

# SENATE BILL REPORT

## SHB 1577

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As of March 13, 2023

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

**Brief Description:** Concerning municipal officers' beneficial interest in contracts.

**Sponsors:** House Committee on Local Government (originally sponsored by Representative Schmick).

**Brief History:** Passed House: 3/2/23, 96-0.

**Committee Activity:** Local Government, Land Use & Tribal Affairs: 3/14/23.

### Brief Summary of Bill

- Increases the annual and monthly value of certain contracts in which municipal officers may have a beneficial interest.
- Limits the cities in which a municipal officer may have a beneficial interest in a contract let by the city to those with a population under 5000.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

**Staff:** Maggie Douglas (786-7279)

**Background:** Generally, no municipal officer may be beneficially interested in any contract benefiting their office. A municipal officer may not accept, directly or indirectly, any compensation, gratuity, or reward in connection with a contract from any other person beneficially interested in the contract. Certain exceptions apply, including:

- contracts in which the total volume of business does not exceed \$1,500 in a calendar month; and
- contracts by a second-class city or town, noncharter code city, or a county fair board

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in a county without a purchasing department in which the total volume of business may exceed \$1,500 in a calendar month but must not exceed \$18,000 in a given year.

The exceptions pertaining to contracts with municipal officers with beneficial interests do not apply to the letting of any contract by:

- a county with a population of 125,000 or more;
- a city with a population of 10,000 or more; or
- an irrigation district encompassing more than 50,000 acres.

**Summary of Bill:** The monthly value for contracts in which municipal officers may have a beneficial interest is increased from \$1,500 to \$3,000. The value of contracts in which municipal officers may have a beneficial interest for contracts let by a second-class city or town, noncharter code city, or a county fair board in a county without a purchasing department is increased to from \$1,500 to \$3,000 per month, and \$18,000 to \$36,000 per year.

The exceptions of contracts with municipal officers with beneficial interests do not apply to the letting of any contract by a city with a population of 5000 or more, rather than 10,000 or more.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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