

HOUSE BILL REPORT

SHB 1255

As Amended by the Senate

Title: An act relating to municipal officers' beneficial interest in contracts.

Brief Description: Prohibiting municipal officers from being beneficially interested in any personal services contract that is made by, through, or under the supervision of that officer.

Sponsors: By House Committee on Local Government (originally sponsored by Representatives Simpson, Curtis, Sells, Walsh, Buri, B. Sullivan, Ericks, Ormsby and Moeller).

Brief History:

Committee Activity:

Local Government: 1/23/07, 1/25/07 [DPS].

Floor Activity:

Passed House: 2/5/07, 95-0.

Senate Amended.

Passed Senate: 4/12/07, 48-0.

Brief Summary of Substitute Bill

- Prohibits a municipal officer from having a beneficial interest in any "contracts for consulting or advisory services" related to his or her office, which he or she was involved in creating, or which involve the receipt of compensation from another person with a beneficial interest in such contract.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Eddy, Vice Chair; Curtis, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Ross, B. Sullivan and Takko.

Staff: Thamas Osborn (786-7129).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

State statute prohibits a municipal officer from having a beneficial interest, whether direct or indirect, in any public contract that he or she is involved in creating. In addition, a municipal officer is prohibited from receiving any compensation in connection with such a contract from any other person with a beneficial interest. A "municipal officer" is broadly defined to include any elected or appointed officer of a local government, district, or municipal corporation, or any deputy or assistant to such officer, and all persons undertaking the exercise of the powers or functions of a municipal officer.

Exceptions are made to this general prohibition with respect to certain contractual arrangements meeting specified criteria, including but not limited to the following:

- leasing arrangements made by port districts;
- specified contracts involving payment of not more than \$1,500 per month;
- certain employment contracts involving wages of not more than \$200 per month;
- the designation of a school director to act as clerk or purchasing agent for a school district; and
- specified substitute teaching contracts.

Summary of Substitute Bill:

Municipal officers are prohibited from having a beneficial interest in any "contracts for consulting or advisory services" related to his or her office, which he or she was involved in creating, or which involve the receipt of compensation from another person with a beneficial interest in such contract.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment makes the following changes to the House bill:

Deletes amendatory language prohibiting a municipal officer from having any beneficial interest in "contracts for consulting or advisory services"; and
Prohibits a municipal officer from having a beneficial interest in "contracts for legal services, except for reimbursement for expenditures".

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill should be passed because it will encourage more ethical behavior on the part of public officials and eliminate potential conflicts of interest. The amendatory language improves the bill by making it more specific. The bill would prohibit a county commissioner

from providing paid legal or consulting services to a county board, as well as prohibit similar arrangements that present potential ethical issues.

(Opposed) None.

Persons Testifying: J. Pat Thompson, County and City Employees.

Persons Signed In To Testify But Not Testifying: None.