VIRGINIA

CONFLICT OF INTEREST AND ETHICS ADVISORY COUNCIL

Ethics Council Meeting

November 19, 2025

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HB 2702 (Cherry 2025) State and Local Government Conflict of Interests Act; contracts; nonexclusive towing service programs.

HB 2702: Contracts for nonexclusive towing service programs

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Summary As Introduced

State and Local Government Conflict of Interests Act; contracts; nonexclusive towing service programs. Provides that a contract, for purposes of the State and Local Government Conflict of Interests Act, does not include a contract for nonexclusive towing service programs regulated pursuant to an ordinance adopted by the governing body of a locality to regulate towing services rendered pursuant to police towing requests by any business engaged in the towing or storage of unattended, abandoned, or immobile vehicles.

HB 2702: Background

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History

1/16/2025	House	Presented and ordered printed 25104323D
1/16/2025	House	Referred to Committee on Transportation
1/27/2025	House	Assigned Trans sub: Innovations (Ad Hoc)
1/29/2025	House	Subcommittee recommends referring to General Laws(Voice Vote)
1/30/2025	House	Referred from Transportation and referred to General Laws (Voice Vote)
1/30/2025	House	Assigned GL sub: Professions/Occupations and Administrative Process
1/30/2025	House	Subcommittee recommends laying on the table (8-Y 0-N)
2/5/2025	House	Left in General Laws

Source: LIS

HB 2702: Contracts for nonexclusive towing service programs

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- After HB 2702 was left in the House General Laws Committee, Committee Chair David Bulova sent a letter request to the Ethics Council, asking for the subject matter of the issue to be reviewed.

HB 2702: Contracts for nonexclusive towing service programs

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- Background: A member of a city council has an ownership interest in a towing company.
  - Prior to being elected to the city council, the member's towing company had an ongoing contract with the locality's police department to provide towing services on a rotating basis.
  - Other towing companies have similar contracts with the city's police department.

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- Under Virginia Code § 2.2-3107, members of the governing bodies of localities cannot have a personal interest in a contract with any governmental agency that is a component part of the local government and which is subject to the ultimate control of the governing body.
- While there are a number of exceptions to this general prohibition, none of them are applicable in this case.
- Under current law, the city council member cannot continue to have a towing contract with the city's police department.

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- HB 2702 would create an exception to the general prohibition provided for in Virginia Code § 2.2-3107, allowing personal interests in contracts for nonexclusive towing service programs regulated pursuant to § 46.2-1217 to be permissible.

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- It should be noted that this general issue has been the subject of requests for guidance on multiple occasions. The Ethics Council has provided informal guidance to members of local governing bodies, and people interested in running for those offices, that the State and Local Government Conflict of Interests Act (COIA) will not permit them to continue doing business with their localities in the same manner once they take office.

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- Over the years, the General Assembly has created a number of exceptions to the general prohibition on having personal interests in contracts – Virginia Code § 2.2-3110 (Further Exceptions).
- Categories of these exceptions:
  - A governmental agency has a particularized need. Examples: purchasing real property; an officer of the Marine Resources Commission can have a contract for shellfish replenishment; a public institution of higher education makes a finding that the contract is in the best interests of the institution.
  - The contract is for a small amount, less than $500.
  - The contract is a grant or a program available to all qualified applicants, similar to the exceptions for goods and services sold at uniform prices available to the public.
  - The officer or employee or immediate family member played no part in the awarding of the contract, and does not have an ownership interest in the business.

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- **Policy question:** Should non-exclusive towing services be added to the list of exceptions provided for in Virginia Code § 2.2-3110?

  Note: If this exception is added, it should probably include a requirement that the officer or employee is not able to participate in the awarding of the contract.

Discussion

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Approval of Increase to the $108 Gift Cap

Approval of Increase to Gift Cap

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- Pursuant to Virginia Code §§ 2.2-3103.1 (I) and 30-103.1 (G), the gift cap limit "shall be adjusted by the Council every five years, as of January 1 of that year, in an amount equal to the annual increases for that five-year period in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, rounded to the nearest whole dollar."
- Per the U.S. Department of Labor, Virginia's gift cap should be increased by 21.2039%, to $131.

Discussion

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Approval of 2025 Annual Report

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Public Comment

Adjournment

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