
SUBSTITUTE HOUSE BILL 1255

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Local Government (originally sponsored by Representatives Simpson, Curtis, Sells, Walsh, Buri, B. Sullivan, Ericks, Ormsby and Moeller)

READ FIRST TIME 01/29/07.

1 AN ACT Relating to municipal officers' beneficial interest in
2 contracts; and amending RCW 42.23.030.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 42.23.030 and 2006 c 121 s 1 are each amended to read
5 as follows:

6 No municipal officer shall be beneficially interested, directly or
7 indirectly, in any contract which may be made by, through or under the
8 supervision of such officer, in whole or in part, or which may be made
9 for the benefit of his or her office, or accept, directly or
10 indirectly, any compensation, gratuity or reward in connection with
11 such contract from any other person beneficially interested therein.

12 This section shall not apply in the following cases:

13 (1) The furnishing of electrical, water or other utility services
14 by a municipality engaged in the business of furnishing such services,
15 at the same rates and on the same terms as are available to the public
16 generally;

17 (2) The designation of public depositaries for municipal funds;

18 (3) The publication of legal notices required by law to be

1 published by any municipality, upon competitive bidding or at rates not
2 higher than prescribed by law for members of the general public;

3 (4) The designation of a school director as clerk or as both clerk
4 and purchasing agent of a school district;

5 (5) The employment of any person by a municipality for unskilled
6 day labor at wages not exceeding two hundred dollars in any calendar
7 month. The exception provided in this subsection does not apply to a
8 county with a population of one hundred twenty-five thousand or more,
9 a city with a population of more than one thousand five hundred, an
10 irrigation district encompassing more than fifty thousand acres, or a
11 first class school district;

12 (6)(a) The letting of any other contract in which the total amount
13 received under the contract or contracts by the municipal officer or
14 the municipal officer's business does not exceed one thousand five
15 hundred dollars in any calendar month.

16 (b) However, in the case of a particular officer of a second class
17 city or town, or a noncharter optional code city, or a member of any
18 county fair board in a county which has not established a county
19 purchasing department pursuant to RCW 36.32.240, the total amount of
20 such contract or contracts authorized in this subsection (6) may exceed
21 one thousand five hundred dollars in any calendar month but shall not
22 exceed eighteen thousand dollars in any calendar year.

23 (c)(i) In the case of a particular officer of a rural public
24 hospital district, as defined in RCW 70.44.460, the total amount of
25 such contract or contracts authorized in this subsection (6) may exceed
26 one thousand five hundred dollars in any calendar month, but shall not
27 exceed twenty-four thousand dollars in any calendar year.

28 (ii) At the beginning of each calendar year, beginning with the
29 2006 calendar year, the legislative authority of the rural public
30 hospital district shall increase the calendar year limitation described
31 in this subsection (6)(c) by an amount equal to the dollar amount for
32 the previous calendar year multiplied by the change in the consumer
33 price index as of the close of the twelve-month period ending December
34 31st of that previous calendar year. If the new dollar amount
35 established under this subsection is not a multiple of ten dollars, the
36 increase shall be rounded to the next lowest multiple of ten dollars.
37 As used in this subsection, "consumer price index" means the consumer
38 price index compiled by the bureau of labor statistics, United States

1 department of labor for the state of Washington. If the bureau of
2 labor statistics develops more than one consumer price index for areas
3 within the state, the index covering the greatest number of people,
4 covering areas exclusively within the boundaries of the state, and
5 including all items shall be used.

6 (d) The exceptions provided in this subsection (6) do not apply to:

7 (i) A sale or lease by the municipality as the seller or lessor~~((-~~
8 ~~The exceptions provided in this subsection (6) also do not apply to))~~;

9 (ii) The letting of any contract by a county with a population of
10 one hundred twenty-five thousand or more, a city with a population of
11 ten thousand or more, or an irrigation district encompassing more than
12 fifty thousand acres; or

13 (iii) Contracts for consulting or advisory services.

14 (e) The municipality shall maintain a list of all contracts that
15 are awarded under this subsection (6). The list must be made available
16 for public inspection and copying;

17 (7) The leasing by a port district as lessor of port district
18 property to a municipal officer or to a contracting party in which a
19 municipal officer may be beneficially interested, if in addition to all
20 other legal requirements, a board of three disinterested appraisers and
21 the superior court in the county where the property is situated finds
22 that all terms and conditions of such lease are fair to the port
23 district and are in the public interest. The appraisers must be
24 appointed from members of the American Institute of Real Estate
25 Appraisers by the presiding judge of the superior court;

26 (8) The letting of any employment contract for the driving of a
27 school bus in a second class school district if the terms of such
28 contract are commensurate with the pay plan or collective bargaining
29 agreement operating in the district;

30 (9) The letting of an employment contract as a substitute teacher
31 or substitute educational aide to an officer of a second class school
32 district that has two hundred or fewer full-time equivalent students,
33 if the terms of the contract are commensurate with the pay plan or
34 collective bargaining agreement operating in the district and the board
35 of directors has found, consistent with the written policy under RCW
36 28A.330.240, that there is a shortage of substitute teachers in the
37 school district;

1 (10) The letting of any employment contract to the spouse of an
2 officer of a school district, when such contract is solely for
3 employment as a substitute teacher for the school district. This
4 exception applies only if the terms of the contract are commensurate
5 with the pay plan or collective bargaining agreement applicable to all
6 district employees and the board of directors has found, consistent
7 with the written policy under RCW 28A.330.240, that there is a shortage
8 of substitute teachers in the school district;

9 (11) The letting of any employment contract to the spouse of an
10 officer of a school district if the spouse was under contract as a
11 certificated or classified employee with the school district before the
12 date in which the officer assumes office and the terms of the contract
13 are commensurate with the pay plan or collective bargaining agreement
14 operating in the district. However, in a second class school district
15 that has less than two hundred full-time equivalent students enrolled
16 at the start of the school year as defined in RCW 28A.150.040, the
17 spouse is not required to be under contract as a certificated or
18 classified employee before the date on which the officer assumes
19 office;

20 (12) The authorization, approval, or ratification of any employment
21 contract with the spouse of a public hospital district commissioner if:
22 (a) The spouse was employed by the public hospital district before the
23 date the commissioner was initially elected; (b) the terms of the
24 contract are commensurate with the pay plan or collective bargaining
25 agreement operating in the district for similar employees; (c) the
26 interest of the commissioner is disclosed to the board of commissioners
27 and noted in the official minutes or similar records of the public
28 hospital district prior to the letting or continuation of the contract;
29 and (d) and the commissioner does not vote on the authorization,
30 approval, or ratification of the contract or any conditions in the
31 contract.

32 A municipal officer may not vote in the authorization, approval, or
33 ratification of a contract in which he or she is beneficially
34 interested even though one of the exemptions allowing the awarding of
35 such a contract applies. The interest of the municipal officer must be
36 disclosed to the governing body of the municipality and noted in the

1 official minutes or similar records of the municipality before the
2 formation of the contract.

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