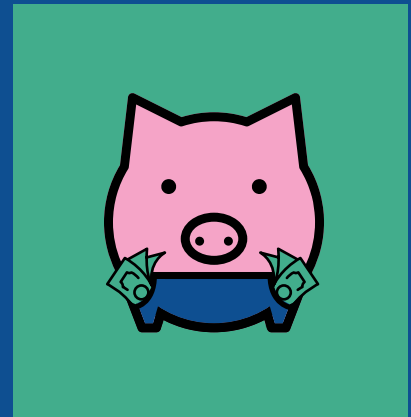
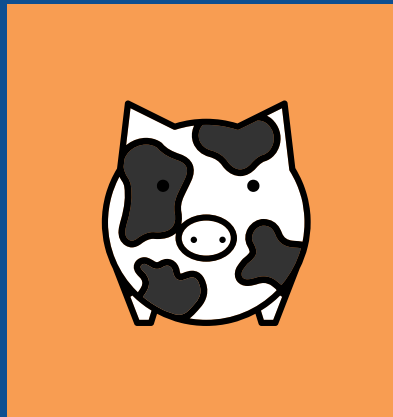


2019 TENNESSEE PORK REPORT





It has been another great year at the Beacon Center! The continued financial and moral support for our organization from individuals across Tennessee has allowed us to reach new highs this year and has given us momentum going into 2020.

This marks the 14th year of the Beacon Center's *Pork Report*, our annual report exposing government waste, fraud, and abuse. While the *Pork Report* is a fun and creative outlet for our team to expose the top 25 most ridiculous instances of government spending in the past year, it is also a call to action to the state and local governments to cut the waste from their budgets. After all, it is state and local taxpayers who are funding all of the "pork" found in this year's report.

If there is a specific issue in this report that really bothers you and you want to do something about it, please contact Taylor Dawson (taylor@beacontn.org). She can help direct you to the right place.

Thanks again for your support of the Beacon Center, and we hope you love/hate this year's iteration of the *Pork Report*.

In Liberty,

Justin Owen
President and CEO



More-Free-Dough

In June, cash-strapped Rutherford County raised property taxes for all homeowners by nearly 6% to help fund “the rising costs of building schools.” Apparently, building schools is code for giving gigantic corporations a huge handout. Just three months after the county increased property taxes, county leaders decided to give a new Costco store nearly \$1 million of property tax relief, meaning that everyday taxpaying citizens barely getting by are now being forced to pay higher property taxes to cover Costco. It’s bad enough that the county raised property taxes in the first place, showing that it doesn’t know how to balance a budget, but it adds insult into injury knowing that the increase in property taxes is happening at the same time that the county is giving tax dollars to a huge corporation.

Caroline Sutton, “Costco coming to Murfreesboro thanks to tax incentive.” NewsChannel 5. September 25, 2019. https://www.newschannel5.com/news/costco-coming-to-murfreesboro-thanks-to-tax-incentive?fbclid=IwAR-0TunmE3UrrVQoXFceChTjmOIQXsADef70j5Wa4uBLSO2iK-68wtXJCIS_Y

Scott Broden, “Rutherford County property taxes to go up nearly 6%, commission decides.” Murfreesboro Daily News Journal. June 26, 2019. <https://www.dnj.com/story/news/2019/06/26/property-taxes-go-up-5-7-rutherford-county-commission-decides/1563522001/>

PORK OF THE YEAR

Kicking the Can Down The Road

One thing a good businessman knows if you are losing money on a project, keep throwing money at it without actually addressing the problem. Obviously that is sarcasm, since the government is the only entity that thinks that is a solution. No wonder the city of Murfreesboro was forced to raise property taxes a few months ago to pay off its terrible investments. Murfreesboro is losing nearly \$150,000 per year on the Richard Siegel Soccer Complex, but instead of cutting its losses and selling it to the private sector, the city decided to double down by adding to the complex and upgrading the lights to the tune of \$14.5 million. Even with the city’s promise to turn the complex’s deficit into a \$115,000-per-year profit—which definitely won’t happen—it would take 127 years to pay off that debt. The Murfreesboro city government deserves a red card for this waste of tax dollars, while at the same time raising property taxes by 36%.

Scott Broden, “Murfreesboro City Council backs 35.8% property tax increase on first budget reading.” Murfreesboro Daily News Journal. June 12, 2019. Updated June 13, 2019. <https://www.dnj.com/story/news/2019/06/12/murfreesboro-city-council-property-tax-increase-vote/1430333001/>



FedExcellent at Taking Tax Dollars

The Memphis-Shelby County EDGE board, the entity formed to bring business into the city, instead continues to redistribute the tax dollars of hard-working Memphians to enormous corporations. In one of its worst moves ever (which is really saying something if you have seen its other handouts), EDGE is giving FedEx \$2 million to move its company's headquarters from one part of Memphis to another. This is in addition to the \$10 million from the state and \$1 million from the Center City Development Board. So in total, FedEx got \$14 million of taxpayer money to move a few miles. The point of economic development is supposedly to bring new companies to the area, not give hard-earned tax dollars to huge corporations to move down the street.

Max Garland, "FedEx Logistics approved for \$10 million grant to aid Downtown Memphis move." Commercial Appeal. March 8, 2019. <https://www.commercialappeal.com/story/money/industries/logistics/2019/03/08/fedex-logistics-10-million-grant-downtown-memphis-move/3106818002/>



More Nonsense Public Spending

The most important aspects of a government contract with a private company are accountability and transparency. But when it comes to Metro Nashville Public Schools' (MNPS) \$1 million contract with Performance Matters for a student assessment platform, a platform used to help students gear up for test taking, we got neither. In a deal that even MNPS admitted was illegal after being questioned by NewsChannel 5's Phil Williams, we have no idea what that \$1 million even produced. The district admitted that there was no way to track how many teachers or schools used the assessment platform and that using the software was optional. It's not a great PR move to be throwing away \$1 million of the city's tax dollars at the same time you say city schools need more money.

Phil Williams, "What did MNPS get for \$1 million? Potentially, not much." NewsChannel 5. February 5, 2019. Updated February 13, 2019. <https://www.newschannel5.com/news/newschannel-5-investigates/what-did-mnps-get-for-1-million-potentially-not-much>

Pay the Tax so James Stephens Can Buy Axe

In all the years of writing this report, we have never seen a fraud case that is so...weird. Former Keith Springs Volunteer Fire Chief James Stephens stole more than \$20,000 in tax dollars for personal use, but the strangest part of this story is what he bought with the money. While Stephens stole money to buy "normal" things like a vacation rental in Panama City, an Xbox Live, and a Netflix subscription, he also bought strange items like Axe body spray and gross sexual things that we'd rather not talk about. Stephens should be absolutely ashamed of himself for stealing tax dollars for personal "use."



State of Tennessee. Comptroller of the Treasury. "Keith Springs Volunteer Fire Department, Comptroller's Investigative Report." January 24, 2019. <https://www.comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/fire-department/KeithSpringsFireDepartment.pdf>

A TIF Taking

If you owned a condo in downtown Nashville's Veridian high rise building, you'd pay about \$2,600 a year in property taxes. You might be surprised to learn that a piddly \$115 of that will be used to provide for city services like roads, police, and schools. The other 95% will go right back to future developers under the city's Tax Increment Financing (TIF) scheme. With so much kickback cash already going into the TIF program, you'd be downright astonished to learn that it still wasn't enough. Late last year, city leaders raided \$1.5 million from the school district's budget to further bolster the TIF program to build more downtown buildings. Welcome to the New Nashville: our kids might not be able to read, but we sure have some fancy skyscrapers.

Ben Hall, "Metro Underestimates Cost of Controversial Tax Incentive." NewsChannel 5. October 29, 2018. <https://www.newschannel5.com/news/newschannel-5-investigates/metro-underestimates-cost-of-controversial-tax-incentive>





Bluff City Naw

What do you think about forking over \$4.25 million of your hard-earned money to Hollywood? We're not bluffing. After spending more than \$50 million on the canceled "Nashville" TV show, the government continues to pump money into the TV business. This year's feature is "Bluff City Law," a new NBC series based in Memphis. Study after study shows that film and TV incentives have a horrendous return on investment, bringing in as little as seven cents for every dollar spent. This is a fairytale for Hollywood elites, as the overwhelming majority of tax dollars spent on these incentives wind up in their pockets, not local workers'. At least temporarily, because most of these shows don't last very long. "Bluff City Law" only filmed 10 episodes before pumping the breaks this fall.

Toby Sells, "Bluff City Law' Will Shoot in Memphis with \$4.25M Incentive Package." Memphis Flyer. June 5, 2019. <https://www.memphisflyer.com/NewsBlog/archives/2019/06/04/bluff-city-law-will-shoot-in-memphis-with-425m-incentive-package>

John Beifuss, "Bluff City Law' shooting to end - but Memphis-made legal drama not canceled." Memphis Commercial Appeal. October 17, 2019. <https://www.commercialappeal.com/story/news/2019/10/17/bluff-city-law-nbc-memphis-production-ends-is-it-canceled/4014911002/>



A Prime Case Against Corporate Welfare

In November 2018, Amazon announced the highly anticipated location for its second headquarters. While contender Nashville didn't make the cut, it was offered a consolation prize with a 5,000-job operations hub. In exchange, state and local taxpayers gave Amazon \$102 million in incentives. That's enough to buy every Nashville household an Amazon Prime account for three years. What they'll get instead is more traffic and less affordable housing. We're glad Amazon is headed to Nashville, but as one of the wealthiest companies in the world, we're confident it didn't need our money to make Music City its new home.

Catlin Bogard, "More than \$100 million in incentives offered by Nashville, state for Amazon jobs." NewsChannel 5. November 13, 2018. <https://www.newschannel5.com/news/more-than-100-million-in-incentives-offered-by-nashville-state-for-amazon-jobs>

State of Tennessee. "The Budget Fiscal Year 2019-2020." p. A-138. <https://www.tn.gov/content/dam/tn/finance/budget/documents/2020BudgetDocumentVol1.pdf>



Memphis Tax Dollars are Leaving the Building

In another example of a company holding a city hostage and leaving taxpayers all shook up, the Memphis City Council authorized \$75 million in incentives for Graceland, Elvis' historic mansion. This came on the heels of veiled threats by the management company to actually move Graceland brick by brick from Memphis. The council's only stipulation was that Graceland couldn't build an auditorium or theater to compete with the city's other taxpayer-funded arena, FedEx Forum. Apparently they have to draw the line on giving away taxpayer money somewhere! This isn't even the first time that Graceland has pocketed taxpayer money. It received \$21 million back in 2015. When will Memphis taxpayers realize their leaders ain't no friend of theirs and call for fiscal restraint?

Kirstin Garriss, "Memphis city council approves tax incentives for \$75 million Graceland development." Fox 13 Memphis, July 3, 2019. <https://www.fox13memphis.com/top-stories/memphis-city-council-approves-tax-incentives-for-75-million-graceland-development/963465456>

Million Dollar Baby (Shower)

Everyone says babies are expensive, but who knew they were worth \$1 million? After a two-year investigation, the state Comptroller found that the nonprofit Mississippi River Corridor-Tennessee had swindled nearly \$1.1 million out of taxpayers. Meant to "foster economic development and conversation," the group's executive director Diana Threadgill appears to have instead used the nonprofit as her own personal piggy bank. Among the improper expenses were personal meals, entertainment, gasoline, and even "baby shower supplies." She put a whole new meaning to the term "Million Dollar Baby."

State of Tennessee. Comptroller of the Treasury. "Mississippi River Corridor - Tennessee, Inc., Comptroller's Investigative Report." February 20, 2019. <https://comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/non-profit-organization/MississippiRiverCorridorReport.pdf>

Samuel Hardiman, "Investigators allege Memphis nonprofit got \$1M in improper reimbursements." Memphis Business Journal. February 20, 2019. <https://www.bizjournals.com/memphis/news/2019/02/20/investigators-allege-memphis-nonprofit-got-1m-in.html>

Max Garland, "\$1 million improperly reimbursed to grant-backed Memphis group, investigation finds." Commercial Appeal. February 20, 2019. <https://www.commercialappeal.com/story/money/2019/02/20/mississippi-river-corridor-tennessee-comptroller/2929525002/>

Toby Sells, "Investigation Finds \$1M in Improper Government Payments to Memphis Nonprofit." Memphis Flyer. February 20, 2019. <https://www.memphisflyer.com/News-Blog/archives/2019/02/20/investigation-finds-1m-in-improper-government-payments-to-memphis-nonprofit>



The Next Round is on Memphis Taxpayers

Lots of guys love to brew their own beer. It's like a science experiment at home that you can drink! While it's not a very labor-intensive hobby, it sure can get expensive. Between equipment and ingredients, it can add up quick. Too bad most didn't think to get a \$1.7 million property tax subsidy like Wiseacre Brewing Co. did from Memphis. Sure, most of us don't brew professionally, but here's the problem: many others in Memphis do. Do a quick search and you'll find a handful of microbreweries that now have to pay higher property taxes to subsidize their competition. Everybody loves the guy who brings free beer to the party. Too bad Memphis taxpayers will have to pay even more money to try the beer they already paid for.

Jacob Steimer, "First Look: Wiseacre's future Downtown brewery," Memphis Business Journal. December 6, 2018. <https://www.bizjournals.com/memphis/news/2018/12/06/first-look-wiseacres-future-downtown-brewery.html>



Now That's What I Call Job Security

We've all heard the standard advice: "If you want to be successful: go to school, get a good job, and work hard so you can get paid a quarter million dollars when you're fired." Wait, what? Odds are nobody ever taught you that strategy when you were young, but apparently former Metro Nashville Public Schools (MNPS) Superintendent Dr. Shawn Joseph had access to better information growing up than the rest of us. This April, after a long list of scandals including \$350,000 spent settling a sexual harassment claim against Dr. Joseph, and allegations that he used a school bus driver as his personal chauffeur, the MNPS school board agreed to buy out Dr. Joseph's contract for another \$261,250. To add insult to injury, the district pledged an additional \$10,000 to help Dr. Joseph pay legal fees because the state Board of Education was seeking to suspend his license. If this is how they try to fire every other leader, it's no wonder Nashville can't afford to give teachers a raise.

Catlin Bogard, "Metro School Board votes to buy out Dr. Shawn Joseph's contract." NewsChannel 5. April 9, 2019. https://www.newschannel5.com/news/metro-nashville-public-schools-board-votes-to-buyout-dr-shawn-josephs-contract?fbclid=IwAR3ypW54bP6b9Sk_81r0knebfXzNgHskVf2ww2CSgcydNYm8ZKpTIR83r4

The Fire Ate My Homework

Patrick Martin, the former executive director of the Community Prevention Coalition of Jackson County, a nonprofit that seeks to reduce underage drinking and smoking that receives most of its funding from state and federal agencies, was indicted after stealing at least \$46,335. Martin used the funds to purchase a crossbow, a Ford Mustang, seven extra paychecks to himself, and other items, pretty good for just \$46,000. Unfortunately, seven days into the investigation, the records in Martin's custody were apparently lost in a fire, so in all likelihood it is impossible to know how much he defrauded taxpayers. A fire? Now that's one excuse most teachers haven't heard.



State of Tennessee. Comptroller of the Treasury. "Community Prevention Coalition of Jackson County, Comptroller's Investigative Report." May 13, 2019. <https://comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/nonprofit-organization/CommunityPreventionCoalition-ofJacksonCountyReport.pdf>

Fire Department Drained & Taxpayers Soaked

Just because James Botbyl was with a volunteer fire department didn't mean he wasn't taking home a paycheck. The now former treasurer of the Fairfield Glade Volunteer Fire Department wrote himself 64 checks totaling at least \$302,303 with no services provided to the department. Botbyl only took 10 months to drain the fire department dry of its funds and was found out when the department did not have the adequate funds to cover the purchase of new radios and pagers.

State of Tennessee. Comptroller of the Treasury. "Fairfield Glade Volunteer Fire Department, Comptroller's Investigative Report." July 16, 2019. <https://www.comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/fire-department/FairfieldGladeVFDReport.pdf>





Hamblen County's Baskette Case

John Baskette, Hamblen County Trustee, broke the public's trust through a long list of debts and taxpayer theft. In less than a month, Baskette stole \$89,479 in property tax cash payments made to the trustee's office. Baskette used these stolen funds to pay off his debts ranging from personal loans to equipment and cattle sales. In addition to his theft, Baskette chose not to pay his own property tax bill of nearly \$1,300.

State of Tennessee. Comptroller of the Treasury. "Hamblen County Trustee's Office, Comptroller's Investigative Report." August 16, 2019. <https://www.comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/county/HamblenCountyTrusteeReport.pdf>



Enemies in High Places

Garth Brooks sang about his appreciation for friends in low places, yet Memphis resident Kareema McCloud probably never thought about having enemies in high places. But that is exactly what happened when her neighbor, former mayor of both Memphis and Shelby County, A.C. Wharton, found out she was legally renting out rooms in her home through Airbnb. Interactions caught on McCloud's security camera showed Wharton and a barrage of government officials from at least six agencies showing up at her home day after day to hassle her. This included a three-day police stakeout at McCloud's home on the unfounded claim that she was not running an Airbnb, but a brothel. While a Memphis spokesman stated that anyone can call and complain about a neighbor, it is hard to dismiss that Wharton's political connections brought about more scrutiny—and more wasted tax dollars—than the average citizen's complaint. Let's hope this political, taxpayer-funded bullying has been put to bed.

Jeni Diprizio, "Local I-Team: Watchdog group calls resources spent on Wharton neighbor dispute 'waste of taxpayer money.'" Local Memphis. August 7, 2019. <https://www.localmemphis.com/news/local-i-team/local-i-team-watchdog-group-calls-resources-spent-on-wharton-neighbor-dispute-waste-of-taxpayer-money/>



State Pork DepART- ment

Another year, another multi-million-dollar check written for the Tennessee Arts Commission. This year brought over \$6.5 million in tax dollars for the Arts Commission to increase participation in all areas of the arts, including music. However, with Memphis and Nashville as two of the main cities where everyone from aspiring musicians to incredibly successful artists move to, it begs the question as to why state government continues to fund music awareness through the Arts Commission. If you speak to anyone from Tennessee, chances are they personally know a musician. Speak to someone from the Tennessee Arts Commission, you'll probably hear about their large budget. Even in a state with amazing artistic talent, wasted tax dollars will always be a sour note.

State of Tennessee. "The Budget Fiscal Year 2019-2020," p. B-251. <https://www.tn.gov/content/dam/tn/finance/budget/documents/2020BudgetDocumentVol1.pdf>



Danger Zone

While designing a brand new \$2 million visitor center at Reelfoot Lake State Park, paid for by state and federal taxpayer money, designers forgot that the location, 100 miles north of Memphis, was pretty close to the New Madrid fault. The fault is widely predicted to bring a catastrophic earthquake in the next 50 years. Crews had to take down the partially built center because it did not meet earthquake standards, wasting \$700,000 in taxpayer money. On top of that, a state audit found the Mississippi River Corridor-Tennessee, a nonprofit awarded management of the project, failed to obtain competitive bids. There was a conflict of interest when a contract was awarded to an architecture firm whose partner served on the nonprofit's advisory council.

Jeni Diprizio, "Local I-Team: You Paid For It - A \$700,000 Mistake At Reelfoot Lake." Local Memphis. November 2, 2018. <https://www.localmemphis.com/news/local-news/local-i-team-you-paid-for-it-a-700000-mistake-at-reelfoot-lake/>

Competition for the Grinch

The Director of the Jackson-Madison County Health Department bought items intended for children on the TennCare Kids program and returned them for cash and gift cards to put directly in her pocket. According to the Comptroller, the director was responsible for purchasing materials that would benefit children of the community. She handled all purchases and receipts, allowing her to return the items after purchase for cash or gift cards. She completed over 30 return transactions, which resulted in \$1,333 in her pocket. She takes the Grinch to a whole new level.



State of Tennessee. Comptroller of the Treasury. "Jackson-Madison County Regional Health Department, Comptroller's Investigative Report." May 1, 2019. <https://comptroller.tn.gov/content/dam/cot/ia/advanced-search/2019/health-department/JMCRHReport.pdf>

Tennessee's Favorite Things

You get \$13 million, you get \$800,000, you get \$1.3 million, you get \$770,000...nope, it's not a game show, it's how the State Funding Board, the entity that manages the financial functions of state and local governments, recently allocated tax handouts to four companies. Three of the companies were already based in Nashville where the city's economic boom continues and officials don't need to beg or bribe companies to move there. While these companies promise to create jobs and invest in Tennessee as a way to get the handouts, we should stop picking winners and losers and lower the corporate tax rate for all companies and see what kind of job growth that produces.

Associated Press, "Tennessee panel OKs \$13M in incentives for 4 companies." Fox 17 News. June 28, 2019. <https://fox17.com/news/local/tennessee-panel-oks-13m-in-incentives-for-4-companies>





NFL: Nashville's Failure of Leadership?

Tennesseans really have a passion for football, which is understandable. In fact, most of the Beacon team loves football with the same intensity as our hatred for wasting tax dollars. Can you imagine how conflicted we felt when Nashville gave the National Football League \$3 million in tax dollars to hold the draft in Nashville? After the 2018 season, NFL teams shared a net revenue of \$8.78 billion. Why should Nashville, a city with an ever-growing debt situation, give an organization with that much wealth even more money? Punting debt down the road is not an ideal play.

David Boclair, "Pursuit of NFL Draft 'tested' city officials." Nashville Post. May 24, 2018. <https://www.nashvillepost.com/sporting-events/blog/21006490/pursuit-of-nfl-draft-tested-city-officials>



Help Wanted at the Sheriff's Office

Everyone would probably agree that having car trouble is one of the most annoying inconveniences. And when it's time to pay for it to get fixed, that only adds insult to injury. How nice must it be to work in high places, like Claiborne County Sheriff David Ray, for example. Earlier this year, it came to light that the sheriff and several of his employees used county inmate labor to work on their personal vehicles and other equipment. It didn't stop there. Inmates also assembled Ray's re-election yard signs. I guess with a cushy position like that, some people will do whatever it takes to stick around.

Greg Raucoules, "Claiborne County sheriff, sheriff's office employees arrested by TBI." WATE 6. August 22, 2018. <https://www.wate.com/news/local-news/claiborne-co-sheriff-sheriff-s-office-employs-arrested-on-misconduct-charges/1388553937>

Paint the Town Red, Pay the Company Green

Like an experienced painter, the Tennessee's Economic and Community Development Department (TNECD) thoroughly covers all corners of Tennessee. But instead of brushing on paint, it rolls out taxpayer-funded grants to corporations. After years of handing out \$800 million to Volkswagen (and proposing another \$50 million in 2019), TNECD decided to add a few more coats, this time spreading \$1.1 million to Nippon Paint, a Japanese paint manufacturer. The city of Chattanooga acted as a primer for Nippon, giving the corporation free land for their building. With no plan to stop these handouts, it's hard to cover the stain of wasted tax dollars through corporate welfare.

Dave Flessner, "Automotive paint company to build plant on vacant Tubman site in East Chattanooga." Times Free Press. September 23, 2019. <https://www.timesfree-press.com/news/breakingnews/story/2019/sep/23/automotive-paint-manufacturer-build-former-tubman-site/504180/>

Mike Pare & Andy Sher, "Lee proposes \$50 million state incentive grant for Volkswagen electric vehicle plant." Times Free Press. March 4, 2019. <https://www.timesfree-press.com/news/breakingnews/story/2019/mar/04/lee-state-incentive-grant-volkswagen-electric-vehicle-plant/489919/>



How Much Does It Cost to Start a Podcast?

At the Beacon Center, we are pretty familiar with what it takes to get a podcast started. Do you know what it doesn't take? Over \$100,000. Apparently Shelby County didn't get that memo. County officials approved a \$109,800 contract to produce a podcast where they talk about county commission meetings. But commission meetings themselves are already streamed live online, so why the need for more? It's hard to imagine people wanting to hear play-by-play coverage enough to justify that expense. Hey Shelby County, if you're looking for a great podcast to fund, check out Beacon's "Decaf" podcast. If you can't beat 'em, join 'em, right?

Jeni Diprizio, "Local I-Team: Shelby County Commission approves \$100,000 to produce podcasts." Local Memphis. August 27, 2019. <https://www.localmemphis.com/news/local-i-team/local-i-team-shelby-county-commission-approves-100000-to-produce-podcasts/>



About the Beacon Center

The Beacon Center empowers Tennesseans to reclaim control of their lives, so that they can freely pursue their version of the American Dream. The Center is an independent, nonprofit, and nonpartisan research organization dedicated to providing expert empirical research and timely free market solutions to public policy issues in Tennessee.

Guarantee of Quality Scholarship

The Beacon Center of Tennessee is committed to delivering the highest quality and most reliable research on Tennessee policy issues. The Center guarantees that all original factual data are true and correct and that information attributed to other sources is accurately represented. The Center encourages rigorous critique of its research. If an error ever exists in the accuracy of any material fact or reference to an independent source, please bring the mistake to the Center's attention with supporting evidence. The Center will respond in writing and correct the mistake in an errata sheet accompanying all subsequent distribution of the publication, which constitutes the complete and final remedy under this guarantee.

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