

**SENATE BILL REPORT**

**SSB 6016**

**AS PASSED SENATE, FEBRUARY 14, 1994**

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

**SPONSORS:** Senate Committee on Government Operations (originally sponsored by Senators Winsley, Haugen and L. Smith)

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** That Substitute Senate Bill No. 6016 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, McCaslin, Oke, Owen and Winsley.

**Staff:** Eugene Green (786-7405)

**Hearing Dates:** January 18, 1994; January 26, 1994

**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.

In 1992, the Office of State Auditor declared that taxpayers have a right to know what a chief administrative officer compensation package contains. 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:**

All local governments (cities, towns, counties, special purpose districts, school districts, or other municipal corporations or quasi-municipal corporations) must disclose

annually, on a separate page in the budget, the total compensation paid to the chief administrative officer (as defined) 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 the subject of an open public meeting.

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

The State Auditor shall establish and consult with a temporary committee to develop definitions and guidelines before September 1, 1994, to meet the intent and requirements of the act.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This is just a disclosure bill. The public has a right to know.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Stan Finkelstein, AWC