

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1806

Chapter 106, Laws of 2005

59th Legislature
2005 Regular Session

ETHICS IN PUBLIC SERVICE--UNIVERSITY RESEARCH EMPLOYEES

EFFECTIVE DATE: 7/24/05

Passed by the House March 14, 2005
Yeas 97 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 7, 2005
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved April 21, 2005.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1806** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

April 21, 2005 - 3:18 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1806

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By House Committee on State Government Operations & Accountability (originally sponsored by Representatives Kenney, Haigh, Kessler, Morrell, Dickerson, Williams, P. Sullivan, Ericks, Anderson, McDermott, Wood, Linville, Moeller and Hudgins; by request of Governor Gregoire)

READ FIRST TIME 02/25/05.

1 AN ACT Relating to encouraging the ethical transfer of technology
2 for the economic benefit of the state; amending RCW 42.52.010,
3 42.52.030, 42.52.200, and 42.52.360; and adding a new section to
4 chapter 42.52 RCW.

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

6 **Sec. 1.** RCW 42.52.010 and 1998 c 7 s 1 are each amended to read as
7 follows:

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

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

16 (2) "Head of agency" means the chief executive officer of an
17 agency. In the case of an agency headed by a commission, board,
18 committee, or other body consisting of more than one natural person,

1 agency head means the person or board authorized to appoint agency
2 employees and regulate their conduct.

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

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

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

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

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

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

27 (9) "Family" has the same meaning as "immediate family" in RCW
28 42.17.020.

29 (10) "Gift" means anything of economic value for which no
30 consideration is given. "Gift" does not include:

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

35 (b) Items related to the outside business of the recipient that are
36 customary and not related to the recipient's performance of official
37 duties;

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

3 (d) Payments by a governmental or nongovernmental entity of
4 reasonable expenses incurred in connection with a speech, presentation,
5 appearance, or trade mission made in an official capacity. As used in
6 this subsection, "reasonable expenses" are limited to travel, lodging,
7 and subsistence expenses incurred the day before through the day after
8 the event;

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

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

18 (g) Items returned by the recipient to the donor within thirty days
19 of receipt or donated to a charitable organization within thirty days
20 of receipt;

21 (h) Campaign contributions reported under chapter 42.17 RCW;

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

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

26 (11) "Honorarium" means money or thing of value offered to a state
27 officer or state employee for a speech, appearance, article, or similar
28 item or activity in connection with the state officer's or state
29 employee's official role.

30 (12) "Official duty" means those duties within the specific scope
31 of employment of the state officer or state employee as defined by the
32 officer's or employee's agency or by statute or the state Constitution.

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

1 (14) "Person" means any individual, partnership, association,
2 corporation, firm, institution, or other entity, whether or not
3 operated for profit.

4 (15) "Regulatory agency" means any state board, commission,
5 department, or officer, except those in the legislative or judicial
6 branches, authorized by law to conduct adjudicative proceedings, issue
7 permits or licenses, or to control or affect interests of identified
8 persons.

9 (16) "Responsibility" in connection with a transaction involving
10 the state, means the direct administrative or operating authority,
11 whether intermediate or final, and either exercisable alone or through
12 subordinates, effectively to approve, disapprove, or otherwise direct
13 state action in respect of such transaction.

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

16 (a) A decision, determination, finding, ruling, or order; and

17 (b) A grant, payment, award, license, contract, transaction,
18 sanction, or approval, or the denial thereof, or failure to act with
19 respect to a decision, determination, finding, ruling, or order.

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

33 (19) "State employee" means an individual who is employed by an
34 agency in any branch of state government. For purposes of this
35 chapter, employees of the superior courts are not state officers or
36 state employees.

37 (20) "University" includes "state universities" and "regional
38 universities" as defined in RCW 28B.10.016 and also includes any

1 research or technology institute affiliated with a university,
2 including without limitation, the Spokane Intercollegiate Research and
3 Technology Institute and the Washington Technology Center.

4 (21) "University research employee" means a state officer or state
5 employee employed by a university, but only to the extent the state
6 officer or state employee is engaged in research, technology transfer,
7 approved consulting activities related to research and technology
8 transfer, or other incidental activities.

9 (22) "Thing of economic value," in addition to its ordinary
10 meaning, includes:

11 (a) A loan, property interest, interest in a contract or other
12 chose in action, and employment or another arrangement involving a
13 right to compensation;

14 (b) An option, irrespective of the conditions to the exercise of
15 the option; and

16 (c) A promise or undertaking for the present or future delivery or
17 procurement.

18 ~~((+21+))~~ (23)(a) "Transaction involving the state" means a
19 proceeding, application, submission, request for a ruling or other
20 determination, contract, claim, case, or other similar matter that the
21 state officer, state employee, or former state officer or state
22 employee in question believes, or has reason to believe:

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

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

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

27 (b) "Transaction involving the state" does not include the
28 following: Preparation, consideration, or enactment of legislation,
29 including appropriation of moneys in a budget, or the performance of
30 legislative duties by an officer or employee; or a claim, case,
31 lawsuit, or similar matter if the officer or employee did not
32 participate in the underlying transaction involving the state that is
33 the basis for the claim, case, or lawsuit.

34 **Sec. 2.** RCW 42.52.030 and 1996 c 213 s 3 are each amended to read
35 as follows:

36 (1) No state officer or state employee, except as provided in
37 subsection~~((s))~~ (2) ~~((and—(3)))~~ of this section, may be beneficially

1 interested, directly or indirectly, in a contract, sale, lease,
2 purchase, or grant that may be made by, through, or is under the
3 supervision of the officer or employee, in whole or in part, or accept,
4 directly or indirectly, any compensation, gratuity, or reward from any
5 other person beneficially interested in the contract, sale, lease,
6 purchase, or grant.

7 ~~(2) ((No officer or employee of an institution of higher education
8 or of the Spokane intercollegiate research and technology institute,
9 except as provided in subsection (3) of this section, may be
10 beneficially interested, directly or indirectly, in a contract or grant
11 that may be made by, through, or is under the supervision of the
12 officer or employee, in whole or in part, or accept, directly or
13 indirectly, any compensation, gratuity, or reward from any other person
14 beneficially interested in the contract or grant, unless the
15 institution of higher education or the Spokane intercollegiate research
16 and technology institute has in effect a written administrative process
17 to identify and manage, reduce, or eliminate conflicting interests with
18 respect to such transactions as adopted pursuant to the national
19 science investigator financial disclosure (GPM 510) 1995 and the public
20 health service regulations, 42 C.F.R. Part 50 and 45 C.F.R. Subtitle A
21 as each of those regulations existed on June 6, 1996, and the state
22 employee or state officer has complied with such policy.~~

23 ~~(3))~~ No state officer or state employee may participate in a
24 transaction involving the state in his or her official capacity with a
25 person of which the officer or employee is an officer, agent, employee,
26 or member, or in which the officer or employee owns a beneficial
27 interest, except that an officer or employee of an institution of
28 higher education or the Spokane intercollegiate research and technology
29 institute may serve as an officer, agent, employee, or member, or on
30 the board of directors, board of trustees, advisory board, or committee
31 or review panel for any nonprofit institute, foundation, or fundraising
32 entity; and may serve as a member of an advisory board, committee, or
33 review panel for a governmental or other nonprofit entity.

34 **Sec. 3.** RCW 42.52.200 and 1994 c 154 s 120 are each amended to
35 read as follows:

36 (1) Each agency may adopt rules consistent with law, for use within
37 the agency to protect against violations of this chapter.

1 (2) Each agency proposing to adopt rules under this section shall
2 forward the rules to the appropriate ethics board before they may take
3 effect. The board may submit comments to the agency regarding the
4 proposed rules.

5 (3) This section applies to universities only to the extent their
6 activities are not subject to section 4 of this act.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 42.52 RCW
8 to read as follows:

9 (1) Consistent with the state policy to encourage basic and applied
10 scientific research by the state's research universities as stated in
11 RCW 28B.140.005, each university may develop, adopt, and implement one
12 or more written administrative processes that shall, upon approval by
13 the governor, apply in place of the obligations imposed on universities
14 and university research employees under RCW 42.52.030, 42.52.040,
15 42.52.080, 42.52.110, 42.52.120, 42.52.130, 42.52.140, 42.52.150, and
16 42.52.160. The universities shall coordinate on the development of
17 administrative processes to ensure the processes are comparable. A
18 university research employee in compliance with the processes
19 authorized in this section shall be deemed to be in compliance with RCW
20 42.52.030, 42.52.040, 42.52.080, 42.52.110, 42.52.120, 42.52.130,
21 42.52.140, 42.52.150, and 42.52.160.

22 (2) The executive ethics board shall enforce activity subject to
23 the written approval processes under this section, as provided in RCW
24 42.52.360.

25 **Sec. 5.** RCW 42.52.360 and 1994 c 154 s 206 are each amended to
26 read as follows:

27 (1) The executive ethics board shall enforce this chapter and rules
28 adopted under it with respect to statewide elected officers and all
29 other officers and employees in the executive branch, boards and
30 commissions, and institutions of higher education.

31 (2) The executive ethics board shall enforce this chapter with
32 regard to the activities of university research employees as provided
33 in this subsection.

34 (a) With respect to compliance with RCW 42.52.030, 42.52.110,
35 42.52.130, 42.52.140, and 42.52.150, the administrative process shall
36 be consistent with and adhere to no less than the current standards in

1 regulations of the United States public health service and the office
2 of the secretary of the department of health and human services in
3 Title 42 C.F.R. Part 50, Subpart F relating to promotion of objectivity
4 in research.

5 (b) With respect to compliance with RCW 42.52.040, 42.52.080, and
6 42.52.120, the administrative process shall include a comprehensive
7 system for the disclosure, review, and approval of outside work
8 activities by university research employees while assuring that such
9 employees are fulfilling their employment obligations to the
10 university.

11 (c) With respect to compliance with RCW 42.52.160, the
12 administrative process shall include a reasonable determination by the
13 university of acceptable private uses having de minimis costs to the
14 university and a method for establishing fair and reasonable
15 reimbursement charges for private uses the costs of which are in excess
16 of de minimis.

17 (3) The executive ethics board shall:

18 (a) Develop educational materials and training;

19 (b) Adopt rules and policies governing the conduct of business by
20 the board, and adopt rules defining working hours for purposes of RCW
21 42.52.180 and where otherwise authorized under chapter 154, Laws of
22 1994;

23 (c) Issue advisory opinions;

24 (d) Investigate, hear, and determine complaints by any person or on
25 its own motion;

26 (e) Impose sanctions including reprimands and monetary penalties;

27 (f) Recommend to the appropriate authorities suspension, removal
28 from position, prosecution, or other appropriate remedy; and

29 (g) Establish criteria regarding the levels of civil penalties
30 appropriate for violations of this chapter and rules adopted under it.

31 ~~((3))~~ (4) The board may:

32 (a) Issue subpoenas for the attendance and testimony of witnesses
33 and the production of documentary evidence relating to any matter under
34 examination by the board or involved in any hearing;

35 (b) Administer oaths and affirmations;

36 (c) Examine witnesses; and

37 (d) Receive evidence.

1 (~~(4)~~) (5) Except as provided in section 4 of this act, the
2 executive ethics board may review and approve agency policies as
3 provided for in this chapter.

4 (~~(5)~~) (6) This section does not apply to state officers and state
5 employees of the judicial branch.

Passed by the House March 14, 2005.

Passed by the Senate April 7, 2005.

Approved by the Governor April 21, 2005.

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