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**State Government & Tribal Relations  
Committee**

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**HB 2352**

**Brief Description:** Holding state officers and state employees to the same conflict of interest standard that is required of municipal officers.

**Sponsors:** Representatives Pollet, Zahn, Walen, Rule, Dufault, Nance, Hall, McEntire, Salahuddin and Bernbaum.

**Brief Summary of Bill**

- Aligns state ethics laws with municipal ethics laws regarding conflicts of interests in contracting by making it a violation of state ethics laws for a state officer or employee to have a beneficial interest in a contract, sale, lease, purchase, or grant to which the state officer or employee is not a party but has an ownership interest of 1 percent or more, rather than 10 percent or more, in an entity that is a party to the transaction.

**Hearing Date:** 1/20/26

**Staff:** Desiree Omli (786-7105).

**Background:**

State Ethics Laws.

The ethics in public service laws prohibit conflicts between the official duties of state officers and employees and their individual financial and personal interests. Specifically, state officers and employees are prohibited from participating in state transactions with an entity in which they hold a 10 percent or more ownership interest. A state officer or employee is also prohibited from accepting any compensation, gratuity, or reward from any other person who has an ownership

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interest of 10 percent or more in an entity that is a party to a contract, sale, lease, purchase, or grant under the supervision of that state officer or employee.

Municipal Ethics Laws.

A municipal officer, or their office, may not directly or indirectly receive a financial benefit from a contract if the contract is made by, through, or under the supervision of the municipal officer, in whole or in part, unless the interest is considered a remote interest. Someone who holds less than 1 percent of the shares of a corporation or cooperative that is a contracting party is considered to have a remote interest.

**Summary of Bill:**

The level of ownership interest a state officer or employee may have in an entity that is a party to a state transaction made by, through, or under the supervision of the state officer or employee is adjusted to align with restrictions placed on municipal officers. Specifically, state officers and employees are prohibited from participating in a contract, sale, lease, purchase, or grant made by, through, or under the supervision of the state officer or employee to which the state officer or employee is not a party but has a 1 percent or more ownership interest in an entity that is a party to the transaction. A state officer or employee is also prohibited from accepting any compensation, gratuity, or reward from any other person who has an ownership interest of 1 percent or more in an entity that is a party to a state transaction made by, through, or under the supervision of the state officer or employee.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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