

FINAL BILL REPORT

SHB 2535

C 213 L 96

Synopsis as Enacted

Brief Description: Adopting ethics standards for academic or scientific public service work.

Sponsors: By House Committee on Trade & Economic Development (originally sponsored by Representatives Van Luven, Jacobsen and Carlson).

House Committee on Trade & Economic Development **Senate Committee on Government Operations**

Background: In 1994, the Legislature adopted the State Ethics Act. The act prescribes ethical standards for state officers and state employees in all branches of state government except for individuals expressly excluded.

Prohibited activities include (1) having any interest or business which is in conflict with state duties; (2) having an interest, either direct or indirect, in a contract, sale, lease, purchase, or grant that is under the officer's or employee's supervision; (3) participating in a transaction involving the state in his or her official capacity with an entity of which the officer or employee is an officer, agent, employee, or member, or in which the officer or employee owns a beneficial interest; (4) accepting employment which might reasonably require the disclosure of confidential information obtained through state employment; (5) accepting any compensation or benefit from sources other than the state for the performance of state duties; (6) accepting anything of economic value given to influence the performance of state duties; and (7) using state resources for personal benefit.

Technology transfer is the process that turns university discoveries and inventions into products that benefit the public and strengthen the state's economy. As an idea moves from a university laboratory to a licensing arrangement with a private company and to commercial development and production, success often depends on the continued involvement of the original faculty inventor.

The state ethics law is more restrictive than federal regulations regarding conflict-of-interest policies. This has effectively reduced faculty-member involvement in research if there is any "beneficial (economic) interest" with a private company. The law would also require a faculty member awarded the Nobel Prize to decline the monetary part of the prize.

Summary: The State Ethics Act is amended regarding state officers or employees of institutions of higher education and the Spokane Intercollegiate Research and Technology Institute (SIRTI).

A state officer or employee of either an institution of higher education or SIRTI may receive something of economic benefit from a contract or grant. The institution of higher education and SIRTI must have a written administrative process, in compliance with federal law, to identify and manage, reduce, or eliminate conflicting interest in the transaction, and the state officer or employee must comply with the policy.

A state officer or employee of an institution of higher education or SIRTI may serve as (1) an officer, agent, employee, or member, or on the board of directors, board of trustees, advisory board, or committee or review panel of any nonprofit institute, foundation, or fundraising entity; and (2) a member of an advisory board, committee, or review panel for a governmental or other nonprofit entity.

It is clarified that a state officer or employee may not make an unauthorized disclosure of confidential information gained as a result of his or her official position or use the information for his or her own personal gain or benefit. Disclosure of information is allowed if authorized by the contract involving the state officer's or employee's agency and by a person authorized to waive confidentiality.

A state officer or employee of an institution of higher education or SIRTI may receive compensation, or a gift, reward, or gratuity for performing or omitting or deferring the performance of any official duty from a governmental entity, an agency or instrumentality of a governmental entity, or a nonprofit organization organized for the benefit and support of the state employee's agency or other state agencies under an agreement with the state employee's agency.

A state officer or employee awarded a contract or issued a grant may delete proprietary information or research from the contract or grant filed for review with the appropriate ethics board.

"Contract or grant" is defined as an agreement between two or more people that creates an obligation to do or not do something (and includes an employment contract, lease, license, or purchase or sales agreement).

The definition of "gift" is amended to exclude awards, prizes, scholarships, or other items provided in recognition of academic or scientific achievement.

"Official duty" is defined as duties within the specific scope of employment of the state officer or employee as defined by the state agency, or by statute or the state Constitution.

Votes on Final Passage:

House	96	0
Senate	49	0

Effective: June 6, 1996