

Ethics in Public Service Act

RCW 42.52.030



Financial Interests in Transactions

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RCW 42.52.030, Financial interests in transactions, states:

(1) No state officer or state employee, except as provided in subsection (2) of this section, may be beneficially interested, directly or indirectly, in a contract, sale, lease, purchase, or grant that may be made by, through, or is under the supervision of the officer or employee, in whole or in part, or accept, directly or indirectly, any compensation, gratuity, or reward from any other person beneficially interested in the contract, sale, lease, purchase, or grant.

(2) No state officer or state employee may participate in a transaction involving the state in his or her official capacity with a person of which the officer or employee is an officer, agent, employee, or member, or in which the officer or employee owns a beneficial interest, except that an officer or employee of an institution of higher education or the Spokane intercollegiate research and technology institute may serve as an officer, agent, employee, or member, or on the board of directors, board of trustees, advisory board, or committee or review panel for any nonprofit institute, foundation, or fundraising entity; and may serve as a member of an advisory board, committee, or review panel for a governmental or other nonprofit entity.

This law prohibits state employees from participating in a state transaction if they have a financial or other interest in the transaction.

What is a financial interest in a transaction?

- When you have an interest in a contract that is made by you, through you, or by an employee you supervise; OR
- When you receive compensation from any other person beneficially interested in a contract made by you, through you, or by an employee you supervise.

If a decision you are about to make puts money into your pocket or those of friends, family or other persons including a business entity of which you are a partner, board member, managing officer, or employee, that constitutes private benefit and you cannot do it.

You are also prohibited from accepting—directly or indirectly—any compensation, gift, or reward from any person who gets a benefit in terms of a contract, sale, lease, purchase or grant.

What does “Participate” and “Transaction” mean?

"Participation" must be both personal and substantial. However, the term is broadly defined and includes, but is not limited to approval, disapproval, decision, recommendation, the rendering of advice, or investigation.

“Transaction” is also broadly defined and includes a proceeding, application, submission, request for a ruling or other determination, contract, claim, case, or other similar matter that you believe, or have reason to believe:

- (i) Is, or will be, the subject of state action; or
- (ii) Is one to which the state is or will be a party; or
- (iii) Is one in which the state has a direct and substantial proprietary interest.

Scenarios

1. You administer a government health facility. Your spouse is the executive director of a non-profit corporation that has bid on a contract to provide services to your facility. How do you handle the situation?
2. An employee serves on the board of directors for a nonprofit organization. This organization has applied for a grant from the employee's agency. The employee serves on the review panel that will select grant recipients. Identify the ethics problem and the solution.
3. Pat's spouse has a window-washing business. Through a legitimate bidding process his spouse is selected to wash windows for some campus self-support facilities. Pat's responsibilities include verifying payroll transactions. How can he avoid an ethics violation?