

House File 178 - Introduced

HOUSE FILE 178

BY FISHER

A BILL FOR

1 An Act relating to conflicts of interest in certain government
2 public contracts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 279.7A, Code 2019, is amended to read as
2 follows:

3 **279.7A Interest in public contracts prohibited — exceptions.**

4 1. A member of the board of directors of a school
5 corporation shall not have an interest, direct or indirect, in
6 a contract for the purchase of goods, including materials and
7 profits, and the performance of services for the director's
8 school corporation. A contract entered into in violation of
9 this section is void.

10 2. **This section** does not apply to contracts for the
11 purchase of goods or services which benefit a director, or
12 to compensation for part-time or temporary employment which
13 benefits a director, if the benefit to the director does
14 not exceed ~~two thousand five hundred dollars~~ the allowable
15 threshold amount in a fiscal year, and contracts made by a
16 school board, upon competitive bid in writing, publicly invited
17 and opened. For purposes of this subsection, "allowable
18 threshold amount" means an amount, for a fiscal year, equal to
19 the greater of six thousand dollars or the amount, in dollars,
20 equal to one percentage point more than the allowable threshold
21 amount for the prior fiscal year.

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

34 4. The competitive bid qualification of **this section**
35 does not apply to a contract for professional services not

1 customarily awarded by competitive bid.

2 Sec. 2. Section 331.342, subsection 1, Code 2019, is amended
3 to read as follows:

4 1. As used in [this section](#), ~~“contract”~~:

5 a. “Allowable threshold amount” means an amount, for a
6 fiscal year, equal to the greater of six thousand dollars or
7 the amount, in dollars, equal to one percentage point more than
8 the allowable purchasing amount for the prior fiscal year.

9 b. “Contract” means a claim, account, or demand against
10 or agreement with a county, express or implied, other than a
11 contract to serve as an officer or employee of the county.
12 However, contracts subject to [section 314.2](#) are not subject to
13 this section.

14 Sec. 3. Section 331.342, subsection 2, paragraph j, Code
15 2019, is amended to read as follows:

16 j. Contracts not otherwise permitted by [this section](#), for
17 the purchase of goods or services by a county, which benefit
18 a county officer or employee, if the purchases benefiting
19 that officer or employee do not exceed a cumulative total
20 purchase price of ~~one thousand five hundred dollars~~ equal to
21 the allowable threshold amount in a fiscal year.

22 Sec. 4. Section 362.5, subsection 1, Code 2019, is amended
23 to read as follows:

24 1. When used in [this section](#), ~~“contract”~~:

25 a. “Allowable threshold amount” means an amount, for a
26 fiscal year, equal to the greater of six thousand dollars or
27 the amount, in dollars, equal to one percentage point more than
28 the allowable purchasing amount for the prior fiscal year.

29 b. “Contract” means any claim, account, or demand against or
30 agreement with a city, express or implied.

31 Sec. 5. Section 362.5, subsection 3, paragraph j, Code 2019,
32 is amended to read as follows:

33 j. Contracts not otherwise permitted by [this section](#), for
34 the purchase of goods or services by a city having a population
35 of more than two thousand five hundred, which benefit a city

1 officer or employee, if the purchases benefiting that officer
2 or employee do not exceed a cumulative total purchase price
3 ~~of one thousand five hundred dollars~~ equal to the allowable
4 threshold amount in a fiscal year.

5 Sec. 6. Section 362.5, subsection 3, paragraph k, Code 2019,
6 is amended by striking the paragraph.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 Current Code provisions generally restrict school board
11 members and city and county officers and employees from
12 entering into contracts with the applicable governmental entity
13 or having an interest, direct or indirect, in a contract with
14 the entity. The prohibition does not, however, apply to
15 contracts if purchases benefiting the individual do not exceed
16 specified value thresholds in a fiscal year. The current
17 thresholds are \$2,500 for school board members, \$1,500 for
18 county officers or employees, \$1,500 for officers or employees
19 of a city with a population of more than 2,500, and \$2,500 for
20 officers or employees of a city with a population of 2,500 or
21 less. This bill increases all such contract threshold amounts
22 to an amount equal to the "allowable threshold amount" in a
23 fiscal year. The bill defines "allowable threshold amount" as
24 an amount, in a fiscal year, equal to the greater of \$6,000 or
25 an amount equal to one percentage point more than the allowable
26 threshold amount for the prior fiscal year.

27 By operation of law, the threshold amount changes in the bill
28 also apply to other provisions governing school board members
29 and provisions governing certain school organizations and clubs
30 under Code section 298A.15, port authorities under Code chapter
31 28J, regional transit districts under Code chapter 28M, and
32 county enterprise commissions under Code section 331.471.