

# SENATE BILL REPORT

## SB 5363

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As Reported By Senate Committee On:  
Government Operations, March 4, 1997

**Title:** An act relating to contracting by public officers.

**Brief Description:** Increasing the dollar amount allowed for contracts in which public officers have an interest.

**Sponsors:** Senators Snyder, Haugen and Hargrove.

**Brief History:**

**Committee Activity:** Government Operations: 2/13/97, 3/4/97 [DPS].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** That Substitute Senate Bill No. 5363 be substituted therefor, and the substitute bill do pass.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Haugen, Horn and Patterson.

**Staff:** Kathleen Healy (786-7403)

**Background:** Municipal officers are prohibited from having a beneficial interest in any public contract over which the officer may have some authority, nor may the officer receive any sort of compensation in connection with such a contract from another person with a beneficial interest in the contract. Certain exceptions exist.

When a contract is granted (other than a sale or lease) and an officer has an interest in it, the total volume of business under the contract or contracts, measured by the dollar amount of the municipality's obligation, cannot exceed \$750 in any calendar month. This is the case in municipalities other than a first class city, a county with a population of 125,000 or more, or an irrigation district encompassing over 50,000 acres.

An officer in a second class city or town, noncharter optional code city, or a member of a county fair board (where the county has not established a county purchasing department) may have an interest in such contracts if the total volume exceeds \$750 in one calendar month, but the volume may not exceed \$9,000 in any calendar year.

Appropriate public disclosure of such contracts must be made.

**Summary of Substitute Bill:** An increase is made in the dollar amount of the contracts affected under this statute. The \$750 amount is changed to \$1,500. The \$9,000 amount is changed to \$18,000.

Thus, in municipalities which are not first class cities, counties with a population of 125,000 or more, or an irrigation district encompassing over 50,000 acres, an officer is prohibited

from having an interest in contracts exceeding \$1,500 in any calendar month. Officers in a second class city or town, noncharter optional code city, or a member of a county fair board (where the county has not established a county purchasing department) is not prohibited from having an interest in such contracts if the total volume exceeds \$1,500 in one calendar month, but the volume may not exceed \$18,000 in any calendar year.

These dollar amounts are adjusted annually based on the Department of Revenue's governmental price index.

**Substitute Bill Compared to Original Bill:** Technical corrections are made to the language to clarify the intent that the amount of money a municipal officer may receive is raised. Various interpretations of the statute had been caused by confusing language.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Small cities and towns appreciate the bump in the threshold and the inflator factor so they do not have to return to request increases later. The statute in its present form has a chilling effect on persons running for office, particularly in smaller communities.

**Testimony Against:** None.

**Testified:** PRO: Jim Justin, AWC; Jack McDonald, Pacific County Fire District #1.