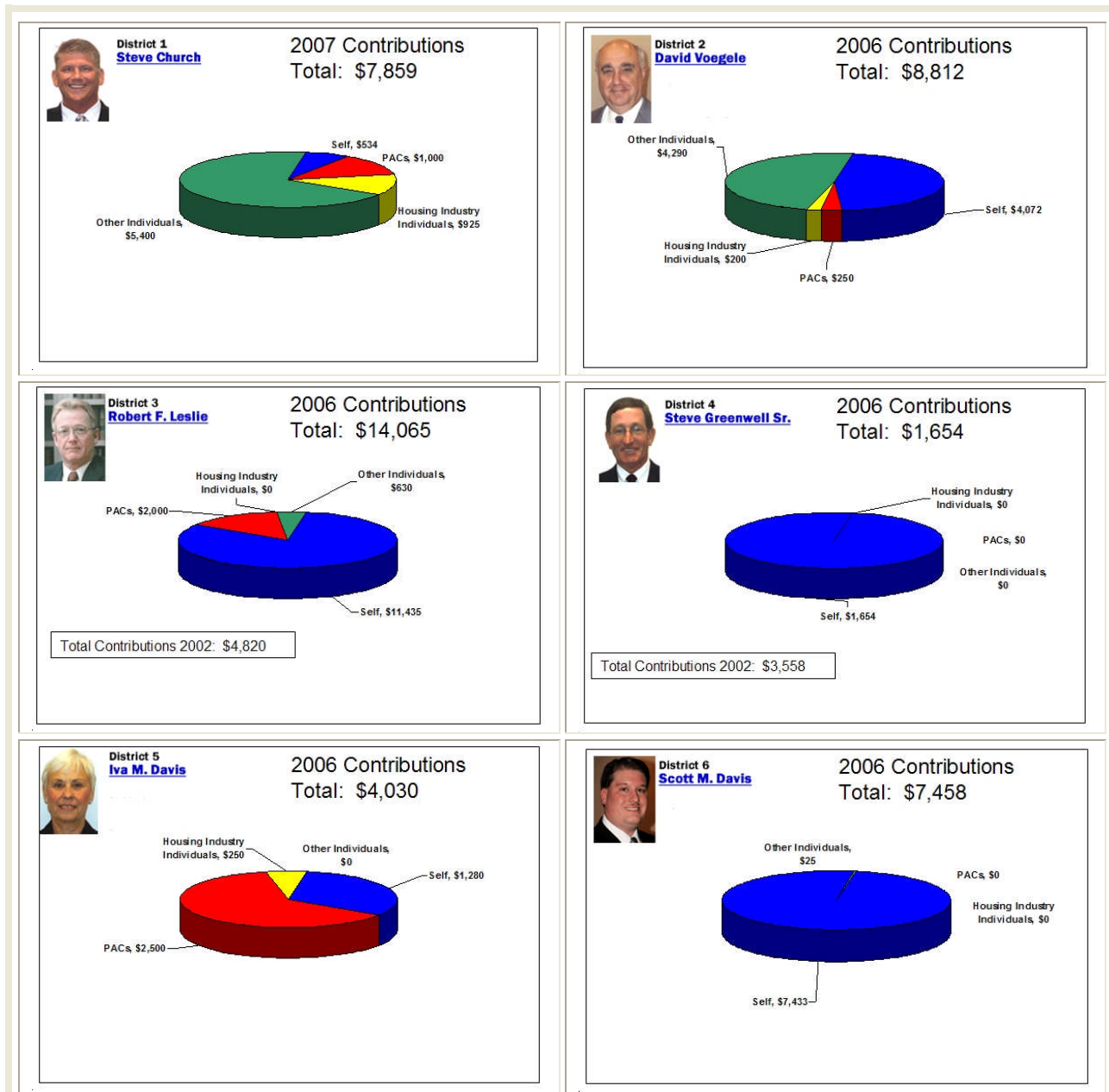
Roads (county and state) and other key infrastructure have struggled to keep up with Oldham County's growth. The county's and the school board's heavy reliance on property taxes challenges those government bodies in providing the capital improvements and services necessary to accommodate a fast growing county. In general, the housing industry has traditionally opposed policies to fund growth by targeting fees and taxes from those who generate the growth. Examples include impact fees and deed transfer taxes, which are widely used by other high growth counties and cities across the nation.



As the policy and financial stakes have increased substantially since 2000, so have interest group contributions to county-level office candidates to include magistrates. Oldham County is divided into eight magisterial districts as shown to your left.

Figure 2 below reflects the eight sitting magistrates' most recent campaign contributions and breaks out the contributions by those provided by the candidate; those from PACs; those from individuals identified in

campaign reports as employed by the housing industry (developers, builders, realtors, etc); and other contributors not employed in the housing industry. Note that a special election was held for the District 1 seat in 2007: all other races were held in 2006. For those magistrates involved in races in 1998 or 2002, the total campaign contributions reported by the candidate are included.



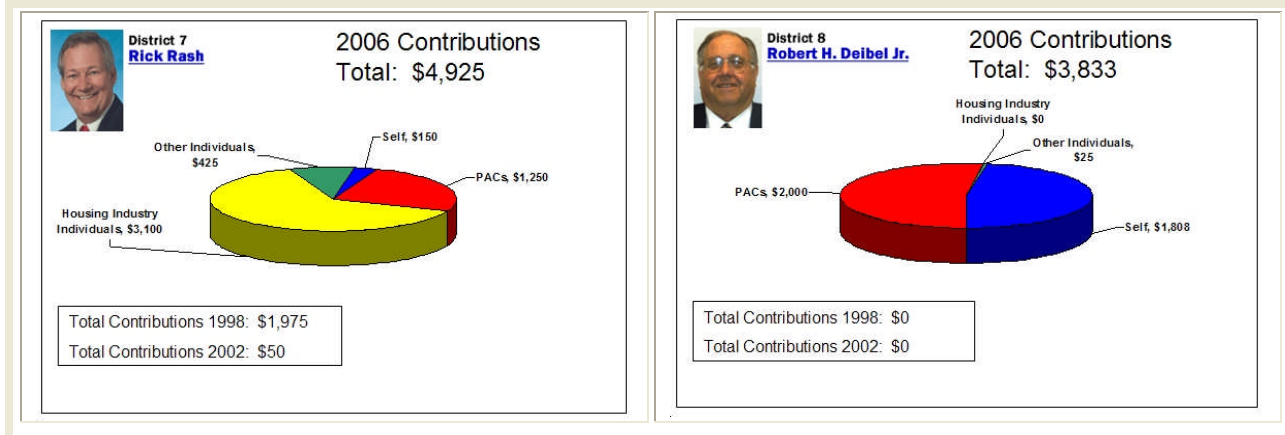


Figure 2 – Oldham County Magistrates Campaign Contributions 2006 and 2007

Somewhat surprising is the dramatic increase in funding resulting from the contested 2006 primary race for county attorney. Housing industry PACs and individuals contributed a total of \$8,055 to John Fendley’s campaign, accounting for 68% of the contributions other than those from the candidate himself. Housing Organized for Political Education contributed \$1,000 to his campaign. This PAC also supported Irv Maze for Jefferson County Attorney during the 2006 election cycle, the only county attorney races in which the PAC provided funds. . Figure 3 breaks out Mr. Fendley’s primary and general election contributions.

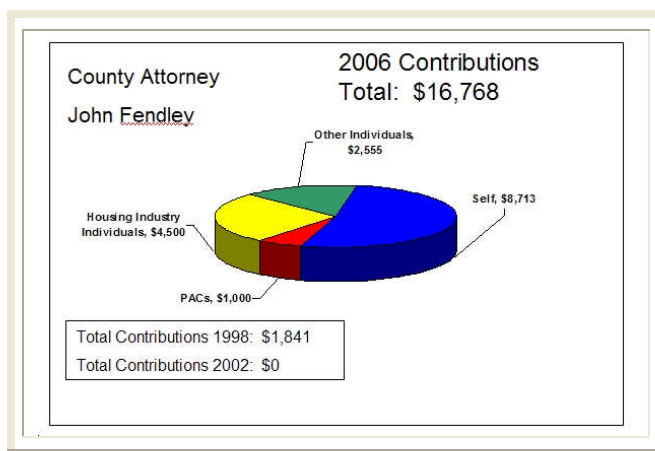


Figure 3 – Oldham County Attorney John Fendley Campaign Contributions, 2006

Table 2 below, reflects other PAC contribution recipients during 2006.

Candidate	Office	PAC and Amount Contributed
Bill Tucker	Candidate for Re-election, Magistrate, District 6	Greater Louisville Association of Realtors PAC: \$250.00 on 10/17/2006 Housing Organized for Political Education: \$1,000 on 10/14/2006
Steve Long	Candidate for Election, Magistrate, District 8	Greater Louisville Association of Realtors PAC: \$250.00 on 10/11/2006 Kentucky United Automobile, Aerospace & Agricultural Implement Workers of America (UAW- SAC) \$1,000.00 on 09/23/2006
Ron Winters	Candidate for Reelection, PVA	Greater Louisville Association of Realtors PAC: \$500.00 on 05/06/2006

Table 2: Other Oldham County PAC contribution recipients, 2006.

Impacts and Effects of Interest Groups within Oldham County

The impacts and effects of interest groups and factions is not a new phenomenon for government at any level. James Madison recognized this in his Federalist No. 10, stating, *“As long as the reason of man continues fallible, and he is at liberty to exercise it, different opinions will be formed. ... By a faction, I understand a number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adversed to the rights of other citizens, or to the permanent and aggregate interests of the community.”*

Lobbying for one’s interest is embedded in the First Amendment as the right to petition the government. No less true at the federal level where Congress picks winners and losers through the tax code and chooses to subsidize favored industries, Fiscal Court, through its revenue raising choices and its selection of boards and commissions, has the ability to choose winners and losers at the local level.

There are many different and diverse interest groups in Oldham County. Among them are the permanent, well-funded developers and homebuilders, realtors, Chamber of Commerce, and Kentucky Farm Bureau. Often the interests of these groups overlap; often they are at odds.

Other interest groups include various non-profit groups who advocate for policies that support their respective chartered missions. These groups include Oldham Ahead, Greenways for Oldham County, Brownsboro Conservation Council, Friends of Westport, and numerous others.

Generally, these groups are not as well organized and funded as the groups above. Sometimes, the interests of these groups overlap with the housing industry; often they are at odds.

Additionally, specific interest groups emerge to advocate for or against specific issues. Example include the proponents and opponents of a county airport, supporters and opponents of a smoking ban and proponents and supports of alcohol sales within the county.

What separates these interest groups within Oldham County are their levels of local organization, levels of support at the state and national levels, and the levels of support from PAC organizations and individuals that are identified with these interests.

Oldham County homebuilders, realtors, and the Chamber of Commerce are supported by robust state and national groups that exert considerable influence at the county, state, and national levels. These organizations have resources to formally lobby on behalf of their interests, litigate, and develop national and state positions to further their interests.

More local and focused interest groups lack those advantages but because of the local nature of politics, can insert a more personal and focused effort upon their locally elected officials to attempt to influence policy decisions.

Madison, in Federalist No 10 was arguing for a republican form of democracy at the national level to control the effects of factions. At the county level, transparency of election contributions, televised Fiscal Court meetings and the use of open records requests tend to temper the influence of interest groups in local politics. In the end, elections act as the ultimate arbitrator of factions. Elected officials are held accountable for their public actions and votes.

The Effects on Interest Group Funding on Elected Official Accountability

It is in vain to say that enlightened statesmen will be able to adjust these clashing interests, and render them all subservient to the public good. Enlightened statesmen will not always be at the helm. Nor, in many cases, can such an adjustment be made at all without taking into view indirect and remote considerations, which will rarely prevail over the immediate interest which one party may find in disregarding the rights of another or the good of the whole. James Madison, Federalist No. 10

In politics at any level, reality and perception are often indistinguishable. The acceptance of campaign contributions from PACs and individuals from a specific interest group opens a candidate or elected official open to question with respect to decision-making and voting. Homebuilder and realtor PAC funding, coupled with significant individual contributions from members of that interest group was widely distributed in 2006 county races as opposed to previous years in which magistrate races were largely self-funded, if funded at all. Funding from interest groups was largely targeted and limited to the judge-executive race.

From the perspective of the parties that believe their rights were subordinated by another party regarding an issue, perception often equals reality, particularly when the subordinated party believes that funding from the prevailing party played a role. This is the price of acceptance of

interest group funding at any level. It may also contribute to the occasional caustic exchanges between citizens and elected officials during public meetings the last few years.

Indeed the level of cynicism and mistrust of local government intentions and actions appears to have increased since 2002 as measured by the comments made in Fiscal Court public participation segments, Planning Commission hearings, letters to the editor of The Oldham Era and the level of opposition to the county airport initiative in 2007 and 2008.

The Perceived Effects of County and Board of Education Taxing Policies

The homebuilding and realtor interests within Kentucky have consistently opposed the use of impact fees, deed transfer fees, or other taxes and fees targeted to help fund infrastructure and services requirements brought about by development growth. Local and state home building interests have successfully resisted these common revenue mechanisms at the state and county levels in Kentucky, to include Oldham County.

The impact then is to spread the significant costs of growth to all Oldham County citizens, primarily through real property taxes and insurance premium taxes for county government requirements.

The financial impact of the growth of schools is significantly greater than the costs of growth incurred by county government. Indeed, the current Board of Education operating budget exceeds \$100 million as opposed to \$15 million or so for county government. Real property taxes are the primary source of local funds for the schools.

**Oldham County Population Estimates by Age Group
2000-2007**

Age Group	2000	2007	Percent Increase: 2000-2007
Oldham	46,178	55,935	21.13
00-04	3,036	3,148	3.69
05-09	3,608	3,594	-0.39
10-14	3,824	4,132	8.05
15-19	3,200	3,911	22.22
20-24	2,170	4,057	86.96
25-29	2,420	3,891	60.79
30-34	3,357	3,180	-5.27
35-39	4,659	3,970	-14.79
40-44	4,855	4,746	-2.25
45-49	4,097	5,087	24.16
50-54	3,674	4,673	27.19
55-59	2,502	4,006	60.11
60-64	1,529	3,020	97.51
65-69	1,092	1,770	62.09
70-74	838	1,081	29.00
75-79	582	767	31.79
80-84	391	495	26.60
85+	344	407	18.31

Source: Population Division, U. S. Census Bureau

Release Date: August 7, 2008

The problem with this funding mechanism is that it highly regressive for fixed income and low income tax payers. Recent demographic trends released by the Census Bureau reflect the significant percentage increase of Oldham County citizens from 2000 are in the age segments 55-69—ages where fixed incomes typically start coming into play. This population segment appears to be very active and vocal based upon their willingness to speak during public hearings and Fiscal Court meetings and tend to weigh-in their opinions on issues involving taxation.

Table 3 to the left reflects Oldham County population estimates by age group from 2000-2007. Significant is the decline in population of those in age groups 30-45—age groups that have been eager to move

into the county because of the reputation of the county's public schools. This age group often views home ownership as an investment and taxes and an investment expense as opposed to those in older age groups, which perceive taxes as eroding their finite, fixed incomes.

The most pressing issue for the multiple taxing districts in the county is to balance their respective budgets while providing the infrastructure and services for one of the fastest growing counties in the Commonwealth. Madison recognized that “...*The apportionment of taxes on the various descriptions of property is an act which seems to require the most exact impartiality; yet there is, perhaps, no legislative act in which greater opportunity and temptation are given to a predominant party to trample on the rules of justice. Every shilling with which they overburden the inferior number, is a shilling saved to their own pockets.*”

The successful management of growth within the county necessarily means that the apportionment of taxes is an important issue, and the nature of the taxes can result in real or perceived “winners” and “losers”. The first step in ensuring county citizens at large become the “winners” in the future is to ensure transparency and accountability in local elections. The transparency of campaign contributions is one-step in that direction.

About Oldham Ahead

The mission of Oldham Ahead is to promote the wise use of land and resources in Oldham County, Kentucky. Oldham Ahead supports land-use planning, economic development and advocacy efforts that enhance the county's natural and cultural resources while sustaining and diversifying the county's economy. Oldham Ahead is dedicated to perpetuating the agricultural and equine industries, preserving the environment and expanding recreational opportunities throughout the county.

Oldham Ahead is a not for profit 501(c)(3) organization dedicated to preserving the rural nature and quality of life in Oldham County, Kentucky. We promote the utilization of strategic growth management techniques to accommodate growth and encourage economic development and vitality of the county.

Oldham Ahead, formed in May 2000, grew out of the concerns that the county was changing too rapidly and citizens had little input in critical development decisions. Oldham Ahead supports the following general concepts that we believe will result in a county future generations of Oldham County residents will be proud:

- Comprehensive Land Use Planning and promotion of wise land use
- Greenways, agriculture and open space preservation policies
- The protection and enhancement of our natural and cultural resources
- The sustaining , expansion, and diversification of our economy to include our agricultural and equine sectors
- Policies to ensure that development is linked to programmed and adequate infrastructure
- Policies that ensure those who propose new developments bear or reasonably share in the costs of the public facilities and services made necessary by development
- Identification of county landscapes with the goal of revising zoning to reflect densities appropriate for the identified landscapes
- Improved recreational opportunities for all Oldham County citizens

Learn more about Oldham Ahead and our initiatives by visiting www.OldhamAhead.org.