



2021-2022 General Assembly

HOUSE BILL 366: Regulatory Reform Act of 2021, Sec. 1: Increase Limits on Public Employees Benefitting from Public Contracts

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| Committee: | | Date: | February 23, 2022 |
| Introduced by: | | Prepared by: | Kyle Evans Staff Attorney |
| Analysis of: | Sec. 1 of S.L. 2021-117 | | |

OVERVIEW: *Section 1 of S.L. 2021-117 raises the dollar threshold for contracts exempted from the conflict-of-interest prohibition for public employees from \$40,000 to \$60,000 for goods and services that are not medically related. This section also increases the municipal population limits from 15,000 to 20,000.*

This section became effective August 23, 2021, and applies to contracts executed on or after that date.

PRIOR LAW/ BILL ANALYSIS:

Under current law, the statutes generally prohibit a public officer or employee who is involved in making or administering a contract on behalf of a public agency from deriving a direct benefit from the contract except in certain circumstances. Prior to the enactment of S.L. 2021-117, certain public officials were exempt from the prohibition if the amount of the agreement between the government and the official did not exceed the following within a 12-month period:

- \$20,000 for medically related services.
- \$40,000 for other goods and services.

Prior to the enactment of S.L. 2021-117, the public officials exempted were as follows:

- Any holder of an elective municipal office or member of a city school board in a municipality of no more than 15,000 population.
- Any holder of an elective county office or member of a county school board in a county that contains no municipality of more than 15,000.
- A physician or member of other listed medical professions appointed to a local social services board, health board, or area mental health, developmental disabilities, and substance abuse board in a county containing no municipality of more than 15,000.
- Any member of a board of directors of a public hospital, regardless of the population.

The exemption is not available unless the agreement is entered into publicly, the official entering the contract abstains from participating or voting, the contract is disclosed in the audited financial report of the local government, and in a conspicuous public posting.

Section 1 of S.L. 2021-117 raises the dollar threshold for contracts exempted from the conflict-of-interest prohibition from \$40,000 to \$60,000 for goods and services that are not medically related. This section also increases the population limits from 15,000 to 20,000.

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Director



Legislative Analysis
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