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## Government Operations & Elections Committee

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### HB 1746

**Brief Description:** Concerning a municipal officer's beneficial interest in certain renewable energy or conservation programs.

**Sponsors:** Representatives Fey, Jinkins, Sawyer and Kirby.

#### Brief Summary of Bill

- Allows municipal officers to have a beneficial interest in a contract providing for renewable energy incentive programs.
- Allows municipal officers to have a beneficial interest in a contract for the financing, acquisition, or installation of energy-conserving fixtures, systems, and equipment.

**Hearing Date:** 2/19/13

**Staff:** Caitlin Forsyth (786-5793) and Marsha Reilly (786-7135).

#### **Background:**

##### Code of Ethics for Municipal Officers.

The Code of Ethics for Municipal Officers prohibits a municipal officer from having a beneficial interest, whether direct or indirect, in any public contract that he or she is involved in creating. In addition, a municipal officer is prohibited from receiving any compensation in connection with such a contract from any other person with a beneficial interest. Contracts made in violation of the statute are void, and any municipal officer who violates the statute is liable to the municipality for a fine of \$500, and may also be removed from office.

A "municipal officer" is broadly defined to include any elected or appointed officer of a local government, district, or municipal corporation, or any deputy or assistant to such officer, and all persons undertaking the exercise of the powers or functions of a municipal officer.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Exceptions are made to this general prohibition with respect to certain contractual arrangements meeting specified criteria, including but not limited to the following:

- arrangements by a municipality to furnish electrical, water, or other utility services;
- leasing arrangements made by port districts;
- specified contracts involving payment of not more than \$1,500 per month;
- certain employment contracts involving wages of not more than \$200 per month;
- the designation of a school director to act as clerk or purchasing agent for a school district; and
- specified substitute teaching contracts.

A city, county, or city-county charter controls over a provision of the municipal code of ethics if there is a conflict between provisions.

Renewable Energy Investment Cost Recovery Incentive Program.

In 2005 the Legislature created a Renewable Energy Cost Recovery Incentive Program to promote installation of renewable energy systems in Washington. These are systems that produce electricity from solar, wind, or anaerobic digesters. An individual, business, local government, or community solar project that owns and operates an eligible system may apply to receive incentive payments from the applicant's electric utility. These payments help subsidize the additional cost incurred by generating electricity from the renewable energy system. The utility, the "light and power business," in turn receives a tax credit from the Department of Revenue equal to the incentive payments made.

**Summary of Bill:**

Municipal officers may have a beneficial interest in:

- a renewable energy system contract, or
- a contract for the financing, acquisition, or installation of energy-conserving fixtures, systems, and equipment.

A city, county, or city-county charter does not control here and may not penalize municipal officers for having a beneficial interest in these contracts.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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