

Local Government Committee

BILL ANALYSIS SB 5731

TITLE OF THE BILL: Relating to municipal officers' interest in contracts.

WHAT THIS BILL DOES: *Revising provisions regulating municipal officers' interest in contracts.*

SPONSORS: Senate State & Local Government Committee (originally sponsored by Senator Snyder.)

HEARING DATE: Thursday, April 1, 1999

FISCAL NOTE: Not requested.

ANALYSIS PREPARED BY: Scott MacColl (786-7106)

BACKGROUND:

The code of ethics for municipal officers includes specific language restricting an officers 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 any elected or appointed officer of a unit of local government, and includes deputies and assistants of that officer.

A municipal officer is not allowed to vote on the authorization contract if the officer is the supplier or contractor. There is no prohibition against municipal officers voting on other contracts in which they may be beneficially interested.

There are several exemptions specified in statute in which municipal officers are allowed to have an interest in a awarded contract if the contract is within certain limits. They include:

- Contracts for unskilled labor that do not exceed \$100 in a calendar month;
- Contracts in which the total volume of business represented by the contract in which the

- municipal officer's business is interested does not exceed \$750 in any calendar month;
- Contracts by a second class city or town, or non-charter code city, or a county fair board in a county without a purchasing department, in which the total volume of business exceeds this \$750 monthly limit but the total amount of such contracts do not exceed \$9,000 in any calendar year.

A violation of the municipal code of ethics results in a voiding of the contract made in violation of the law, a civil penalty of \$300 against the municipal officer, and a mandated forfeiture of office by the municipal officer.

A city charter controls over a provision of the municipal code of ethics if there is a conflict between provisions. The statutes do not address a conflict between the code of ethics and a county charter or a city-county charter.

SUMMARY:

The municipal officer's interest in contracts law is amended by requiring that municipal officers not vote in the authorization, approval, or ratification of any contract in which they are interested. The municipal officer also must submit their interest in the contract to the governing body and have it noted in the official minutes prior to the formation of the contract. This rule is to apply despite a specific exemption already in statute allowing the awarding of such contracts.

The dollar levels for exemptions are increased as follows:

- The day labor dollar amount for employment of unskilled labor used by a municipality in any month is raised from \$100 to \$200 dollars.
- The letting of any contract in which the total amount that can not be exceed under the contract in any calendar month is raised from \$750 to \$1,500.
- For officers in a second class city or town, or noncharter code city, or county fair board in a county without a purchasing department, the total amount that such contracts may exceed is raised from \$750 to \$1,500 in any given month; the total amount that cannot be exceeded in any given year is raised from \$9,000 to \$18,000.

The dollar amounts listed must be adjusted annually based on the Department of Revenue governmental price index.

The civil penalty that may be imposed for violating the municipal code of ethics is raised from \$300 to \$500. A violation of this code may be grounds for forfeiture of office, rather than a mandatory forfeiture of office. Conflicting provisions between the municipal ethics law and any county charter or city-county charter defer to the local provisions, assuming stricter requirements than the state provisions. The state municipal ethics laws are to be considered a minimum standard to be enforced by municipalities.