

362.5 Interest in public contract prohibited — exceptions.

1. When used in [this section](#), “contract” means any claim, account, or demand against or agreement with a city, express or implied.

2. A city officer or employee shall not have an interest, direct or indirect, in any contract or job of work or material or the profits thereof or services to be furnished or performed for the officer’s or employee’s city. A contract entered into in violation of [this section](#) is void.

3. The provisions of [this section](#) do not apply to:

a. The payment of lawful compensation of a city officer, volunteer fire fighter as defined in [section 85.61](#), emergency medical care provider as defined in [section 147A.1](#), or employee holding more than one city office or position, the holding of which is not incompatible with another public office or is not prohibited by law. [This section](#) shall not be construed to prohibit nominal stipends, compensation, incentives, or benefits for volunteer fire fighters or emergency medical care providers.

b. The designation of a bank or trust company as a depository, paying agent, or for investment of funds.

c. An employee of a bank or trust company, who serves as treasurer of a city.

d. Contracts made by a city, upon competitive bid in writing, publicly invited and opened.

e. Contracts in which a city officer or employee has an interest solely by reason of employment, or a stock interest of the kind described in paragraph “i”, or both, if the contracts are made by competitive bid in writing, publicly invited and opened, or if the remuneration of employment will not be directly affected as a result of the contract and the duties of employment do not directly involve the procurement or preparation of any part of the contract. The competitive bid qualification of this paragraph does not apply to a contract for professional services not customarily awarded by competitive bid.

f. The designation of an official newspaper.

g. A contract in which a city officer or employee has an interest if the contract was made before the time the officer or employee was elected or appointed, but the contract may not be renewed.

h. Contracts with volunteer fire fighters or civil defense volunteers.

i. A contract with a corporation in which a city officer or employee has an interest by reason of stockholdings when less than five percent of the outstanding stock of the corporation is owned or controlled directly or indirectly by the officer or employee or the spouse or immediate family of such officer or employee.

j. Contracts not otherwise permitted by [this section](#), for the purchase of goods or services by a city which benefit a city officer or employee, if the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of six thousand dollars in a fiscal year.

k. Franchise agreements between a city and a utility and contracts entered into by a city for the provision of essential city utility services.

l. A contract that is a bond, note, or other obligation of the city and the contract is not acquired directly from the city, but is acquired in a transaction with a third party who may or may not be the original underwriter, purchaser, or obligee of the contract.

[R60, §1122; C73, §490; C97, §943; S13, §668, 879-q, 1056-a31; C24, 27, 31, 35, 39, §5673, 6534, 6710; C46, 50, §363.47, 416.58, 420.20; C54, 58, 62, 66, 71, 73, §368A.22; C75, 77, 79, 81, §362.5]

84 Acts, ch 1228, §1, 2; 87 Acts, ch 203, §1, 2; 88 Acts, ch 1246, §2, 3; 90 Acts, ch 1209, §5, 6; 91 Acts, ch 60, §1, 2; 92 Acts, ch 1036, §1; 2003 Acts, ch 36, §4, 5; 2010 Acts, ch 1061, §148; 2019 Acts, ch 74, §3, 4; 2025 Acts, ch 90, §1

Referred to in §372.13

Subsection 3, paragraph a amended