
SENATE BILL 6235

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By Senators Drew, McDonald, Haugen, Rinehart, Snyder, Kohl, Winsley, Sheldon, Bauer, Wood and Finkbeiner

Read first time 01/09/96. Referred to Committee on Government Operations.

1 AN ACT Relating to ethics, technology, and federal standards for
2 conflicts in public service; and amending RCW 42.52.010, 42.52.020,
3 42.52.030, 42.52.050, 42.52.110, 42.52.120, and 42.52.160.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 42.52.010 and 1994 c 154 s 101 are each amended to
6 read as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Agency" means any state board, commission, bureau, committee,
10 department, institution, division, or tribunal in the legislative,
11 executive, or judicial branch of state government. "Agency" includes
12 all elective offices, the state legislature, those institutions of
13 higher education created and supported by the state government, and
14 those courts that are parts of state government.

15 (2) "Head of agency" means the chief executive officer of an
16 agency. In the case of an agency headed by a commission, board,
17 committee, or other body consisting of more than one natural person,
18 agency head means the person or board authorized to appoint agency
19 employees and regulate their conduct.

1 (3) "Assist" means to act, or offer or agree to act, in such a way
2 as to help, aid, advise, furnish information to, or otherwise provide
3 assistance to another person, believing that the action is of help,
4 aid, advice, or assistance to the person and with intent so to assist
5 such person.

6 (4) "Beneficial interest" has the meaning ascribed to it under the
7 Washington case law. However, an ownership interest in a mutual fund
8 or similar investment pooling fund in which the owner has no management
9 powers does not constitute a beneficial interest in the entities in
10 which the fund or pool invests.

11 (5) "Compensation" means anything of economic value, however
12 designated, that is paid, loaned, granted, or transferred, or to be
13 paid, loaned, granted, or transferred for, or in consideration of,
14 personal services to any person.

15 (6) "Confidential information" means (a) specific information,
16 rather than generalized knowledge, that is not available to the general
17 public on request or (b) information made confidential by law.

18 (7) "Contract" means an agreement between two or more persons that
19 creates an obligation to do or not to do a particular thing.
20 "Contract" includes, but is not limited to, an employment contract, a
21 lease, a license, a purchase agreement, or a sales agreement.

22 (8) "Ethics boards" means the commission on judicial conduct, the
23 legislative ethics board, and the executive ethics board.

24 ((+8)) (9) "Family" has the same meaning as "immediate family" in
25 RCW 42.17.020.

26 ((+9)) (10) "Gift" means anything of economic value for which no
27 consideration is given. "Gift" does not include:

28 (a) Items from family members or friends where it is clear beyond
29 a reasonable doubt that the gift was not made as part of any design to
30 gain or maintain influence in the agency of which the recipient is an
31 officer or employee;

32 (b) Items related to the outside business of the recipient that are
33 customary and not related to the recipient's performance of official
34 duties;

35 (c) Items exchanged among officials and employees or a social event
36 hosted or sponsored by a state officer or state employee for coworkers;

37 (d) Payments by a governmental or nongovernmental entity of
38 reasonable expenses incurred in connection with a speech, presentation,
39 appearance, or trade mission made in an official capacity. As used in

1 this subsection, "reasonable expenses" are limited to travel, lodging,
2 and subsistence expenses incurred the day before through the day after
3 the event;

4 (e) Items a state officer or state employee is authorized by law to
5 accept;

6 (f) Payment of enrollment and course fees and reasonable travel
7 expenses attributable to attending seminars and educational programs
8 sponsored by a bona fide nonprofit professional, educational, or trade
9 association, or charitable institution. As used in this subsection,
10 "reasonable expenses" are limited to travel, lodging, and subsistence
11 expenses incurred the day before through the day after the event;

12 (g) Items returned by the recipient to the donor within thirty days
13 of receipt or donated to a charitable organization within thirty days
14 of receipt;

15 (h) Campaign contributions reported under chapter 42.17 RCW;
16 ((and))

17 (i) Discounts available to an individual as a member of an employee
18 group, occupation, or similar broad-based group; and

19 (j) Awards, prizes, scholarships, or other items provided in
20 recognition of academic or scientific achievement.

21 ~~((10))~~ (11) "Honorarium" means money or thing of value offered to
22 a state officer or state employee for a speech, appearance, article, or
23 similar item or activity in connection with the state officer's or
24 state employee's official role.

25 ~~((11))~~ (12) "Official duty" means those duties within the
26 specific scope of employment of the state officer or state employee as
27 defined by the officer's or employee's agency.

28 (13) "Participate" means to participate in state action or a
29 proceeding personally and substantially as a state officer or state
30 employee, through approval, disapproval, decision, recommendation, the
31 rendering of advice, investigation, or otherwise but does not include
32 preparation, consideration, or enactment of legislation or the
33 performance of legislative duties.

34 ~~((12))~~ (14) "Person" means any individual, partnership,
35 association, corporation, firm, institution, or other entity, whether
36 or not operated for profit.

37 ~~((13))~~ (15) "Regulatory agency" means any state board,
38 commission, department, or officer, except those in the legislative or
39 judicial branches, authorized by law to conduct adjudicative

1 proceedings, issue permits or licenses, or to control or affect
2 interests of identified persons.

3 ~~((14))~~ (16) "Responsibility" in connection with a transaction
4 involving the state, means the direct administrative or operating
5 authority, whether intermediate or final, and either exercisable alone
6 or through subordinates, effectively to approve, disapprove, or
7 otherwise direct state action in respect of such transaction.

8 ~~((15))~~ (17) "State action" means any action on the part of an
9 agency, including, but not limited to:

- 10 (a) A decision, determination, finding, ruling, or order; and
11 (b) A grant, payment, award, license, contract, transaction,
12 sanction, or approval, or the denial thereof, or failure to act with
13 respect to a decision, determination, finding, ruling, or order.

14 ~~((16))~~ (18) "State officer" means every person holding a position
15 of public trust in or under an executive, legislative, or judicial
16 office of the state. "State officer" includes judges of the superior
17 court, judges of the court of appeals, justices of the supreme court,
18 members of the legislature together with the secretary of the senate
19 and the chief clerk of the house of representatives, holders of
20 elective offices in the executive branch of state government, chief
21 executive officers of state agencies, members of boards, commissions,
22 or committees with authority over one or more state agencies or
23 institutions, and employees of the state who are engaged in
24 supervisory, policy-making, or policy-enforcing work. For the purposes
25 of this chapter, "state officer" also includes any person exercising or
26 undertaking to exercise the powers or functions of a state officer.

27 ~~((17))~~ (19) "State employee" means an individual who is employed
28 by an agency in any branch of state government. For purposes of this
29 chapter, employees of the superior courts are not state officers or
30 state employees.

31 ~~((18))~~ (20) "Thing of economic value," in addition to its
32 ordinary meaning, includes:

- 33 (a) A loan, property interest, interest in a contract or other
34 chose in action, and employment or another arrangement involving a
35 right to compensation;
36 (b) An option, irrespective of the conditions to the exercise of
37 the option; and
38 (c) A promise or undertaking for the present or future delivery or
39 procurement.

1 (~~(19)~~) (21)(a) "Transaction involving the state" means a
2 proceeding, application, submission, request for a ruling or other
3 determination, contract, claim, case, or other similar matter that the
4 state officer, state employee, or former state officer or state
5 employee in question believes, or has reason to believe:

6 (i) Is, or will be, the subject of state action; or

7 (ii) Is one to which the state is or will be a party; or

8 (iii) Is one in which the state has a direct and substantial
9 proprietary interest.

10 (b) "Transaction involving the state" does not include the
11 following: Preparation, consideration, or enactment of legislation,
12 including appropriation of moneys in a budget, or the performance of
13 legislative duties by an officer or employee; or a claim, case,
14 lawsuit, or similar matter if the officer or employee did not
15 participate in the underlying transaction involving the state that is
16 the basis for the claim, case, or lawsuit.

17 **Sec. 2.** RCW 42.52.020 and 1994 c 154 s 102 are each amended to
18 read as follows:

19 No state officer or state employee may have an interest, financial
20 or otherwise, direct or indirect, or engage in a business or
21 transaction or professional activity, or incur an obligation of any
22 nature, that is in conflict with the proper discharge of the state
23 officer's or state employee's official duties.

24 **Sec. 3.** RCW 42.52.030 and 1994 c 154 s 103 are each amended to
25 read as follows:

26 (1) No state officer or state employee, except as provided in
27 subsections (2) and (3) of this section, may be beneficially
28 interested, directly or indirectly, in a contract, sale, lease,
29 purchase, or grant that may be made by, through, or is under the
30 supervision of the officer or employee, in whole or in part, or accept,
31 directly or indirectly, any compensation, gratuity, or reward from any
32 other person beneficially interested in the contract, sale, lease,
33 purchase, or grant.

34 (2) No state officer or state employee of an institution of higher
35 education, except as provided in subsection (3) of this section, may be
36 beneficially interested, directly or indirectly, in a contract or grant
37 that may be made by, through, or is under the supervision of the

1 officer or employee, in whole or in part, or accept, directly or
2 indirectly, any compensation, gratuity, or reward from any other person
3 beneficially interested in the contract or grant, unless the
4 institution of higher education has in effect a written administrative
5 process to identify and manage, reduce, or eliminate conflicting
6 interests with respect to such transactions as adopted pursuant to the
7 national science investigator financial disclosure (GPM 510) 1995 and
8 the public health service regulations, 42 C.F.R. Part 50 and 45 C.F.R.
9 Subtitle A as each of those regulations existed on the effective date
10 of this section, and the state employee or state officer has complied
11 with such policy.

12 (3) No state officer or state employee may participate in a
13 transaction involving the state in his or her official capacity with a
14 person of which the officer or employee is an officer, agent, employee,
15 or member, or in which the officer or employee owns a beneficial
16 interest, except that a state officer or state employee may serve as an
17 officer, agent, employee, or member, or on the board of directors,
18 board of trustees, advisory board, or committee or review panel for
19 governmental or nonprofit entities. Such interest shall be disclosed
20 to the entity's governing board, which shall approve of any
21 transactions involving the interest.

22 **Sec. 4.** RCW 42.52.050 and 1994 c 154 s 105 are each amended to
23 read as follows:

24 ((~~{1}~~)) (1) No state officer or state employee may accept
25 employment or engage in any business or professional activity that the
26 officer or employee might reasonably expect would require or induce him
27 or her to ((~~disclose~~)) make an unauthorized disclosure of confidential
28 information acquired by the official or employee by reason of the
29 official's or employee's official position.

30 (2) No state officer or state employee may ((~~disclose~~)) make an
31 unauthorized disclosure of confidential information gained by reason of
32 the officer's or employee's official position or otherwise use the
33 information for his or her personal gain or benefit or the gain or
34 benefit of another, unless the disclosure has been authorized by the
35 terms of a contract involving the state officer's or state employee's
36 agency.

1 (3) No state officer or state employee may disclose confidential
2 information to any person not entitled or authorized to receive the
3 information.

4 (4) No state officer or state employee may intentionally conceal a
5 record if the officer or employee knew the record was required to be
6 released under chapter 42.17 RCW, was under a personal obligation to
7 release the record, and failed to do so. This subsection does not
8 apply where the decision to withhold the record was made in good faith.

9 **Sec. 5.** RCW 42.52.110 and 1994 c 154 s 111 are each amended to
10 read as follows:

11 No state officer or state employee may, directly or indirectly, ask
12 for or give or receive or agree to receive any compensation, gift,
13 reward, or gratuity from a source for performing or omitting or
14 deferring the performance of any official duty, unless otherwise
15 authorized by law except: (1) The state of Washington ((for performing
16 or omitting or deferring the performance of any official duty, unless
17 otherwise authorized by law)); or (2) in the case of officers or
18 employees of institutions of higher education, a governmental entity,
19 an agency or instrumentality of a governmental entity, or a nonprofit
20 corporation organized for the benefit and support of the state
21 employee's agency or other state agencies pursuant to an agreement with
22 the state employee's agency.

23 **Sec. 6.** RCW 42.52.120 and 1994 c 154 s 112 are each amended to
24 read as follows:

25 (1) No state officer or state employee may receive any thing of
26 economic value under any contract or grant outside of his or her
27 official duties. The prohibition in this subsection does not apply
28 where the state officer or state employee has complied with RCW
29 42.52.030(2) or each of the following conditions are met:

30 (a) The contract or grant is bona fide and actually performed;

31 (b) The performance or administration of the contract or grant is
32 not within the course of the officer's or employee's official duties,
33 or is not under the officer's or employee's official supervision;

34 (c) The performance of the contract or grant is not prohibited by
35 RCW 42.52.040 or by applicable laws or rules governing outside
36 employment for the officer or employee;

1 (d) The contract or grant is neither performed for nor compensated
2 by any person from whom such officer or employee would be prohibited by
3 RCW 42.52.150(4) from receiving a gift;

4 (e) The contract or grant is not one expressly created or
5 authorized by the officer or employee in his or her official capacity
6 or by his or her agency;

7 (f) The contract or grant would not require unauthorized disclosure
8 of confidential information.

9 (2) In addition to satisfying the requirements of subsection (1) of
10 this section, a state officer or state employee may have a beneficial
11 interest in a grant or contract with a state agency only if:

12 (a) The contract or grant is awarded or issued as a result of an
13 open and competitive bidding process in which more than one bid or
14 grant application was received; or

15 (b) The contract or grant is awarded or issued as a result of an
16 open and competitive bidding or selection process in which the
17 officer's or employee's bid or proposal was the only bid or proposal
18 received and the officer or employee has been advised by the
19 appropriate ethics board, before execution of the contract or grant,
20 that the contract or grant would not be in conflict with the proper
21 discharge of the officer's or employee's official duties; or

22 (c) The process for awarding the contract or issuing the grant is
23 not open and competitive, but the officer or employee has been advised
24 by the appropriate ethics board that the contract or grant would not be
25 in conflict with the proper discharge of the officer's or employee's
26 official duties.

27 (3) A state officer or state employee awarded a contract or issued
28 a grant in compliance with subsection (2) of this section shall file
29 the contract or grant with the appropriate ethics board within thirty
30 days after the date of execution; however, if proprietary formulae,
31 designs, drawings, or research are included in the contract or grant,
32 the proprietary formulae, designs, drawings, or research may be deleted
33 from the contract or grant filed with the appropriate ethics board.

34 (4) This section does not prevent a state officer or state employee
35 from receiving compensation contributed from the treasury of the United
36 States, another state, county, or municipality if the compensation is
37 received pursuant to arrangements entered into between such state,
38 county, municipality, or the United States and the officer's or
39 employee's agency. This section does not prohibit a state officer or

1 state employee from serving or performing any duties under an
2 employment contract with a governmental entity.

3 (5) As used in this section, "officer" and "employee" do not
4 include officers and employees who, in accordance with the terms of
5 their employment or appointment, are serving without compensation from
6 the state of Washington or are receiving from the state only
7 reimbursement of expenses incurred or a predetermined allowance for
8 such expenses.

9 **Sec. 7.** RCW 42.52.160 and 1994 c 154 s 116 are each amended to
10 read as follows:

11 (1) No state officer or state employee may employ or use any
12 person, money, or property under the officer's or employee's official
13 control or direction, or in his or her official custody, for the
14 private benefit or gain of the officer, employee, or another.

15 (2) This section does not prohibit the use of public resources to
16 benefit others as part of a state officer's or state employee's
17 (~~public~~) official duties.

18 (3) The appropriate ethics boards may adopt rules providing
19 exceptions to this section for occasional use of the state officer or
20 state employee, of de minimis cost and value, if the activity does not
21 result in interference with the proper performance of public duties.

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