

# SENATE BILL REPORT

## SHB 1577

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As Reported by Senate Committee On:  
Local Government, Land Use & Tribal Affairs, March 23, 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, 3/23/23 [DP, DNP].

### 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

**Majority Report:** Do pass.

Signed by Senators Lovelett, Chair; Salomon, Vice Chair; Torres, Ranking Member; Short.

**Minority Report:** Do not pass.

Signed by Senator Kauffman.

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

**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 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.

**Staff Summary of Public Testimony:** PRO: This bill helps small towns. In small towns, a councilmember or other town official would be prohibited from contracting to complete other projects for the city if the project is greater than \$1,500. This limit has not been adjusted since the late 1990s. This is increasing the limit to something that is more useful to today's world. This allows those town officials to still have the livelihood of helping their community when their community may not have another person in the community to complete those projects.

**Persons Testifying:** PRO: Representative Joe Schmick, Prime Sponsor; Candice Bock, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** No one.