

PORK REPORT 2018



'T'WAS THE NIGHT BEFORE CHRISTMAS

BY MARK CUNNINGHAM

*'Twas the night before Christmas, and as is tradition
We would like to say thank you for supporting our mission
This year was successful, and we hope you'll agree
That our policy victories have made us more free*

*It's the time of the year for you to uncork
Our report that is filled with overspending and pork
Our Pork Report will surely give you a taste
Of fraud, abuse, and government waste*

*Nashville's tax dollars were wasted, and its reputation was marred
When Megan Barry had an affair with her bodyguard
But we won't just focus on the Mayor's affair
We'll talk about millions spent on corporate welfare*

*Nashville's corporate handout habit is truly obscene
Giving millions of dollars to AllianceBernstein
In Knoxville, money went to a sports team about which nobody cares
It wasn't even the Vols, but the Knoxville Ice Bears*

*And speaking of the Vols, we must pump the brakes
We've spent millions in buyouts for their hiring mistakes
And Bristol spent money intended to solve blight
On a big chain hotel, and that just isn't right*

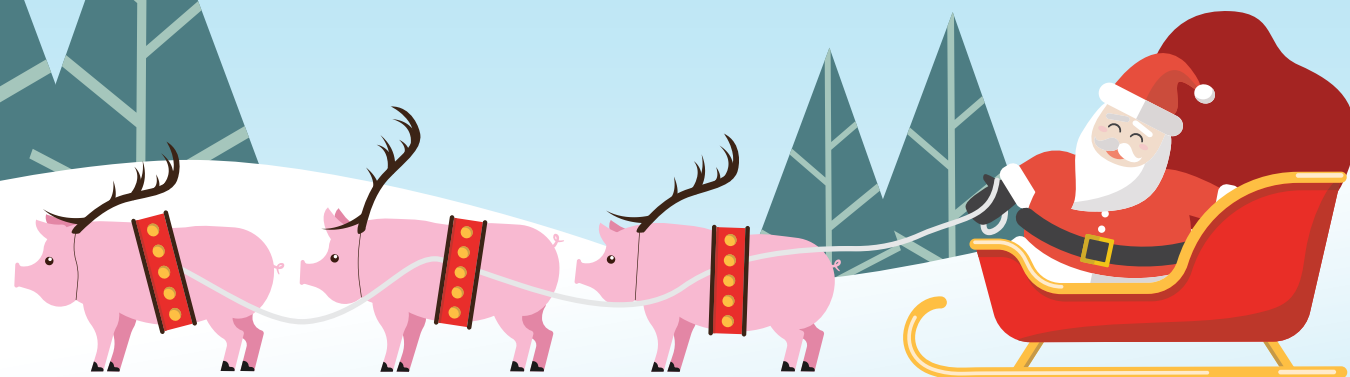
*And in the city of Memphis, where the government forces
Local taxpayers to fund failing golf courses
When it comes to the West Tennessee Megasite, taxpayers have quite a gripe
Because hundreds of millions has produced nothing but hype*

*The former band director at Collierville Middle
Played local taxpayers just like a fiddle
And we hear that corporate welfare allows the state to compete
Yet we gave ServiceMaster \$5.5 million just to move down the street*

*When it comes to wasting money, Nashville politicians are no slouches
Using tax dollars to buy HCA nice tables and couches
And although funding billionaires' stadiums might seem like a joke
We gave the MLS team \$25 million dollars when the city is broke*

*The Department of Labor bought fraud software to stop deceit
But when you don't turn it on, it's still easy to cheat
And the Chattanooga City Council must think taxpayers are fools
Spending a hundred grand on consultants, instead of on roads and on schools*

*Even though this report is lighthearted and funny
We need to call out politicians when they waste our money
Thank you for joining us in this all-important fight,
Merry Christmas to all, and to all a good night!*



STOCKING STUFFERS

BY TAYLOR DAWSON



In 2018, the state of Tennessee boosted its incentives for production of television, films, and interactive media by \$3 million, for a total spend of more than \$5 million for the 2018-2019 fiscal year. Not only do film incentives have a terrible return on investment for taxpayers, but Tennessee is beautiful and cool enough that officials don't have to pay people to come here.

State of Tennessee. "The Budget Fiscal Year 2018-2019." pp. B- 303, 315. <https://www.tn.gov/content/dam/tn/finance/budget/documents/2019BudgetDocumentVol1.pdf>.

Anyone who understands economics knows that when a city is facing a budget deficit, the best place to put money is into public art projects, right? Wrong! Try explaining that to the city of Nashville. In the midst of a \$34 million budget shortfall, city leaders budgeted half a million dollars for temporary art projects across the city. That might sound bad for Nashville, but the state isn't much better. The Tennessee Arts Commission got a hefty taxpayer-funded "investment" from the state of more than \$6 million this year. The arts are great, but do you know what's even better? Budget solvency.

State of Tennessee. "The Budget Fiscal Year 2018-2019." p. B- 258. <https://www.tn.gov/content/dam/tn/finance/budget/documents/2019BudgetDocumentVol1.pdf>.



Did you know that in order to have lifetime health and life insurance benefits, all you have to do is serve on the Nashville Metro Council for two terms? It seems that Shelby County Commissioners got word of that, and this year, Commissioners voted themselves those same types of benefits once they have served on the commission for eight years. Those benefits are estimated to rack up a tab for taxpayers between \$6 and \$10 million. For Shelby County commissioners, Christmas presents came early this year, while local taxpayers got stuck with the bill.

Ryan Poe, "The 9:01: Shelby County Commission votes to enrich commissioners." *Commercial Appeal*. August 30, 2018. Updated August 31, 2018. <https://www.commercialappeal.com/story/news/local/the-901/2018/08/30/9-01-outgoing-shelby-county-commissioners-vote-enrich-selves/1121952002>.



Over the last two years, a deputy clerk at the Montgomery County Office of Trustees has been working to give herself a raise. Several months ago, an individual went to the county clerk's office to verify that his property tax payment—which he made in cash—had been received. When the records showed that he had not paid, it was brought to light that a county employee had voided a series of property tax receipts, stole \$12,461 in cash, and arranged for the notices that the taxes had not been paid to be mailed to herself so the taxpayers would never find out. That \$12,000 can buy plenty of coal for the employee's stocking this Christmas.

"Audit: Former Montgomery County deputy trustee stole funds from taxpayers." *ClarksvilleNow.com*. February 12, 2018. <http://clarksvillenow.com/local/audit-former-montgomery-county-deputy-trustee-stole-funds-from-taxpayers>.

Multiple choice test: Where should hospitals spend their money? (A) Indigent patient care, or (B) Multiple public relations firms. If you picked A, you're better suited to run Nashville General Hospital than its current executives. After spending almost \$300,000 on PR firms, the hospital asked for millions of dollars in taxpayer bailouts this year. As if that's not bad enough, a recent audit found that over the last three years, hospital administrators spent \$400,000 on credit card purchases, including \$22,000 at Jason's Deli and \$20,000 at Regal Cinemas. Here's the kicker: over 85 percent of these credit card purchases did not have receipt documentation. Nashville citizens—especially those in low-income North Nashville—deserve better than this.

Dave Boucher, "Nashville General Hospital Pays Former Councilman \$150k for Work Questioned by Ex-Board Member." *Tennessean*. July 13, 2018. <https://www.tennessean.com/story/news/local/davidson/2018/06/13/nashville-general-hospital-pays-ex-councilman-150-k-work-questioned-ex-board-member/693931002/>.

Joey Garrison, "Nashville General Hospital Leaders Spent \$400K on 3 Credit Cards - But Receipts Missing for Most". *Tennessean*. September 7, 2018. <https://www.tennessean.com/story/news/2018/09/07/nashville-general-hospital-credit-cards-audit/1213112002/>.



Wouldn't it be nice to know people in high places? Tony Poss, the son of Smithville Mayor Jimmy Poss, knows what that's like. This year, Mayor Poss—without the knowledge or approval of city aldermen—created a part-time salaried position for his son. "Nepotism" is just a fancy way of saying "growing the family business."

State of Tennessee. Comptroller of the Treasury. "City of Smithville, Comptroller's Investigative Report." July 25, 2018. <http://www.comptroller.tn.gov/repository/ia/smithville.pdf>.





Profitable business model: steal all of your supplies from a taxpayer-funded school and charge customers for them at your private business. That's what a mechanic in Knoxville did when he stole \$188,000 worth of auto parts from Knox County Schools to use in his auto parts shop. In other news, a photographer for the University of Tennessee Athletic Department used his state-issued photography equipment to do freelance work for other organizations, raking in almost \$10,000 in additional income. When did it become the norm to steal from taxpayers in order to make a few extra bucks on the side?

"Mechanic indicted for stealing nearly \$188k from Knox County Schools." WBIR 10 News. February 16, 2018. <https://www.wbir.com/article/news/crime/mechanic-indicted-for-stealing-nearly-188k-from-knox-county-schools/51-519698263>.

This year, the Tennessee Tourism Marketing Task Force has a budget of over \$18 million, including a \$4 million increase from last year. It would be difficult to convince anyone that Tennessee struggles with tourism. In fact, just this year, Tennessee set a record \$20 billion spent by visitors to the state and had 12% growth—more than any other state—in international visitors. With numbers like that, it might make you wonder why Tennessee even needs a Tourism Marketing Task Force, much less one with a multi-million dollar budget.

State of Tennessee. "The Budget Fiscal Year 2018-2019." p. B- 302. <https://www.tn.gov/content/dam/tn/finance/budget/documents/2019BudgetDocumentVol1.pdf>.



Due to a lack of oversight in the Oliver Springs Housing Authority, former employees spent more than \$100,000 on personal items ranging from Amazon purchases to recreational vehicles. If any government—state or local—is going to trust a credit card in the hands of an employee, there should be more oversight so that these types of reckless expenditures cannot happen.

State of Tennessee. Comptroller of the Treasury. "Oliver Springs Housing Authority, Comptroller's Investigative Report." May 3, 2018. <http://www.comptroller.tn.gov/repository/ia/oliverspringshousingauthority.pdf>.

This year, the Williamson County Chamber of Commerce received \$300,000 in tax dollars and gave \$50,000 of it to a PAC called "Citizens for School Funding." The PAC then used those tax dollars to pay for lobbying efforts to raise taxes to fund new schools. Don't you just love when your tax dollars go to fund lobbying to raise your taxes? That's a double whammy.

Melanie Balakit, "Williamson Business PAC to reduce ties with Williamson Inc." Tennessean. March 15, 2016. <https://www.tennessean.com/story/news/2016/03/15/williamson-business-pac-reduce-ties-williamson-inc-chamber/81795622>.



If there is one thing you can always count on, it's the government doubling down on failure. Take Clarksville, for example. While its two city-owned golf courses continue to lose money year after year, the city has decided to spend more by adding a golf simulator. The city is still taking bids on simulators, but it'll likely compete directly with a simulator already owned by a Clarksville private athletic company, which is both an unfair and immoral use of taxpayer money.

City of Clarksville. "Clarksville Parks and Recreation, Fiscal Year 2019." <http://www.cityofclarksville.com/Modules/ShowDocument.aspx?documentid=12821>.

The Knoxville City Council voted in April to spend \$10 million in taxpayer money to renovate the Knoxville Civic Coliseum and Auditorium, home to the Knoxville Ice Bears hockey team. Ice Bears General Manager Mike Murray said he just wants, "the center hanging video board where you can do the dance for your dinner and kiss cams...all the fun entertaining things people do these days that people don't have." Knoxville taxpayers, you can kiss your money goodbye.

"Knoxville Civic Coliseum makeover will keep Ice Bears in town." WBIR 10 News. April 13, 2018. <https://www.wbir.com/article/news/local/knoxville-civic-coliseum-makeover-will-keep-ice-bears-in-town/51-538135381>.



TALES FROM THE STATE

MEGA-MILLIONS DOWN THE DRAIN

By Mark Cunningham

If you have followed Beacon at all over the past few years, you know that we are firmly against taxpayer money going to select private businesses at the expense of taxpayers. The practice of corporate welfare is bad enough, but the Memphis Regional Megasite really takes the absurdity of this practice to a whole new level. Tennessee decided to spend \$144 million of taxpayer money and eight years to "develop" an empty field, with the hope of attracting businesses at some point. That means we spent nearly \$150 million with absolutely no commitment from any business to open up shop there.

What's worse is that apparently the \$144 million and nearly a decade still wasn't enough to make that site "shovel-ready," so now the Department of Economic and Community Development (ECD) received another \$30 million for wastewater improvements. Several businesses have passed over the site for other states, yet officials want to waste even more of our hard-earned dollars on a job site with no actual

jobs. To top it all off, the government will have to take people's private land through eminent domain to bring the project to fruition.

This entire project has been a complete and unmitigated disaster. We are going to spend over \$170 million and still have absolutely nothing to show for it. Even if a big company does eventually move to the Megasite, there is no possible way that taxpayers will get our money back. The worst part about this is that there is no end in sight. Who is to say that ECD won't ask for another \$100 million next year if the site is still unoccupied? Tennessee needs to learn the idea of a lost cause and sell this barren land to the highest bidder.

Jordan Buie, "ECD Commissioner: \$80 million more needed to make Memphis Regional Megasite 'shovel ready.'" Commercial Appeal. January 26, 2018. <https://www.commercialappeal.com/story/news/2018/01/16/ecd-commissioner-80-million-more-needed-make-memphis-regional-megasite-shovel-ready/1035750001>.

AN UNHOLY ALLIANCE

By Mark Cunningham

In what has to be one of the most secretive corporate welfare deals in Tennessee history, the state gave Wall Street firm AllianceBernstein at least \$17.5 million of taxpayer money to move its headquarters from Wall Street to another taxpayer-funded project, the 5th + Broadway development in downtown Nashville. The reason the term "at least" is so important here is because we have no idea how much more the state and city of Nashville are giving AllianceBernstein. In records released by the

state, it actually blacked out all of the information on the estimated tax incentives, insulting taxpayers by not even disclosing how much money we are involuntarily "investing" in this Wall Street firm.

Adam Sichko, "How many incentives will AllianceBernstein receive? The state won't tell." Nashville Business Journal. July 11, 2018. Updated July 19, 2018. <https://www.bizjournals.com/nashville/news/2018/07/11/how-many-incentives-will-alliancebernstein-receive.html>.

VERIFICATION FRUSTRATION

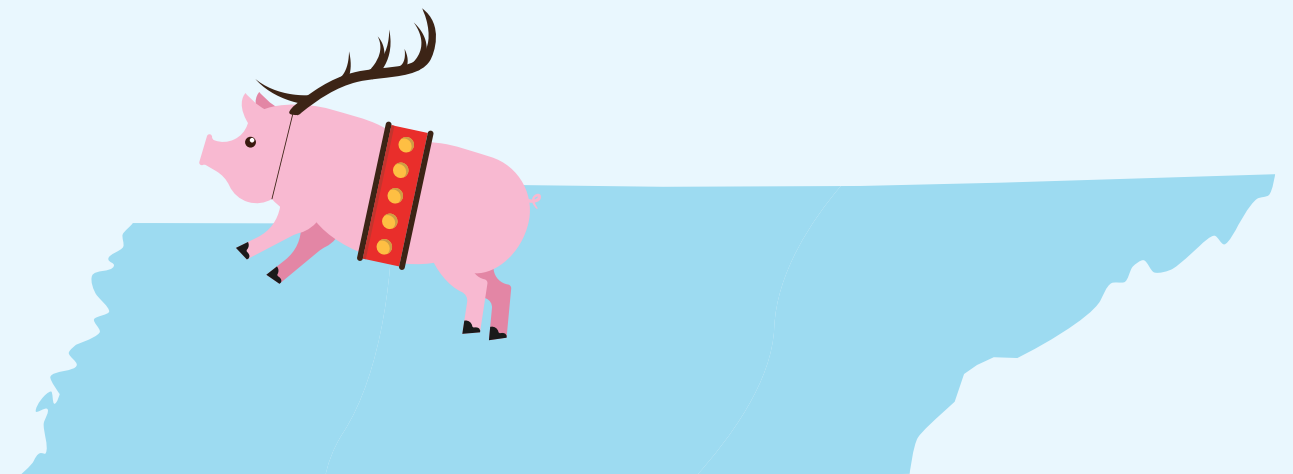
By Mark Cunningham

You know when you buy a shirt you think you'll like and then you take it home, never actually wear it, and realize you just wasted \$20? That's basically what the government did with \$600,000 of our taxes that it used to purchase verification software for unemployment claims. After buying software to stop fraud, the Department of Labor and Workforce Development just kind of forgot about the software for 17 months, never turning it on.

Believe it or not, the amount spent on the software isn't even the worst part for taxpayers. During the time after the software was purchased but before

it was actually implemented, there were fraudulent unemployment claims exceeding \$1.3 million that this software was purchased to stop. That means that the failure of the department to use this software in a timely manner cost taxpayers nearly \$2 million. This is another example of how government incompetence costs us money. It shouldn't be too much to ask the government to remember to flip a switch.

State of Tennessee. Comptroller of the Treasury. "Single Audit Report, Division of State Audit For the Year Ended June 30, 2017." March 27, 2018. http://www.comptroller.tn.gov/repository/SA/2017_TN_Single_Audit.pdf.



TALES FROM THE WEST

A FOREGONE CONCLUSION: HITTING TAXPAYER MONEY OUT OF BOUNDS

By Ron Shultis

Golf is a sport that you can play until you can't walk anymore. It teaches honesty, integrity, and responsibility. But don't expect golf to teach governments to be responsible with your money.

Instead of spending tax dollars on essential public services like roads, public safety, and schools, local governments across Tennessee spend millions on city-owned golf courses that continue to lose money. In 2017 alone, Memphis lost over \$2 million dollars trying to operate eight golf courses.

Why should fans of any other sport have to subsidize the hobby of golfers, a sport that is generally played by wealthier constituents? Even worse, why are

governments competing with private businesses that offer the same service but don't have access to taxpayer funding, putting them at a severe disadvantage? Even if you love golf, it's not the role of government to use your tax dollars to enter the golf business. Taxpayers should demand their local governments take a mulligan on the concept of funding golf courses and focus instead on vital services.

City of Memphis. "Proposed Operating Budget 2019 Fiscal Year: Parks." https://www.memphistn.gov/UserFiles/Servers/Server_11150732/File/Gov/Financial%20Division/FY2019_Proposed_Budget/261_298_Parks.pdf.

SEEKING TAXPAYER DOLLARS

By Ron Shultis

Former band director and band booster for Collierville Middle School Jason Seek was charged with embezzling after a state Comptroller investigation discovered that Seek misappropriated \$133,064 of band booster funds. Seek was found forging signatures and creating elaborate schemes to cash checks and withdraw funds from ATMs over the course of roughly five years. Seek was caught using these funds on personal gambling trips to Mississippi, Arkansas, West Virginia, and even Las Vegas.

The investigation found that even after creating an elaborate cover-up scheme, Seek couldn't manage the money well, racking up hundreds of dollars in ATM withdrawal and transaction fees. Before admitting

the extent of his fraud to investigators, Seek created fake bank statements and financial reports to mislead investigators. In addition to the uncovered fraud, the investigation found that the school was unable to account for over \$46,000 of instrument purchases. That may not be enough to fund a whole "Music Man" parade, but that's a lot of instruments. How hard is it to keep track of a trombone? In the case of Seek, it just goes to show you that it's not just football boosters capable of violations; you've got to keep an eye on those band folks.

State of Tennessee. Comptroller of the Treasury. "Collierville Middle School Band Boosters, Comptroller's Investigative Report." November 28, 2017. <http://www.comptroller.tn.gov/repository/ia/colliervillemiddleschoolbandboosters.pdf>.

EXTREME MAKEOVER: TAXPAYER EDITION

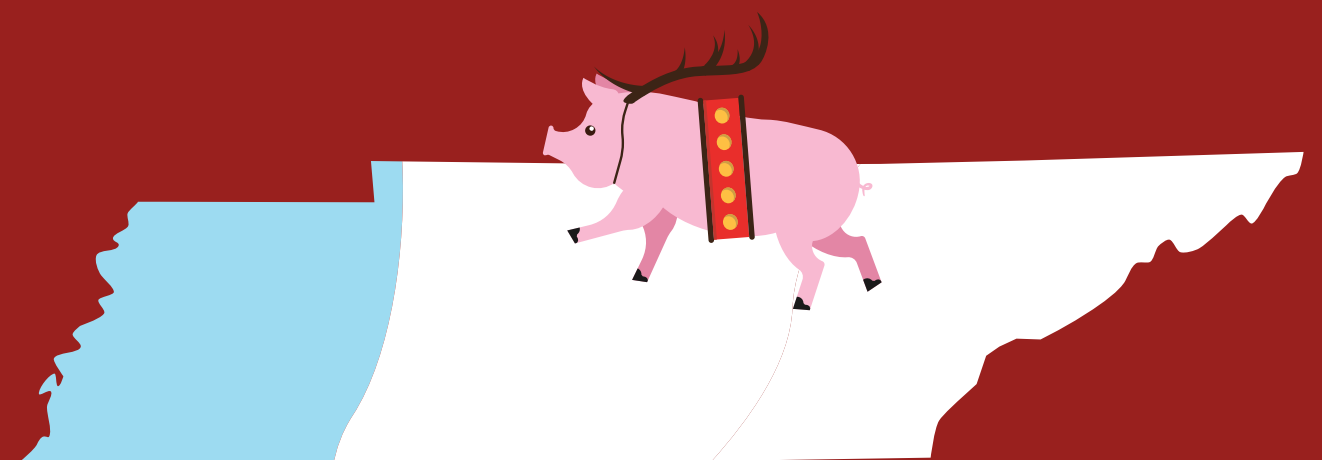
By Ron Shultis

Earlier this year, employees for ServiceMaster began reporting to their newly renovated office in the old Peabody Place mall in downtown Memphis after relocating from their former location on the edge of town. The renovation and relocation was announced in 2016 and cost more than \$35 million. Everybody loves a good ol' HGTV-style renovation with an open concept and natural light for their office, but does government need to fund it? The Tennessee Department of Economic and Community Development, which has never seen a taxpayer handout it doesn't like, gave ServiceMaster \$5.5 million to aid in the move across town, despite knowing that ServiceMaster would not create a single job in exchange for the grant money.

Company officials are hoping the renovation helps the company "recruit technologically savvy and creative millennials." What's next? The government giving money to the McDonald's across the street to serve kale chips and kombucha to get them to spend money eating out for lunch instead of brown-bagging it? If ServiceMaster has trouble attracting programmers with man buns, that's their problem to fix, not the problem for Tennessee taxpayers to subsidize.

Eryn Taylor, "ServiceMaster awarded \$5.5 million grant for renovations to Peabody Place." WREG News 3. June 9, 2016. <https://wreg.com/2016/06/09/servicemaster-awarded-5-5-million-grant-for-renovations-to-peabody-place>.

State of Tennessee. Tennessee Department of Economic and Community Development. "FastTrack Project Database." <https://www.tn.gov/transparenttn/jobs-economic-development/openecd/fasttrack-project-database.html>.



TALES FROM THE MIDDLE

IT'S THE MOST WASTEFUL PORK OF THE YEAR...

THE BODYGUARD

By Justin Owen

On January 31, 2018, news broke that Nashville Mayor Megan Barry was having an extramarital affair with her bodyguard. Paying him \$174,000 in overtime pay for his work to protect and chauffeur her around, the two took junkets to far off locations such as Paris (France, not Tennessee) and Greece on the taxpayers' dime. Things came crashing down when the security guard's confiscated cell phone revealed a nude photo of Barry and a nearby black purse that was later proven to be hers. In a salacious twist to an already steamy saga, a caller phoned NewsChannel 5's tipster hotline and informed the hosts, live on air, that Barry and her beau were frequently witnessed stopping off at the graveyard in her taxpayer-funded SUV, disappearing for

12 to 24 minutes at a time. Soon thereafter, the once rising star appeared in court and pled guilty to felony theft, halting her illustrious political career.

Joey Garrison, Nate Rau, and Adam Tamburin, "Special report: Inside the final 34 days before Megan Barry resigned." *Tennessean*. January 31, 2018. <https://www.tennessean.com/story/news/2018/01/31/nashville-mayor-megan-barry-admits-extramarital-relationship-top-security-officer/1082374001>.

Phil Williams, "Security video shows mayor, bodyguard during early-morning cemetery visits." *NewsChannel 5*. February 22, 2018. <https://www.newschannel5.com/news/newschannel-5-investigates/city-hall-scandal/security-video-shows-mayor-bodyguard-during-early-morning-cemetery-visits>.



POVERTY POCKETS FULL OF CASH

By Justin Owen

It's no secret that Nashville politicians are fond of lavishing the city's biggest companies with heaps of cash. Via various incentive programs, companies are able to take in cash grants, avoid decades of property taxes, and even buy some nice furniture. Wait what? After receiving \$66 million in incentives to relocate its headquarters to downtown Nashville, the Hospital Corporation of America—better known as HCA—needed to fill its new digs. Enter the city, which used federal grant funds designated for "pockets of poverty" to fork over \$1 million to the nation's largest hospital company to furnish its new headquarters.

Purchases included obvious necessities such as a guitar pick-shaped conference table at \$4,190, a "tuxedo sofa" costing \$6,540, and another conference table topping out at more than \$8,300. For a city facing a gaping budget hole, paying for a private company's plush office furnishings, especially with money specifically dedicated for those in poverty, shows an astounding lack of priorities and common sense alike.

Ben Hall, "Metro buys HCA \$1 million in office furniture." *NewsChannel 5*. May 22, 2018. <https://www.newschannel5.com/news/newschannel-5-investigates/metro-buys-hca-1-million-in-office-furniture>.

MAJOR LEAGUE SCREW UP

By Justin Owen

In mid-2018, Nashville leaders announced that the city was effectively broke. It had a gaping budget hole, could not offer cost of living pay raises to first responders and teachers, and some even called for a whopping \$150 million property tax increase to just make ends meet. Many Nashville residents were left scratching their heads when the city then ponied up a prime plot of real estate and hundreds of millions in bonds to help pay for a stadium for the newly acquired Major League Soccer team. And when many of those residents pushed back, the Metro Council wouldn't even put the question on the ballot to let voters decide the issue. To them, voters were apparently just too stupid to understand. Now that voters have been denied a say and their elected council members have given away the farm, let's

hope the soccer team actually draws enough of a crowd to pay off the debt service, or else taxpayers will be left holding the bag. Given the track record of stadium deals elsewhere, we're not optimistic. But we are getting tired of saying "we told you so" over and over again.

Joey Garrison, "Nashville budget battle: See the winners and losers in a fight where few came out clean." *Tennessean*. June 20, 2018. <https://www.tennessean.com/story/news/2018/06/20/nashville-property-tax-winners-losers-budget-debate-mayor-david-briley/719014002>.

Joey Garrison, "Nashville MLS stadium project wins final Metro Council approval." *Tennessean*. September 4, 2018. <https://www.tennessean.com/story/news/2018/09/04/nashville-mls-stadium-soccer-council-vote/1162074002>.

TALES FROM THE EAST

WTF: WHAT THE TIF?

By Stephanie Whitt

There are more than 60 hotels in Bristol, but the Sullivan County Commission and Bristol City Council are giving a tax break to one new hotel project. The proposal includes a 143-room full service hotel and restaurant that would require Tax Increment Financing, or TIF. The city and county will forego a percentage of property tax on the property for up to 20 years to help repay the debt. TIF is

supposed to be used to revitalize blighted areas, but in this case it looks like the tax break is for a new downtown hotel at the expense of competitors and taxpayers.

Tammy Childress, "New hotel planned for West State Street." Bristol Herald Courier. January 18, 2018. https://www.heraldcourier.com/news/new-hotel-planned-for-west-state-street/article_02333cb5-b373-5b9a-a466-5f8b0c2ddf5a.html.

CHATTANOOGA CONSULTANT CONUNDRUM

By Taylor Dawson

An item on the Chattanooga City Council budget is resulting in some raised eyebrows: \$100,000 directed to allow members to hire "consultants" to work with them on a variety of issues. Finance Committee Chairman Chip Henderson said that amount would be partially accounted for in the \$92,000 vacancy left by a staff member position that will not be filled. Is it just me, or do you think that

\$100,000 could be better spent on, say, roads or schools? If I was a taxpayer in Chattanooga, I would offer my council members free consulting on how to make better use of my money.

"City Council Budget Includes \$100,000 For Consultants For Council Members." The Chattanooga. March 6, 2018. <http://www.chattanooga.com/2018/3/6/364607/City-Council-Budget-Includes-100000.aspx>.



UT IS PAYING MILLIONS OF DOLLARS FOR PEOPLE NOT TO SHOW UP TO WORK

By Stephanie Whitt

It's not you; it's me. University of Tennessee officials should hire a new attorney to review their contracts when they are negotiating them since they cleaned house this past year...and cleaned out the piggy bank. UT bought out Chancellor Davenport's contract for \$1.33 million after firing her, but that was just the end to a tumultuous time period where UT sports fans have begged to get off the never-ending merry-go-round. The recent list of buyouts to leave includes former

head coach Butch Jones and his assistants, and former athletic directors John Currie, Dave Hart, and Mike Hamilton, totaling tens of millions of dollars more. Maybe in the future, UT should consider making better hires so taxpayers won't continue paying for their mistakes.

"Tennessee to Buy Out Ousted Chancellor for \$1.33 Million." Associated Press. June 1, 2018. <https://www.usnews.com/news/best-states/tennessee/articles/2018-06-01/tennessee-to-buy-out-ousted-chancellor-for-133-million>.



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