

# Senate File 272

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SENATE FILE 272

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1 3 AN ACT  
1 4 RELATING TO CONFLICTS OF INTEREST IN PUBLIC CONTRACTS.

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1 6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 8 Section 1. Section 279.7A, Code 2003, is amended to read  
1 9 as follows:

1 10 279.7A INTEREST IN PUBLIC CONTRACTS PROHIBITED ==  
1 11 EXCEPTIONS.

1 12 A member of the board of directors of a school corporation  
1 13 shall not have an interest, direct or indirect, in a contract  
1 14 for the purchase of goods, including materials and profits,  
1 15 and the performance of services for the director's school  
1 16 corporation. A contract entered into in violation of this  
1 17 section is void. This section does not apply to contracts for  
1 18 the purchase of goods or services which benefit a director, or  
1 19 to compensation for part-time or temporary employment which  
1 20 benefits a director, if the benefit to the director does not  
1 21 exceed two thousand five hundred dollars in a fiscal year, and  
1 22 contracts made by a school board, upon competitive bid in  
1 23 writing, publicly invited and opened. This section does not

1 24 apply to a contract that is a bond, note, or other obligation  
1 25 of a school corporation if the contract is not acquired  
1 26 directly from the school corporation, but is acquired in a  
1 27 transaction with a third party, who may or may not be the  
1 28 original underwriter, purchaser, or obligee of the contract,  
1 29 or to a contract in which a director has an interest solely by  
1 30 reason of employment if the contract is made by competitive  
1 31 bid in writing, publicly invited and opened, or if the  
1 32 remuneration of employment will not be directly affected as a  
1 33 result of the contract and the duties of employment do not  
1 34 directly involve the procurement or preparation of any part of  
1 35 the contract. The competitive bid qualification of this

2 1 section does not apply to a contract for professional services  
2 2 not customarily awarded by competitive bid.

2 3 Sec. 2. Section 331.342, subsection 4, Code 2003, is  
2 4 amended to read as follows:

2 5 4. Contracts in which a county officer or employee has an  
2 6 interest solely by reason of employment, or a stock interest  
2 7 of the kind described in subsection 8, or both, if the  
2 8 contracts are made by competitive bid, publicly invited and  
2 9 opened, ~~and~~ or if the remuneration of employment will not be  
2 10 directly affected as a result of the contract and the duties  
2 11 of employment do not directly involve the procurement or  
2 12 preparation of any part of the contract. The competitive bid  
2 13 qualification of this subsection does not apply to a contract  
2 14 for professional services not customarily awarded by  
2 15 competitive bid.

2 16 Sec. 3. Section 331.342, Code 2003, is amended by adding  
2 17 the following new subsection:

2 18 NEW SUBSECTION. 11. A contract that is a bond, note, or  
2 19 other obligation of the county and the contract is not  
2 20 acquired directly from the county, but is acquired in a  
2 21 transaction with a third party, who may or may not be the  
2 22 original underwriter, purchaser, or obligee of the contract.

2 23 Sec. 4. Section 362.5, subsection 5, Code 2003, is amended  
2 24 to read as follows:

2 25 5. Contracts in which a city officer or employee has an  
2 26 interest solely by reason of employment, or a stock interest  
2 27 of the kind described in subsection 9, or both, if the  
2 28 contracts are made by competitive bid in writing, publicly  
2 29 invited and opened, or if the remuneration of employment will  
2 30 not be directly affected as a result of the contract and the  
2 31 duties of employment do not directly involve the procurement  
2 32 or preparation of any part of the contract. The competitive  
2 33 bid qualification of this subsection does not apply to a

2 34 contract ~~is~~ for professional services not customarily awarded  
2 35 by competitive bid, if the remuneration of employment will not  
~~3 1 be directly affected as a result of the contract, and if the~~  
~~3 2 duties of employment do not directly involve the procurement~~  
~~3 3 or preparation of any part of the contract.~~

3 4 Sec. 5. Section 362.5, Code 2003, is amended by adding the  
3 5 following new subsection:

3 6 NEW SUBSECTION. 13. A contract that is a bond, note, or  
3 7 other obligation of the city and the contract is not acquired  
3 8 directly from the city, but is acquired in a transaction with  
3 9 a third party who may or may not be the original underwriter,  
3 10 purchaser, or obligee of the contract.

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MARY E. KRAMER  
President of the Senate

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CHRISTOPHER C. RANTS  
Speaker of the House

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3 22 I hereby certify that this bill originated in the Senate and  
3 23 is known as Senate File 272, Eightieth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

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3 29 Approved \_\_\_\_\_, 2003

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3 33 THOMAS J. VILSACK  
3 34 Governor