

SENATE BILL REPORT

SB 5044

As Passed Senate, March 8, 2005

Title: An act relating to contract interests of an officer of a rural public hospital district.

Brief Description: Regulating contract interests of an officer of a rural public hospital district.

Sponsors: Senators Mulliken and Parlette.

Brief History:

Committee Activity: Government Operations & Elections: 2/22/05, 3/1/05 [DP].
Passed Senate: 3/8/05, 47-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Kastama, Chair; Berkey, Vice Chair; Roach, Ranking Minority Member; Benton, Fairley, Haugen, Kline, McCaslin, Mulliken and Pridemore.

Staff: Mac Nicholson (786-7445)

Background: Generally, municipal officers are prohibited from being beneficially interested in any contract made by, through, or under the supervision of the officer. The term "municipal officer" is defined to include all elected and appointed officers of a municipality, together with all deputies and assistants of an officer.

A number of contracts are excepted from the prohibition, including contracts where the total amount received under the contract by the municipal officer or the municipal officer's business does not exceed \$1,500 in any calendar month. For officers of second class cities, towns, code cities, or county fair boards, the total amount may exceed \$1,500 in any calendar month but must not exceed \$18,000 in any calendar year.

Summary of Bill: For officers of a rural public hospital district, the amount of a contract excepted from the prohibition on beneficially interested contracts, may exceed \$1,500 in any calendar month but must not exceed \$24,000 in any calendar year.

A rural public hospital district is defined in existing law as a public hospital district whose geographic boundaries do not include a city with a population greater than 30,000.

Each year, the legislative authority of the rural public hospital district must increase the \$24,000 yearly limitation to account for inflation. Inflation is to be calculated using the consumer price index compiled by the United States Department of Labor for the state of Washington.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: A hospital district commissioner is also the manager of a local oxygen and medical supply company that has a longstanding relationship with the district. The company has provided bulk oxygen and supplies to the district for over twenty years. The amount of supplies and oxygen needed by the hospital varies, and the State Auditor has commented that the district has been over the \$1,500 limit established in law regarding beneficial interests that a municipal officer can have in a contract. The hospital district wants to retain the commissioner and still be able to support local businesses, and the bill would allow that to happen.

Testimony Against: None.

Who Testified: PRO: Al Beach, Columbia Basin Hospital.