

HOUSE BILL REPORT

SSB 6016

As Reported By House Committee On:
Local Government

Title: An act relating to disclosure of compensation for local government chief administrative officers.

Brief Description: Requiring disclosure of the total compensation of local government chief executive officers when that compensation exceeds one hundred thousand dollars.

Sponsors: Senators Winsley, Haugen and L. Smith.

Brief History:

Reported by House Committee on:
Local Government, February 25, 1994, DPA.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended. 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: Bill Lynch (786-7092).

Background: Elected officials have considerable latitude in setting chief administrative officer compensation. A final action setting compensation must take place in an open public meeting. However, negotiations for determining what a compensation package will contain normally take place in executive session, which is closed to the public. Therefore, although usually aware of the salary amount, the public does not know how much or what type of compensation is included in a total compensation package. Chief administrative officer compensation is sometimes considerably higher than a base salary. Additional compensation may come in the form of performance incentives, whole life insurance contributions, employer paid deferred tax annuities, vehicle allowances and the like. The issue may be further complicated by the fact that a compensation package for a chief administrative officer may be adopted in parts, at separate times.

The Office of State Auditor recommended that state law be changed to require yearly disclosure in open public meetings

of the total compensation provided to chief administrative officers of local governments.

Summary of Amended Bill: All local governments must disclose annually, on a separate page in the budget, the total compensation paid to the chief administrative officer when the total exceeds \$100,000 in any one calendar year. The total compensation is indexed to an inflator used by the Department of Revenue. Compensation elements not available to other employees must be identified. A change to compensation must be previously announced as an agenda item of an open public meeting.

Each local government may have no more than one employee covered by the act.

The State Auditor must establish and consult with a temporary committee to develop definitions and guidelines to meet the intent and requirements of the act. The committee must include representatives of local government. The definitions and guidelines must be developed by September 1, 1994.

Amended Bill Compared to Substitute Bill: A change in compensation must be an agenda item of an open public meeting instead of the sole subject of an open public meeting.

Fiscal Note: Not requested.

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

Testimony For: This makes all the information about compensation available in one place.

Testimony Against: Some language should be clarified so people can properly comply with the law.

Witnesses: Senator Winsley, prime sponsor; Stan Finkelstein, Association of Washington Cities; Jim Boldt, Clark County PUD (pro concept); and Dave Arbaugh, Washington PUD Association (pro concept).