

# HOUSE BILL REPORT

## SHB 1577

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### As Passed Legislature

**Title:** An act relating to municipal officers' beneficial interest in contracts.

**Brief Description:** Concerning municipal officers' beneficial interest in contracts.

**Sponsors:** House Committee on Local Government (originally sponsored by Representative Schmick).

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/14/23, 2/17/23 [DPS].

##### **Floor Activity:**

Passed House: 3/2/23, 96-0.

Passed Senate: 4/7/23, 46-0.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Increases the annual and monthly value of certain contracts in which municipal officers may have a beneficial interest.
- Limits the cities in which a municipal officer may have a beneficial interest in a contract let by the city to those with a population under 5,000.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Berg and Riccelli.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Elizabeth Allison (786-7129).

**Background:**

Municipal officers, including all elected and appointed officers, their deputies and assistants, and everyone exercising any of the powers or functions of a municipal officer, are prohibited from being beneficially interested in any contract made for the benefit of their office and from accepting any gift or compensation from any person beneficially interested in such a contract. There are several exemptions specified in statute in which municipal officers are allowed to have an interest in an awarded contract if the contract is within certain limits. For example, contracts in which the total volume of business represented by the contract in which the municipal officer's business is interested does not exceed \$1,500 in a calendar month are exempt. Additionally, contracts by a second-class city or town, noncharter code city, or a county fair board in a county without a purchasing department, in which the total volume of business exceeds the \$1,500 monthly limit, but the total amount of such contracts does not exceed \$18,000 in any calendar year, are exempt.

**Summary of Substitute Bill:**

The monthly value for contracts in which municipal officers may have a beneficial interest is increased from \$1,500 to \$3,000. The monthly and annual value of contracts in which municipal officers may have a beneficial interest for contracts let by a second-class city or town, noncharter code city, or a county fair board in a county without a purchasing department is increased to \$3,000 and \$36,000, respectively.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill is for small cities. Oftentimes such cities have trouble finding help for certain projects, and this bill would allow individuals to make a contract with the city to do work. Oftentimes there is a need for help with snow removal, limb removal, concrete provision, or debris removal, and many smaller communities don't have capacity to do that. The bill changes the monthly limit for beneficial interest in contracts from \$1,500 to \$3,000. This amount hasn't been changed since 1999, and now is an appropriate time to increase this amount. It can be challenging to find individuals to run for elections in smaller communities, and this limit shouldn't be a barrier to a person's livelihood. There will be an amendment narrowing the exception to cities with a population of 5,000 or below. Natural disasters hit small communities the hardest because they lack the staff of larger cities.

(Opposed) None.

**Persons Testifying:** Representative Joe Schmick, prime sponsor; Micki Harnois, Town of Rockford; and Candice Bock, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.