

# HOUSE BILL REPORT

## EHB 2396

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**As Passed House:**  
February 10, 2000

**Title:** An act relating to exemptions from the prohibitions on municipal officers being beneficially interested in contracts.

**Brief Description:** Modifying provisions that exempt certain municipal officers from the prohibitions on beneficial interests in contracts.

**Sponsors:** Representatives Mulliken, Doumit, Schoesler, Hatfield, Cox, Scott, G. Chandler and Edwards.

**Brief History:**

**Committee Activity:**

Local Government: 1/20/00, 1/31/00 [DP].

**Floor Activity:**

Passed House: 2/10/00, 80-17.

**Brief Summary of Bill**

- Increases (from 10,000 to 30,000) the population threshold for cities in which municipal officers are exempted from the beneficial interest in contracts prohibition for municipal officers.
- The exemption to these prohibitions are narrowed to include only rural counties, defined as a county having fewer than one hundred persons per square mile.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 8 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen; Fisher and Fortunato.

**Staff:** Scott MacColl (786-7106).

**Background:**

The code of ethics for municipal officers includes specific language restricting an officer from having a beneficial interest in a particular contract if the officer has any connection with the contract if it would benefit them individually. A municipal officer is not allowed to vote on the authorization contract if the officer is the supplier or contractor. Municipal officers are defined as any elected or appointed officer of a unit of local government, and includes deputies and assistants of that officer.

There are several exemptions specified in statute in which municipal officers are allowed to have an interest in an awarded contract if the contract is within certain limits. The criteria for exemptions by which a municipal officer may have a beneficial interest in a contract is based on population. Municipal officers are exempt from this restriction for contracts that do not exceed \$1,500 in any calendar month for counties with a population under 125,000, and for cities with a population under 10,000.

During the 1999 legislative session, SB 5731 was passed as C 261 L 99, which doubled the dollar threshold exemption for contracts in which municipal officers have a beneficial interest, and made other clarifications to the statute.

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**Summary of Bill:**

The population criteria for cities is raised from 10,000 population to 30,000 population for the exemption from the prohibition on municipal officers from having a beneficial interest in a contract.

The criteria for exemptions to the prohibition are narrowed to only include rural counties, which are defined as counties having fewer than one hundred persons per square mile.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Last years' bill was designed to encourage city council people to run for office in small cities. This prohibition should be available to people in all jurisdictions who want to run for office, and the Legislature might consider no population cap. Local entities need to have a broad base of potential candidates. Last years' RCW change caused a city councilman from Moses Lake who had served over 18 years to not be eligible to remain a councilman because of the two businesses he owns in Moses Lake. The city of Moses Lake thought that the limits that were raised

in last year's legislation would help them, however instead they were opted out due to the population cap. In the Moses Lake councilman's position, either the city loses a council member, or the city loses its ability to use two of its businesses.

**Testimony Against:** None.

**Testified:** Representative Joyce Mulliken, prime sponsor; Wayne Rimple, city of Moses Lake; Joseph Gavinski, city of Moses Lake; and Jim Justin, Association of Washington Cities.