

# SENATE BILL REPORT

## SSB 6235

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As Passed Senate, February 9, 1996

**Title:** An act relating to ethics, technology, and federal standards for conflicts in public service.

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

**Sponsors:** Senate Committee on Government Operations (originally sponsored by Senators Drew, McDonald, Haugen, Rinehart, Snyder, Kohl, Winsley, Sheldon, Bauer, Wood and Finkbeiner).

**Brief History:**

**Committee Activity:** Government Operations: 1/23/96, 1/31/96 [DPS].  
Passed Senate, 2/9/96, 48-0.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** That Substitute Senate Bill No. 6235 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, Heavey, McCaslin and Winsley.

**Staff:** Rod McAulay (786-7754)

**Background:** In 1994, following the recommendations of a special Governor's Commission on Ethics, the Legislature adopted a comprehensive revision of the laws establishing ethical standards and procedures for state officers and employees. These standards apply to all state employees including university faculty.

There is concern that a strict reading of the statutes will preclude university faculty engaged in significant scientific and technological research from collaborating with private enterprise and nonprofit organizations in facilitating the development and marketing of new technologies within the state. The standards may also inhibit the inflow of grants to state universities for research and development activities. It is proposed that the ethics provisions be modified to permit certain relationships to exist between university faculty and outside entities subject to existing national standards regarding conflicts of interest and financial disclosure.

Definitions in the ethics statutes do not include a definition of "grant" or of "official duty." The definition of "gift" includes a list of things which are not gifts. This list does not include awards, prizes, scholarships, or other items provided in recognition of academic or scientific achievement.

Under current ethics law, no state officer or employee may:

- be beneficially interested in a contract or grant made by or under his or her supervision;

- accept any compensation from any other person beneficially interested in such a contract or grant;
- participate in any transaction in his or her official capacity between the state and an entity of which he or she is an officer, agent, employee or member;
- accept employment or engage in any business activity that he or she might reasonably expect would require disclosure of confidential information acquired as a result of state employment;
- make a disclosure of confidential information obtained as a state employee for personal gain or benefit;
- ask for, give or receive any compensation, gift, reward or gratuity from a source other than the state.

A state officer or employee awarded a contract or issued a grant with a state agency, within the limitations of the law, shall file the contract or grant with the appropriate ethics board.

**Summary of Bill:** The statutes establishing ethical standards for state officers and employees are amended. Definitions of "grant" and "official duty" are added. "Gift" is defined to not include awards, prizes, scholarships, or other items provided in recognition of academic or scientific achievement.

An officer or employee of a state institution of higher education or the Spokane Intercollegiate Research and Technology Institute may have a beneficial interest in a contract or grant made by him or her, or under his or her supervision, or accept compensation under such contract or grant if the institution of higher education has in effect a written administrative process to identify and manage, reduce, or eliminate conflicting interests with respect to the transaction as adopted pursuant to federal regulations.

An officer or employee of a state institution of higher education or the Spokane Intercollegiate Research and Technology Institute may serve as an officer, agent, employee, or member, or on the board of directors or trustees, advisory board, or review panel for any nonprofit institute, foundation, or fundraising entity. Also, the officer or employee is permitted to serve as a member of an advisory board or review panel for a governmental or other nonprofit entity.

No state officer or employee may accept employment or engage in any business activity that might require or induce the unauthorized disclosure of confidential information acquired as a result of state employment. No state officer or state employee may make an unauthorized disclosure of confidential information gained as a result of state employment unless the disclosure is authorized by statute or by the terms of a contract involving the state officer or employee's agency and the person who has authority to waive the confidentiality of the information.

Unless otherwise authorized by law, no state officer or employee may ask for, give or receive any compensation, gift, reward, or gratuity from any source other than the state, for performing or omitting or deferring the performance of any official duty. However, officers

or employees of institutions of higher education and the Spokane Intercollegiate Research and Technology Institute may receive compensation from another governmental agency or instrumentality, or a nonprofit corporation organized for the benefit and support of his or her agency or other state agency, pursuant to an agreement with his or her agency.

When a state officer or employee is required by law to file a contract or grant with a state ethics board, proprietary formulae, designs, drawings or research included in the contract or grant may be deleted from the copy which is filed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Will allow technology research partnerships to exist. Will permit participation with nonprofit entities such as UW Hospital and with fund-raising organizations. Will allow faculty to receive academic honors such as Nobel Prizes. Faculty will remain subject to a rigorous internal review process.

**Testimony Against:** None.

**Testified:** Senator Drew, prime sponsor; Bob Edie, UW; Robert Miller, UW; Tom Ranken, WA Biotechnology and Biomedical Assoc.; Terry Byington, American Electronics Assoc.; Tom George, WSU.