

HOUSE BILL REPORT

HB 2352

As Reported by House Committee On:
State Government & Tribal Relations

Title: An act relating to holding state officers and state employees to the same conflict of interest standard that is required of municipal officers.

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 History:

Committee Activity:

State Government & Tribal Relations: 1/20/26, 2/4/26 [DP].

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.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: Do pass. Signed by 6 members: Representatives Mena, Chair; Stearns, Vice Chair; Waters, Ranking Minority Member; Chase, Doglio and Farivar.

Minority Report: Without recommendation. Signed by 1 member: Representative Walsh, Assistant Ranking Minority Member.

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: 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 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.

Staff Summary of Public Testimony:

(In support) State legislators should not have a conflict of interest standard that is 10 times more lax than the same regulations placed on local officials. Legislators were subject to the same standard as local government officials until last year when this was changed by modifying the statutory definition of "beneficial interest" in the state ethics laws. This change largely went unnoticed.

Article II, section 30 of the state Constitution requires legislators who have a private interest in a bill or measure to declare that interest and recuse themselves from voting on the policy. This standard is essential to earning the public's trust in government. For example, when a legislator is deciding on where a highway interchange should be and that same legislator has a 9 percent interest in the property located at the highway interchange, that is a potential conflict of interest that should be declared.

(Opposed) None.

Persons Testifying: Representative Gerry Pollet, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.