

## Chapter 39.30 RCW

### CONTRACTS—INDEBTEDNESS LIMITATIONS—COMPETITIVE BIDDING VIOLATIONS

#### Sections

- 39.30.010 Executory conditional sales contracts for purchase of property—Limit on indebtedness—Election, when.
- 39.30.020 Contracts requiring competitive bidding or procurement of services—Violations by municipal officer—Penalties.
- 39.30.040 Purchases—Competitive bidding—Consideration of tax revenues—Purchase of recycled or reused materials or products—Definitions.
- 39.30.045 Purchase at auctions.
- 39.30.050 Contracts to require use of paper products meeting certain specifications.
- 39.30.060 Bids on public works—Identification, substitution of subcontractors—Review, report of subcontractor listing requirements.
- 39.30.070 Exceptions—Contracts or development agreements related to stadium and exhibition center.

**RCW 39.30.010 Executory conditional sales contracts for purchase of property—Limit on indebtedness—Election, when.** Any city or town or metropolitan park district or county or library district may execute an executory conditional sales contract with a county or counties, the state or any of its political subdivisions, the government of the United States, or any private party for the purchase of any real or personal property, or property rights in connection with the exercise of any powers or duties which they now or hereafter are authorized to exercise, if the entire amount of the purchase price specified in such contract does not result in a total indebtedness in excess of three-fourths of one percent of the value of the taxable property in such library district or the maximum amount of nonvoter-approved indebtedness authorized in such county, city, town, or metropolitan park district. If such a proposed contract would result in a total indebtedness in excess of this amount, a proposition in regard to whether or not such a contract may be executed shall be submitted to the voters for approval or rejection in the same manner that bond issues for capital purposes are submitted to the voters. Any city or town or metropolitan park district or county or library district may jointly execute contracts authorized by this section, if the entire amount of the purchase price does not result in a joint total indebtedness in excess of the nonvoter-approved indebtedness limitation of any city, town, metropolitan park district, county, or library district that participates in the jointly executed contract. The term "value of the taxable property" shall have the meaning set forth in RCW 39.36.015. [1997 c 361 § 2; 1970 ex.s. c 42 § 26; 1963 c 92 § 1; 1961 c 158 § 1.]

**Severability—Effective date—1970 ex.s. c 42:** See notes following RCW 39.36.015.

**RCW 39.30.020 Contracts requiring competitive bidding or procurement of services—Violations by municipal officer—Penalties.**

In addition to any other remedies or penalties contained in any law, municipal charter, ordinance, resolution or other enactment, any municipal officer by or through whom or under whose supervision, in whole or in part, any contract is made in willful and intentional violation of any law, municipal charter, ordinance, resolution or other enactment requiring competitive bidding or procurement procedures for consulting, architectural, engineering, or other services, upon such contract shall be held liable to a civil penalty of not less than three hundred dollars and may be held liable, jointly and severally with any other such municipal officer, for all consequential damages to the municipal corporation. If, as a result of a criminal action, the violation is found to have been intentional, the municipal officer shall immediately forfeit his or her office. For purposes of this section, "municipal officer" means an "officer" or "municipal officer" as those terms are defined in RCW 42.23.020(2). [2008 c 130 § 2; 1974 ex.s. c 74 § 1.]

*Contracts by cities or towns, bidding requirements: RCW 35.23.352.*

**RCW 39.30.040 Purchases—Competitive bidding—Consideration of tax revenues—Purchase of recycled or reused materials or products—Definitions.** (1) Whenever a unit of local government is required to make purchases from the lowest bidder or from the supplier offering the lowest price for the items desired to be purchased, the unit of local government may, at its option when awarding a purchase contract, take into consideration tax revenue it would receive from purchasing the supplies, materials, or equipment from a supplier located within its boundaries. The unit of local government must award the purchase contract to the lowest bidder after such tax revenue has been considered. However, any local government may allow for preferential purchase of products made from recycled materials or products that may be recycled or reused. Any local government may allow for preferential purchase of compost to meet the requirements of RCW 43.19A.120. Any unit of local government which considers tax revenue it would receive from the imposition of taxes upon a supplier located within its boundaries must also consider tax revenue it would receive from taxes it imposes upon a supplier located outside its boundaries.

(2) A unit of local government may award a contract to a bidder submitting the lowest bid before taxes are applied. The unit of local government must provide notice of its intent to award a contract based on this method prior to bids being submitted. For the purposes of this subsection (2), "taxes" means only those taxes that are included in "tax revenue" as defined in this section.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Tax revenue" means sales taxes that units of local government impose upon the sale of supplies, materials, or equipment from the supplier to units of local government, and business and occupation taxes that units of local government impose upon the supplier that are measured by the gross receipts of the supplier from the sale.

(b) "Unit of local government" means any county, city, town, metropolitan municipal corporation, public transit benefit area, county transportation authority, or other municipal or quasi-municipal corporation authorized to impose sales and use taxes or business and

occupation taxes. [2022 c 180 § 702; 2013 c 24 § 1; 1989 c 431 § 58; 1985 c 72 § 1.]

**Findings—Intent—Scope of authority of chapter 180, Laws of 2022—2022 c 180:** See notes following RCW 70A.205.007.

**RCW 39.30.045 Purchase at auctions.** Any municipality, as defined in RCW 39.04.010, may purchase any supplies, equipment, or materials at auctions conducted by the government of the United States or any agency thereof, any agency of the state of Washington, any municipality or other government agency, or any private party without being subject to public bidding requirements if the items can be obtained at a competitive price. [1993 c 198 § 4; 1991 c 363 § 112.]

**Purpose—Captions not law—1991 c 363:** See notes following RCW 2.32.180.

**RCW 39.30.050 Contracts to require use of paper products meeting certain specifications.** Any contract by a governmental unit shall require the use of paper products to the maximum extent economically feasible that meet the specifications established by the department of enterprise services under RCW 39.26.255. [2015 c 225 § 41; 1982 c 61 § 4.]

**RCW 39.30.060 Bids on public works—Identification, substitution of subcontractors—Review, report of subcontractor listing requirements.** (1) Every invitation to bid on a prime contract that is expected to cost \$1,000,000 or more for the construction, alteration, or repair of any public building or public work of the state or a state agency or municipality as defined under RCW 39.04.010 or an institution of higher education as defined under RCW 28B.10.016 shall require each prime contract bidder to submit:

(a) Within one hour after the published bid submittal time, the names of the subcontractors with whom the bidder, if awarded the contract, will subcontract for performance of the work of: HVAC (heating, ventilation, and air conditioning); plumbing as described in chapter 18.106 RCW; and electrical as described in chapter 19.28 RCW, or to name itself for the work; and

(b) Within 48 hours after the published bid submittal time, the names of the subcontractors with whom the bidder, if awarded the contract, will subcontract for performance of the work of structural steel installation and rebar installation.

(2) The prime contract bidder shall not list more than one subcontractor for each category of work identified, unless subcontractors vary with bid alternates, in which case the prime contract bidder must indicate which subcontractor will be used for which alternate. Failure of the prime contract bidder to submit as part of the bid the names of such subcontractors or to name itself to perform such work or the naming of two or more subcontractors to perform the same work shall render the prime contract bidder's bid nonresponsive and, therefore, void.

(3) Substitution of a listed subcontractor in furtherance of bid shopping or bid peddling before or after the award of the prime

contract is prohibited and the originally listed subcontractor is entitled to recover monetary damages from the prime contract bidder who executed a contract with the public entity and the substituted subcontractor but not from the public entity inviting the bid. It is the original subcontractor's burden to prove by a preponderance of the evidence that bid shopping or bid peddling occurred. Substitution of a listed subcontractor may be made by the prime contractor for the following reasons:

- (a) Refusal of the listed subcontractor to sign a contract with the prime contractor;
- (b) Bankruptcy or insolvency of the listed subcontractor;
- (c) Inability of the listed subcontractor to perform the requirements of the proposed contract or the project;
- (d) Inability of the listed subcontractor to obtain the necessary license, bonding, insurance, or other statutory requirements to perform the work detailed in the contract;
- (e) Refusal or inability to provide a letter of bondability from a surety company; or
- (f) The listed subcontractor is barred from participating in the project as a result of a court order or summary judgment.

(4) The requirement of this section to name the prime contract bidder's proposed subcontractors applies only to proposed HVAC, plumbing, electrical, structural steel installation, and rebar installation subcontractors who will contract directly with the prime contract bidder submitting the bid to the public entity.

(5) This section does not apply to design-build requests for proposals under RCW 39.10.330, to general contractor/construction manager requests for proposals under RCW 39.10.350, or to job order contract requests for proposals under RCW 39.10.420.

(6) The legislature finds that there are hundreds of capital construction projects completed each year which include complex contracting and bidding requirements. It is the intent of the legislature to review current subcontractor listing requirements to allow fair, transparent, and competitive bidding while prohibiting bid shopping. The capital projects advisory review board must submit a report to the governor and the appropriate committees of the legislature by November 1, 2020, and a second report by November 1, 2022. The reports must:

- (a) Evaluate current subcontractor listing policies and practices;
- (b) Recommend appropriate expansion of the number of subcontractors that may be listed in order to improve transparency and fairness without reducing competitive bidding and access to public works by minority and women-owned businesses; and
- (c) Recommend possible project threshold and time frames for purposes of subcontractor listings for all scopes of work that are not required to list under law, including: The timing of subcontractor listing, bond requirements for subcontractors, general contractors standard contract request, and general contractor/construction manager and design-build applications. [2021 c 103 § 1; 2020 c 140 § 1; 2003 c 301 § 5; 2002 c 163 § 2; 1999 c 109 § 1; 1995 c 94 § 1; 1994 c 91 § 1; 1993 c 378 § 1.]

**Intent—2002 c 163:** "This act is intended to discourage bid shopping and bid peddling on Washington state public building and works projects." [2002 c 163 § 1.]

**Application—1994 c 91:** "This act applies prospectively only and not retroactively. It applies only to invitations to bid issued on or after June 9, 1994." [1994 c 91 § 2.]

**Application—1993 c 378:** "This act applies prospectively only and not retroactively. It applies only to invitations to bid issued on or after July 25, 1993." [1993 c 378 § 2.]

**RCW 39.30.070 Exceptions—Contracts or development agreements related to stadium and exhibition center.** This chapter does not apply to contracts entered into under RCW 36.102.060(4) or development agreements entered into under RCW 36.102.060(7). [1997 c 220 § 403 (Referendum Bill No. 48, approved June 17, 1997).]

**Referendum—Other legislation limited—Legislators' personal intent not indicated—Reimbursements for election—Voters' pamphlet, election requirements—1997 c 220:** See RCW 36.102.800 through 36.102.803.