

HOUSE BILL REPORT

SB 5044

As Passed House:

April 5, 2005

Title: An act relating to contract interests of an officer of a rural public hospital district.

Brief Description: Regulating contract interests of an officer of a rural public hospital district.

Sponsors: By Senators Mulliken and Parlette.

Brief History:

Committee Activity:

Local Government: 3/21/05 [DP].

Floor Activity:

Passed House: 4/5/05, 94-0.

Brief Summary of Bill

- Creates an exception for officers of rural public hospital districts to the general rule that municipal officers may not benefit directly or indirectly under any contract made through or under the supervision of the officer or otherwise entered into for the benefit of his or her office.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Schindler, Ranking Minority Member; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

Staff: Kathryn Leathers (786-7114).

Background:

Absent a specific statutory exception, municipal officers may not benefit directly or indirectly under any contract made through or under the supervision of the officer or otherwise entered into for the benefit of his or her office.

One such statutory exception is a contract in which the total amount received under the contract(s) by the municipal officer or his or her business does not exceed \$1,500 in any calendar month. Yet another exception is in the case of an officer of a second class city/town or non-charter code city, or a member of a county fair board in a county that has not established a county purchasing department. In these cases, the total amount received by the

officer or member (or his or her business) under any contract(s) may exceed \$1,500 in a calendar month but may not exceed a total of \$18,000 in any calendar year.

In the context of this general rule and the exceptions thereto: (a) a "municipal officer" means all elected and appointed officers of a municipality, all deputies and assistants of such officer, and all persons exercising or undertaking to exercise any of the powers or functions of a municipal officer; (b) a "municipality" includes all counties, cities, town, districts, and other municipal corporations and quasi-municipal corporations organized under the laws of this state; and (c) a "contract" means any contract, sale, lease or purchase.

Summary of Bill:

An exception to the general rule that municipal officers may not benefit directly or indirectly under any contract (made through or under the supervision of the officer or otherwise entered into for the benefit of his or her office) is created. Under this new exception, the amount received under any contract(s) by an officer of a rural public hospital district may exceed \$1,500 in any calendar month but may not exceed a total of \$24,000 in any calendar year. In addition, beginning in 2006, the legislative authority of the rural public hospital district must increase the calendar year limitation by an amount equal to the dollar limit of the previous year multiplied by the change in the U.S. Department of Labor's consumer price index for Washington as of the close of the 12-month period ending December 31 of the previous calendar year.

A "rural public hospital district" is defined as a public health care service district whose geographic boundaries do not include a city with a population greater than 30,000.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The purpose of this bill is to try to keep volunteer board members on the board in rural public hospital districts. The officers who serve are elected officials. Rural hospital districts with small populations don't have a large pool of people willing to serve in an elected capacity. Most commissioners serve out of a sense of community service, but it is a hardship for many. Without this change, potential willing candidates may be eliminated from serving on the hospital commission.

Testimony Against: None.

Persons Testifying: Senator Mulliken, prime sponsor; and Allen Beach, Superintendent of Public Hospital District 3.

Persons Signed In To Testify But Not Testifying: None.