

# HOUSE BILL REPORT

## HB 1186

---

As Reported By House Committee On:  
Local Government

**Title:** An act relating to municipal employees.

**Brief Description:** Prohibiting municipal employees' conflicts of interest.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Valle, Romero and Cothern).

**Brief History:**

Reported by House Committee on:  
Local Government, February 4, 1994, DP2S.

---

### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The second substitute bill be substituted and the second substitute bill do pass. Signed by 11 members: Representatives H. Myers, Chair; Springer, Vice Chair; Edmondson, Ranking Minority Member; Reams, Assistant Ranking Minority Member; Dunshee; R. Fisher; Horn; Moak; Rayburn; Van Luven and Zellinsky.

**Staff:** Steve Lundin (786-7127).

**Background:** The Executive Branch Conflict of Interest Act applies to the agency heads and employees of all state agencies, boards, and commissions. Former state employees are prohibited under this act from accepting employment or compensation from a private business if the employee had reason to know or believe that it was offered as a reward for the performance or nonperformance of a duty. There is no similar prohibition that applies to municipal employees.

**Summary of Second Substitute Bill:** A former municipal employee may not accept employment or receive compensation from a private business within one year from the date of termination from municipal employment, if: within the last two years of municipal employment the employee was engaged in the negotiation or administration on a contract or contracts with the private business; the contract or contracts had a total value over \$10,000; the employee was in a position to make discretionary decisions affecting the outcome of the negotiation or the nature of the administration; and the duties of the employment by the

private business include fulfilling or supervising the fulfillment of the provisions of the contract.

A former municipal employee is prohibited from accepting an offer of employment or receiving compensation from a private business if the employee knows or has reason to believe that the offer or compensation was intended as compensation or reward for the performance or nonperformance of a duty by the municipal employee during the course of employment.

"Private business" is defined to include any natural person, partnership, association, or corporation that is engaged in business activity inside or outside the state. Any two or more businesses that are owned by a natural person, or a closely associated or related group, are considered a single private business for purposes of the conflict of interest prohibitions.

A violation of the conflict of interest prohibition against receiving compensation or employment as a reward is punishable by a civil penalty of up to \$5,000 per violation or three times the value of the thing received or sought.

**Second Substitute Bill Compared to Substitute Bill:** The penalty for a violation is changed from a misdemeanor to a civil fine.

**Fiscal Note:** Not requested.

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

**Testimony For:** There should be a single standard in the state governing conflict of interest for municipal employees. This complements the proposal prepared by the Commission on Ethics in Government and Campaign Financing.

**Testimony Against:** None.

**Witnesses:** Representative Valle, prime sponsor.