APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007

The undersigned intends to circulate and file an **INITIATIVE** or a **REFERENDUM** (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the **MEASURE** or **CONSTITUTIONAL AMENDMENT** (circle appropriate word) intended to be **INITIATED** or **REFERRED** (circle appropriate word) at the next general election.

SUMMARY: A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

The Hospital Executive Compensation Act:

- Limits total annual compensation paid to executives, administrators, and managers of hospitals, hospital groups, and affiliated medical entities, whether operated for profit or not for profit, to the annual compensation of the President of the United States (currently $450,000).
- Similarly limits severance pay for hospital executives, administrators, and managers.
- Defines compensation to include wages, bonuses, retirement benefits, club memberships, loans, housing, transportation, life insurance and deferred compensation.
- Requires public disclosure of compensation exceeding these limits.
- Provides for enforcement by Attorney General or persons acting on behalf of themselves, their members, or the general public.

René Bernal
Signature of Applicant

RENÉ BERNAL
Printed Name of Applicant

PO BOX 86173
Address

TUCSON AZ 85754
City State Zip

520-505-1432
Telephone Number

HOSPITAL ACCOUNTABILITY AND QUALITY CARE SPONSORED BY SEIU - UNITED HEALTHCARE WORKERS WEST
Name of Organization (if any)

777 S. FIGUEROA ST., STE. 4050
Address

LOS ANGELES, CA 90017
City State Zip

213 452 6565
Telephone Number

ARIANNA JIMENEZ, TREASURER
Name of Officer and Title

5480 FERGUSON DR.
Address

LOS ANGELES, CA 90022
City State Zip

213 452 6565
Telephone Number

CASS GUALUEZ
Name of Officer and Title

5480 FERGUSON DR.
Address

LOS ANGELES, CA 90022
City State Zip

213 452 6565
Telephone Number

Date of Application	2/12/2016
Signatures Required	150,642
Deadline for Filing	7/7/2016
Serial Number Issued	I-21-2016

FOR OFFICE USE ONLY

Revised 11/92

2016 FEB 12 PM 1:29
SECRETARY OF STATE

CFID: 2016000449

AN INITIATIVE MEASURE

AMENDING TITLE 10, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 35.2; AMENDING SECTION 44-6561, ARIZONA REVISED STATUTES; RELATING TO HOSPITAL EXECUTIVE COMPENSATION.

TEXT OF PROPOSED AMENDMENT

2016 FEB 12 PM 1:29
SECRETARY OF STATE

Be it enacted by the People of the State of Arizona:

Sec. 1. Title
This act may be cited as the "Hospital Executive Compensation Act."

Sec. 2. Findings
The People of the State of Arizona find and declare the following:
A. The compensation packages for chief executive officers, executives, managers, and administrators of hospitals in Arizona are often excessive, unnecessary, and inconsistent with the provision of high-quality, affordable medical care, by diverting funds that could be used to expand access to affordable medical care for all Arizonans.
B. Payment of excessive compensation to chief executive officers, executives, managers, and administrators of nonprofit hospitals, hospital groups, and affiliated medical entities undermines the charitable purposes of those entities because it results in fewer funds being available for charitable purposes, and it is often the case that the hospitals, hospital groups, and affiliated medical entities that pay the most excessive compensation also provide less charitable care than comparable institutions that pay reasonable compensation to their chief executive officers, executives, managers, and administrators.
C. Existing requirements of law do not adequately ensure that assets held for charitable purposes are not instead used to enrich chief executive officers, executives, managers, and administrators of nonprofit hospitals, hospital groups, and affiliated medical entities through payment of excessive compensation.
D. Executives, managers, and administrators of hospitals, hospital groups, and affiliated medical entities can be reasonably compensated without receiving more than the President of the United States of America, who currently earns $450,000 per year.
F. This Act has the following purposes:
1. It is the purpose of this Act to ensure that compensation packages for chief executive officers, executives, managers, and administrators of hospitals are consistent with the goal of providing affordable, high-quality medical care to all Arizonans.
2. It is further the purpose of this Act to ensure that compensation packages for chief executive officers, executives, managers, and administrators of nonprofit hospitals, hospital groups, and affiliated medical entities are consistent with the charitable purposes of such nonprofits and are reasonable and not excessive in light of the substantial public benefit that the State tax exemption for nonprofit organizations conveys.
3. This Act would achieve these purposes by limiting such chief executive officers, executives, managers, and administrators to compensation packages of no more than the compensation received by the President of the United States of America, which is currently $450,000 per year.

4. This Act is not intended to mandate expenditure of state revenues for any purpose.

SECRETARY OF STATE
2016 FEB 12 PM 1:29

Sec. 3. Title 10, Arizona Revised Statues, is amended by adding Chapter 35.2, to read:

CHAPTER 35.2
HOSPITAL EXECUTIVE COMPENSATION ACT

10-11271 DEFINITIONS.

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:
1. "TOTAL ANNUAL COMPENSATION" OR "PAYMENTS" MEANS ALL REMUNERATION PAID, EARNED, OR ACCRUED IN THE COURSE OF A FISCAL YEAR FOR WORK PERFORMED OR SERVICES PROVIDED, INCLUDING THE CASH VALUE OF ALL REMUNERATION (INCLUDING BENEFITS) IN ANY MEDIUM OTHER THAN CASH, EXCEPT AS OTHERWISE SPECIFIED IN PARAGRAPH 1, SUBDIVISION (b) OF THIS SECTION.
(a) "TOTAL ANNUAL COMPENSATION" OR "PAYMENTS" INCLUDES, BUT IS NOT LIMITED TO, WAGES; SALARY; PAID TIME OFF; BONUSES; INCENTIVE PAYMENTS; LUMP-SUM CASH PAYMENTS; THE FAIR MARKET VALUE OF BELOW MARKET RATE LOANS OR LOAN FORGIVENESS; HOUSING PAYMENTS; PAYMENTS FOR TRANSPORTATION, TRAVEL, MEALS, OR OTHER EXPENSES IN EXCESS OF ACTUAL DOCUMENTED EXPENSES INCURRED IN THE PERFORMANCE OF DUTIES; PAYMENTS OR REIMBURSEMENT FOR ENTERTAINMENT OR SOCIAL CLUB MEMBERSHIPS; THE CASH VALUE OF HOUSING, AUTOMOBILES, PARKING, OR SIMILAR BENEFITS; SCHOLARSHIPS OR FELLOWSHIPS; THE CASH VALUE OF DEPENDENT CARE OR ADOPTION ASSISTANCE OR PERSONAL LEGAL OR FINANCIAL SERVICES; THE CASH VALUE OF STOCK OPTIONS OR AWARDS; PAYMENTS OR CONTRIBUTIONS FOR INSURANCE, EXCEPT AS EXEMPTED IN PARAGRAPH 1, SUBDIVISION (b) OF THIS SECTION, TO A SECTION 125 CAFETERIA PLAN OR EQUIVALENT ARRANGEMENT, TO A HEALTH SAVINGS ACCOUNT, OR FOR SEVERANCE OR ITS EQUIVALENT; AND DEFERRED COMPENSATION EARNED OR ACCRUED, EVEN IF NOT YET VESTED OR PAID.
(b) TOTAL ANNUAL COMPENSATION OR PAYMENTS SHALL NOT INCLUDE:
(i) THE COST OF HEALTH INSURANCE OR DISABILITY INSURANCE OR PAYMENTS OR CONTRIBUTIONS TO A HEALTH REIMBURSEMENT ACCOUNT; OR
(ii) THE COST OF ANY BENEFIT OR REMUNERATION TO THE EXTENT THE INCLUSION OF THAT BENEFIT OR REMUNERATION IN CALCULATING TOTAL ANNUAL COMPENSATION WOULD CAUSE THE LIMITATION ON TOTAL COMPENSATION ESTABLISHED BY SECTION 10-11272 TO BE PREEMPTED BY FEDERAL LAW OR TO VIOLATE THE STATE OR FEDERAL CONSTITUTION.
2. "COVERED HOSPITAL OR MEDICAL ENTITY" MEANS ANY OF THE FOLLOWING:
(a) THE TERM "HOSPITAL" HAS THE SAME MEANING PRESCRIBED IN SECTION R9-10-101 OF THE ARIZONA ADMINISTRATIVE CODE, BUT DOES NOT INCLUDE ANY HOSPITAL THAT IS WHOLLY OWNED AND OPERATED BY ANY GOVERNMENTAL UNIT OR AGENCY.

(b) A "HOSPITAL GROUP" MEANS ANY GROUP OF TWO OR MORE HOSPITALS DESCRIBED IN PARAGRAPH 2, SUBDIVISION (a) OF THIS SECTION OR ANY PERSON, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST OR OTHER ENTITY THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, ANY SUCH GROUP.

(c) AN "AFFILIATED ENTITY" MEANS A CLINIC, MEDICAL OR PHYSICIANS GROUP, OR SIMILAR ENTITY THAT IS DIRECTLY OR INDIRECTLY, INCLUDING THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLED OR OWNED BY, OR CONTROLLED OR OWNED BY THE SAME PERSON OR ENTITY AS, THE CONTROLLING AUTHORITY OF A HOSPITAL. AN AFFILIATED ENTITY IS DIRECTLY OR INDIRECTLY CONTROLLED OR OWNED BY A PERSON OR ENTITY (INCLUDING A HOSPITAL, HOSPITAL GROUP, CORPORATION, OR OTHER ENTITY) IF ANY OF THE FOLLOWING IS TRUE:

(i) THE AFFILIATED ENTITY IS A DISREGARDED ENTITY OF, OR WOULD BE REQUIRED TO BE DESIGNATED AS A RELATED ORGANIZATION ON INTERNAL REVENUE SERVICE FORM 990 (OR ITS ACCOMPANYING SCHEDULES OR THE SUCCESSOR OF SUCH FORMS OR SCHEDULES) OF, THE PERSON OR ENTITY;

(ii) A MAJORITY OF THE AFFILIATED ENTITY'S ASSETS ARE OWNED BY THE PERSON OR ENTITY; OR

(iii) THE AFFILIATED ENTITY OWNS A MAJORITY OF THE ASSETS OF THE PERSON OR ENTITY.

3. "CONTROLLING AUTHORITY" MEANS, WITH RESPECT TO A COVERED HOSPITAL OR MEDICAL ENTITY, EVERY "GOVERNING AUTHORITY" (WHICH HAS THE SAME MEANING PRESCRIBED IN SECTION 36-401), "CONTROLLING PERSON" (WHICH HAS THE SAME MEANING PRESCRIBED IN SECTION 36-401), "OWNER" (WHICH HAS THE SAME MEANING PRESCRIBED IN SECTION R9-10-101 OF THE ARIZONA ADMINISTRATIVE CODE), AND "LICENSEE" (WHICH HAS THE SAME MEANING PRESCRIBED IN SECTION R9-10-101 OF THE ARIZONA ADMINISTRATIVE CODE) OF THAT COVERED HOSPITAL OR MEDICAL ENTITY.

10-11272 <u>LIMITS ON EXECUTIVE COMPENSATION.</u>

A. THE CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY LICENSED UNDER TITLE 36, CHAPTER 4 SHALL ENSURE THAT THE FOLLOWING ARE TRUE AT ALL TIMES:

1. NO PERSON WHOSE PRIMARY DUTIES ARE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE AT OR FOR THE COVERED HOSPITAL OR MEDICAL ENTITY RECEIVES TOTAL ANNUAL COMPENSATION OR PAYMENTS FROM ALL SOURCES COMBINED FOR WORK PERFORMED OR SERVICES PROVIDED AT OR FOR THE COVERED HOSPITAL OR MEDICAL ENTITY THAT IS GREATER THAN THE ANNUAL SALARY AND EXPENSE ALLOWANCE OF THE PRESIDENT OF THE UNITED STATES AS SET FORTH IN SECTION 102 OF TITLE 3 OF THE UNITED STATES CODE.

2. THE TOTAL VALUE IN THE AGGREGATE OF THE COMPENSATION OR PAYMENTS AUTHORIZED OR PAID UNDER A SEVERANCE OR SIMILAR POST-SERVICE OR POST-EMPLOYMENT ARRANGEMENT FOR ANY PERSON WHO FORMERLY HAD PRIMARY DUTIES AT A COVERED HOSPITAL OR MEDICAL

SECRETARY OF STATE
2016 FEB 12 PM 1:30

ENTITY THAT WERE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE DOES NOT EXCEED THE ANNUAL SALARY AND EXPENSE ALLOWANCE OF THE PRESIDENT OF THE UNITED STATES AS SET FORTH IN SECTION 102 OF TITLE 3 OF THE UNITED STATES CODE. THE TOTAL VALUE OF A SEVERANCE OR SIMILAR POST-EMPLOYMENT OR POST-SERVICE COMPENSATION ARRANGEMENT OR SEVERANCE PAYMENTS INCLUDES THE FAIR MARKET VALUE OF ALL REMUNERATION, INCLUDING BENEFITS, PAID IN ANY MEDIUM OTHER THAN CASH, AS DEFINED IN PARAGRAPH 1 OF SECTION 10-11271, SUBJECT TO THE EXCLUSION SET FORTH IN PARAGRAPH 1, SUBDIVISION (b) OF SECTION 10-11271.

B. THE LIMITATION ON TOTAL ANNUAL COMPENSATION IN SUBSECTION A OF THIS SECTION SHALL APPLY TO ARRANGEMENTS MADE OR AUTHORIZED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION.

C. ALL COMPENSATION OR PAYMENTS FOR ALL WORK PERFORMED OR SERVICES PROVIDED BY A PERSON WHOSE PRIMARY DUTIES ARE OR WERE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE SHALL BE INCLUDED IN DETERMINING THE COMPENSATION SUBJECT TO THE LIMIT SET FORTH IN SUBSECTION A OF THIS SECTION, EVEN IF THAT PERSON ALSO PERFORMS OR PERFORMED OTHER DUTIES. PERSONS WHOSE PRIMARY DUTIES ARE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE INCLUDE, BUT ARE NOT LIMITED TO, CHIEF EXECUTIVE OFFICERS, CHIEF EXECUTIVE MANAGERS, CHIEF EXECUTIVES, EXECUTIVE OFFICERS, EXECUTIVE DIRECTORS, CHIEF FINANCIAL OFFICERS, PRESIDENTS, EXECUTIVE PRESIDENTS, VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND OTHER PERSONS IN COMPARABLE POSITIONS.

D. THIS SECTION DOES NOT IMPOSE LIMITS ON THE COMPENSATION OF MEDICAL OR HEALTH CARE PROFESSIONALS WHOSE PRIMARY DUTIES ARE THE DIRECT PROVISION OF MEDICAL SERVICES, RESEARCH, DIRECT PATIENT CARE, OR OTHER NON-MANAGERIAL, NON-EXECUTIVE, AND NON-ADMINISTRATIVE SERVICES.

E. THE COMPENSATION LIMITS ESTABLISHED BY SUBSECTION A OF THIS SECTION APPLY IRRESPECTIVE OF WHETHER THE PERSON EXERCISING EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE AUTHORITY IS AN EMPLOYEE OF A COVERED HOSPITAL OR MEDICAL ENTITY OR OF A CORPORATION THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, A COVERED HOSPITAL OR MEDICAL ENTITY. THESE LIMITS SHALL APPLY TO ANY PERSON WHO EXERCISES SUCH AUTHORITY EVEN IF THE ARRANGEMENTS FOR SUCH AUTHORITY OR FOR COMPENSATION OR BOTH ARE PURSUANT TO A CONTRACT OR SUBCONTRACT.

F. COMPENSATION FOR WORK PERFORMED OR SERVICES PROVIDED AT OR FOR A COVERED HOSPITAL OR MEDICAL ENTITY COUNTS TOWARD THE LIMITS ESTABLISHED BY SUBSECTION A OF THIS SECTION EVEN IF MADE BY A SEPARATE ENTITY. COMPENSATION THAT COUNTS TOWARDS THE LIMITS ESTABLISHED BY SUBSECTION A OF THIS SECTION INCLUDES, BUT IS NOT LIMITED TO, THE FOLLOWING:

1. COMPENSATION THAT IS PURPORTED NOT TO BE FOR WORK PERFORMED OR SERVICES PROVIDED AT OR FOR A COVERED HOSPITAL OR MEDICAL ENTITY

2016 FEB 12 PM 1:30
SECRETARY OF STATE

BUT THAT IS DISPROPORTIONATE TO ITS PURPORTED PURPOSE SO AS TO EVADE THE LIMITATIONS ESTABLISHED BY SUBSECTION A OF THIS SECTION.

2. COMPENSATION THAT IS PAID BY ANY OF THE FOLLOWING:

(a) THE COVERED HOSPITAL OR MEDICAL ENTITY.

(b) THE CONTROLLING AUTHORITY OF THE COVERED HOSPITAL OR MEDICAL ENTITY.

(c) ANY PERSON, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST OR OTHER ENTITY THAT IS CONTROLLED BY, OR IS CONTROLLED BY THE SAME PERSON OR PERSONS AS, THE COVERED HOSPITAL OR MEDICAL ENTITY OR A NONPROFIT OR FOR-PROFIT CORPORATION THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, THE COVERED HOSPITAL OR MEDICAL ENTITY.

(d) ANY PERSON, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST OR OTHER ENTITY THAT IS A SUPPORTING OR SUPPORTED ORGANIZATION WITHIN THE MEANING OF SECTIONS 509(A)(3) AND 509(F)(3) OF THE INTERNAL REVENUE CODE OF, IS A DISREGARDED ENTITY OF, OR WOULD BE REQUIRED TO BE DESIGNATED AS A RELATED ORGANIZATION ON INTERNAL REVENUE SERVICE FORM 990 (OR ITS ACCOMPANYING SCHEDULES OR THE SUCCESSOR OF SUCH FORMS OR SCHEDULES) OF, THE COVERED HOSPITAL OR MEDICAL ENTITY OR A NONPROFIT OR FOR-PROFIT CORPORATION THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, THE COVERED HOSPITAL OR MEDICAL ENTITY.

3. COMPENSATION THAT IS PAID BY ANY PERSON, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST, OR ANY OTHER ENTITY NOT DESCRIBED IN SUBSECTION F, PARAGRAPH 2 OF THIS SECTION THAT THE COVERED HOSPITAL OR MEDICAL ENTITY PARTICIPATES IN, BELONGS TO, IS A MEMBER OF, OR PAYS INTO, UNLESS THE PREPONDERANCE OF EVIDENCE SHOWS THAT THE COMPENSATION WAS MADE FOR A DIFFERENT PURPOSE.

G. ANY SCHEME OR ARTIFICE INTENDED, IN WHOLE OR IN PART, TO AVOID THE LIMITATION ESTABLISHED BY SUBSECTION A OF THIS SECTION SHALL CONSTITUTE A VIOLATION OF THIS SECTION.

10-11273 <u>REPORTING AND DISCLOSURE.</u>

A. WITHIN ONE HUNDRED AND EIGHTY DAYS OF THE CLOSE OF EACH FISCAL YEAR, THE CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL ENSURE THAT THE COVERED HOSPITAL OR MEDICAL ENTITY POST ON ITS PUBLICLY AVAILABLE INTERNET WEBSITE WITH A CONSPICUOUS AND EASILY UNDERSTOOD LINK TO THE REQUIRED INFORMATION PLACED ON THE HOMEPAGE, AND PROVIDE TO ANY MEMBER OF THE PUBLIC WITHIN 30 DAYS OF A REQUEST, THE FOLLOWING INFORMATION:

1. THE NAMES, POSITIONS OR TITLES, AND TOTAL ANNUAL COMPENSATION OF ALL PERSONS WHOSE PRIMARY DUTIES ARE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE AT OR FOR THE COVERED HOSPITAL OR MEDICAL ENTITY AND WHO RECEIVED MORE THAN THE ANNUAL SALARY AND EXPENSE ALLOWANCE OF THE PRESIDENT OF THE UNITED STATES AS SET

SECRETARY OF STATE
2016 FEB 12 PM 1:31

FORTH IN SECTION 102 OF TITLE 3 OF THE UNITED STATES CODE IN TOTAL ANNUAL COMPENSATION IN THAT FISCAL YEAR, AND THE SOURCES OF SUCH COMPENSATION. THE INFORMATION PROVIDED SHALL INCLUDE A DETAILED BREAKDOWN OF ALL WAGE AND NONWAGE COMPENSATION AND SHALL IDENTIFY ANY BENEFIT OR REMUNERATION EXCLUDED FROM THE TOTAL ANNUAL COMPENSATION UNDER SECTION 10-11271.

2. THE NAMES, FORMER POSITIONS OR TITLES, AND COMPENSATION PAID PURSUANT TO A SEVERANCE OR SIMILAR POST-EMPLOYMENT ARRANGEMENT TO ALL PERSONS WHO RECEIVED MORE THAN THE ANNUAL SALARY AND EXPENSE ALLOWANCE OF THE PRESIDENT OF THE UNITED STATES AS SET FORTH IN SECTION 102 OF TITLE 3 OF THE UNITED STATES CODE IN TOTAL SEVERANCE COMPENSATION IN THAT FISCAL YEAR AND WHO FORMERLY HAD PRIMARY DUTIES AT OR FOR A COVERED HOSPITAL OR MEDICAL ENTITY THAT WERE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE, AND THE SOURCES OF SUCH COMPENSATION. THE INFORMATION PROVIDED SHALL INCLUDE A DETAILED BREAKDOWN OF ALL WAGE AND NONWAGE COMPENSATION AND SHALL IDENTIFY ANY BENEFIT OR REMUNERATION EXCLUDED UNDER SECTION 10-11271.

3. WITH RESPECT TO THE DISCLOSURES REQUIRED UNDER PARAGRAPHS 1 AND 2, THE COVERED HOSPITAL OR MEDICAL ENTITY SHALL ALSO IDENTIFY, BY DATE, AMOUNT, AND DESCRIPTION, EVERY PENALTY, IF ANY, IMPOSED ON THE CONTROLLING AUTHORITY FOR VIOLATION OF THIS CHAPTER.

B. EACH CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL, FOR EACH COVERED HOSPITAL OR MEDICAL ENTITY THAT IT OWNS, OPERATES, OR CONTROLS, WITHIN ONE HUNDRED AND EIGHTY DAYS OF THE CLOSE OF ITS FISCAL YEAR, FILE WITH THE ATTORNEY GENERAL AND MAKE AVAILABLE TO ANY MEMBER OF THE PUBLIC UPON REQUEST AN ANNUAL COMPENSATION DISCLOSURE SETTING FORTH THE INFORMATION DESCRIBED IN SUBSECTION A OF THIS SECTION AND IDENTIFYING EACH ENTITY THAT HAS PROVIDED COMPENSATION, IN ANY FORM, TO THE PERSONS IDENTIFIED THEREIN AND THE AMOUNT OF SUCH COMPENSATION.

C. THE CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL APPROVE THE ANNUAL COMPENSATION DISCLOSURE BEFORE IT IS SUBMITTED TO THE ATTORNEY GENERAL, AND THE REPORT SHALL STATE THAT IT WAS SO APPROVED AND BE ATTESTED TO UNDER PENALTY OF PERJURY BY AN AUTHORIZED REPRESENTATIVE OF THE COVERED HOSPITAL OR MEDICAL ENTITY.

D. EACH MEMBER OF THE CONTROLLING AUTHORITY (OR, IN THE CONTEXT OF A CORPORATE ENTITY, EACH DIRECTOR OF THE CORPORATION) SHALL HAVE A DUTY TO ACT IN GOOD FAITH AND WITH THE CARE AN ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD EXERCISE UNDER SIMILAR CIRCUMSTANCES IN APPROVING THE ANNUAL COMPENSATION DISCLOSURE AND IN ENSURING THAT THE CONTROLLING AUTHORITY COMPLIES WITH THE REQUIREMENTS OF THIS CHAPTER.

E. THE ATTORNEY GENERAL IS AUTHORIZED AND DIRECTED TO ESTABLISH AND ASSESS FEES, TO BE SUBMITTED WITH EACH ANNUAL COMPENSATION

SECRETARY OF STATE
2016 FEB 12 PM 1:31

DISCLOSURE, TO COVER THE COSTS OF IMPLEMENTING AND ENFORCING THIS CHAPTER AND EACH ACTIVITY AUTHORIZED OR REQUIRED BY THIS CHAPTER.

SECRETARY OF STATE
2006 FEB 12 PM 1:31

10-11274 ENFORCEMENT; CIVIL SANCTIONS AND PENALTIES.

A. LICENSURE. IN ADDITION TO ANY OTHER PENALTIES AVAILABLE UNDER THE LAW, A VIOLATION OF SECTION 10-11272, SUBSECTION A, SHALL CONSTITUTE GROUNDS UNDER SECTION R9-10-111 OF THE ARIZONA ADMINISTRATIVE CODE OR UNDER SECTION 36-427 TO IMPOSE SANCTIONS, INCLUDING TO DENY, REVOKE, NOT RENEW, OR SUSPEND THE LICENSE TO OPERATE THE RELEVANT COVERED HOSPITAL OR MEDICAL ENTITY.

B. DISSOLUTION. IN ADDITION TO ANY OTHER PENALTIES AVAILABLE UNDER THE LAW, VIOLATION OF SECTION 10-11272, SUBSECTION A, SHALL, WITH RESPECT TO THE CONTROLLING AUTHORITY OF THE COVERED HOSPITAL OR MEDICAL ENTITY AT ISSUE, CONSTITUTE GROUNDS FOR ADMINISTRATIVE DISSOLUTION UNDER SECTIONS 10-1420, 10-11420, OR 29-786; OR FOR JUDICIAL DISSOLUTION UNDER SECTIONS 10-1430, 10-11430, 29-345, OR 29-785; OR FOR REVOCATION UNDER SECTION 10-1530.

C. CONSUMER FRAUD. IN ADDITION TO ANY OTHER PENALTIES AVAILABLE UNDER THE LAW, VIOLATION OF SECTION 10-11272, SUBSECTION A, BY A CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL BE TREATED AS VIOLATION OF SECTION 44-1522. AN ACTION UNDER SECTION 44-1522 TO ENFORCE THIS CHAPTER MAY BE BROUGHT BY THE ATTORNEY GENERAL OR BY ANY PERSON ACTING FOR THE INTEREST OF ITSELF, ITS MEMBERS, OR THE GENERAL PUBLIC. SUCH ACTIONS SHALL BE SUBJECT TO THE FOLLOWING CONDITIONS:

1. THE ATTORNEY GENERAL SHALL HAVE THE FULL AUTHORITY SET FORTH IN TITLE 44, CHAPTER 10, ARTICLE 7 TO ENFORCE THE REQUIREMENTS OF THIS CHAPTER AND TO REMEDY VIOLATIONS OF THIS CHAPTER, INCLUDING THE POWERS SET FORTH IN SECTIONS 44-1524, 44-1526, 44-1527, 44-1528, 44-1530, 44-1531, AND 44-1532.

2. THE SUPERIOR COURT SHALL HAVE THE JURISDICTION AND AUTHORITY TO HEAR CASES AND GRANT RELIEF AS SET FORTH IN TITLE 44, CHAPTER 10, ARTICLE 7, INCLUDING AS SET FORTH IN SECTIONS 44-1527, 44-1528, 44-1530, 44-1531, 44-1532.

3. NOTWITHSTANDING SECTION 44-1534, IN ANY ACTION IN SUPERIOR COURT, THE ATTORNEY GENERAL OR PLAINTIFF SHALL BE ENTITLED TO RECOVER COSTS, INCLUDING REASONABLE ATTORNEY FEES AND EXPERT WITNESS FEES.

4. NOTWITHSTANDING ANY LAW TO THE CONTRARY, AN ACTION MAY BE BROUGHT PURSUANT TO THIS SUBSECTION BY ANY PERSON ACTING FOR THE INTEREST OF ITSELF, ITS MEMBERS, OR THE GENERAL PUBLIC, REGARDLESS OF WHETHER THE DEFENDANT HAS ACQUIRED MONEY OR PROPERTY FROM PLAINTIFF BY MEANS OF THE ALLEGED UNLAWFUL PRACTICE. BEFORE FILING SUCH AN ACTION, A PERSON ACTING FOR THE INTEREST OF ITSELF, ITS MEMBERS, OR THE GENERAL PUBLIC SHALL GIVE WRITTEN NOTICE TO THE ATTORNEY GENERAL OF THE ALLEGED VIOLATION AND THE INTENT TO BRING

SUIT. IF THE ATTORNEY GENERAL COMMENCES A CIVIL ACTION FOR THE SAME ALLEGED VIOLATION WITHIN SIXTY DAYS OF RECEIVING THE NOTICE, A SEPARATE PRIVATE CIVIL ACTION SHALL BE BARRED.

5. NOTWITHSTANDING SECTION 44-1531, IF A COURT FINDS THAT ANY PERSON HAS VIOLATED SECTION 10-11272, SUBSECTION A, THE COURT MAY, UPON PETITION, IMPOSE A CIVIL PENALTY OF NOT MORE THAN TWO HUNDRED THOUSAND DOLLARS. THE CIVIL PENALTY AWARDED UNDER THIS SECTION SHALL BE DEPOSITED IN THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FUND ESTABLISHED BY SECTION 36-2913.

6. NOTWITHSTANDING ANY LAW TO THE CONTRARY, A CONTROLLING AUTHORITY'S LIABILITY SHALL, IF ESTABLISHED, BE JOINT AND SEVERAL AMONG EVERY COMPONENT OF THE CONTROLLING AUTHORITY.

D. ADMINISTRATIVE ENFORCEMENT BY THE ATTORNEY GENERAL. IN ADDITION TO ANY OTHER PENALTIES AVAILABLE UNDER THE LAW, TO PROMOTE THE PURPOSES OF THIS CHAPTER, THE ATTORNEY GENERAL MAY IMPOSE CIVIL PENALTIES FOR VIOLATION OF THIS CHAPTER OF UP TO A MAXIMUM OF TEN THOUSAND DOLLARS FOR EACH VIOLATION OF SECTION 10-11272, SUBSECTION A AND UP TO A MAXIMUM OF ONE THOUSAND DOLLARS FOR EACH VIOLATION OF ANY OTHER PROVISION OF THIS CHAPTER. THE IMPOSITION OF SUCH PENALTIES SHALL BE SUBJECT TO HEARINGS AND OTHER PROCEDURES AS PROVIDED IN TITLE 41, CHAPTER 6, ARTICLE 10. THE CIVIL PENALTY AWARDED UNDER THIS SECTION SHALL BE DEPOSITED IN THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FUND ESTABLISHED BY SECTION 36-2913. THE LEGISLATURE MAY AMEND THIS MEASURE BY INCREASING THE PENALTIES PROVIDED FOR IN THIS SECTION.

E. IN ADDITION TO ANY OTHER ENFORCEMENT ACTIONS AVAILABLE UNDER THE LAW, THE ATTORNEY GENERAL OR ANY PERSON ACTING ON BEHALF OF ITSELF, ITS MEMBERS, OR THE GENERAL PUBLIC MAY BRING OR INTERVENE IN A CIVIL ACTION FOR A VIOLATION OF THIS CHAPTER FOR AUTHORIZED CIVIL PENALTIES AND APPROPRIATE EQUITABLE RELIEF. THE FOLLOWING PROVISIONS SHALL APPLY TO ANY SUCH ACTION:

1. AUTHORIZED CIVIL PENALTIES SHALL BE THE PENALTIES SET FORTH IN SUBSECTION D OF THIS SECTION.

2. APPROPRIATE EQUITABLE RELIEF MAY INCLUDE, BUT IS NOT LIMITED TO:

(a) DISSOLUTION OF THE CONTROLLING AUTHORITY OR ANY PART OF THEREOF;

(b) REVOCATION OF THE TAX EXEMPT STATUS, IF ANY, OF THE CONTROLLING AUTHORITY OR ANY PART THEREOF UNDER SECTION 43-1201; AND

(c) APPOINTMENT BY THE ATTORNEY GENERAL OF A PERSON TO SERVE AS THE ATTORNEY GENERAL'S REPRESENTATIVE ON THE BOARD OF DIRECTORS OF ANY NONPROFIT CORPORATION THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, A COVERED HOSPITAL OR MEDICAL ENTITY, PURSUANT TO THE PROCEDURES AND CONDITIONS PRESCRIBED IN SECTION 10-11275, SUBSECTION C, PARAGRAPH 2.

2016 FEB 12 PM 1:31
SECRETARY OF STATE

3. IN THE EVENT A NONPROFIT CORPORATION SEEKS TO CHANGE ITS STATUS TO A FOR-PROFIT CORPORATION AFTER REVOCATION OF ITS TAX EXEMPT STATUS, THE CORPORATION SHALL BE REQUIRED TO DISTRIBUTE ALL OF ITS CHARITABLE ASSETS IN ACCORDANCE WITH ITS CHARITABLE PURPOSES WITH THE APPROVAL OF THE ATTORNEY GENERAL AND IN ACCORDANCE WITH SECTION 10-11253, AND SHALL COMPLY WITH ALL OTHER REQUIREMENTS APPLICABLE TO THE DISPOSITION OF A MAJORITY OF A NONPROFIT CORPORATION'S ASSETS.

4. A PREVAILING PLAINTIFF IN ANY ACTION UNDER THIS SUBSECTION IS ENTITLED TO RECOVER REASONABLE ATTORNEY FEES AND COSTS, INCLUDING BUT NOT LIMITED TO EXPERT WITNESS FEES.

5. BEFORE FILING AN ACTION UNDER THIS SUBSECTION, A PERSON ACTING ON BEHALF OF ITSELF, ITS MEMBERS, OR THE GENERAL PUBLIC SHALL GIVE WRITTEN NOTICE TO THE ATTORNEY GENERAL OF THE ALLEGED VIOLATION AND THE INTENT TO BRING SUIT. IF THE ATTORNEY GENERAL COMMENCES A CIVIL ACTION FOR THE SAME ALLEGED VIOLATION WITHIN SIXTY DAYS OF RECEIVING THE NOTICE, A SEPARATE PRIVATE CIVIL ACTION SHALL BE BARRED.

SECRETARY OF STATE
2016 FEB 12 PM 1:31

10-11275 NON-PROFIT HOSPITALS AND CONTROLLING AUTHORITIES; ENFORCEMENT; ADDITIONAL REQUIREMENTS; CIVIL SANCTIONS AND PENALTIES

A. THIS SECTION SHALL APPLY TO A COVERED HOSPITAL OR MEDICAL ENTITY THAT IS A NON-PROFIT ORGANIZATION OR IS OPERATED OR OWNED BY A CONTROLLING AUTHORITY ANY PART OF WHICH IS A NON-PROFIT ORGANIZATION.

B. IN ORDER TO QUALIFY FOR AND MAINTAIN ITS TAX EXEMPTION UNDER SECTION 43-1201, THE COVERED HOSPITAL OR MEDICAL ENTITY, OR A CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY ANY PART OF WHICH IS A NON-PROFIT ORGANIZATION, SHALL COMPLY WITH THIS CHAPTER.

C. ADMINISTRATIVE ENFORCEMENT BY THE ATTORNEY GENERAL. IN ADDITION TO ANY OTHER PENALTIES AVAILABLE UNDER THE LAW, TO PROMOTE THE PURPOSES OF THIS CHAPTER, THE ATTORNEY GENERAL HAS THE FOLLOWING AUTHORITY:

1. FOR THE PURPOSE OF PROMOTING COMPLIANCE WITH THIS CHAPTER, THE ATTORNEY GENERAL MAY INVESTIGATE THE AFFAIRS OF AND EXAMINE THE BOOKS, ACCOUNTS, RECORDS AND FILES OF THE COVERED HOSPITAL OR MEDICAL ENTITY.

2. THE ATTORNEY GENERAL MAY APPOINT ANY PERSON TO SERVE AS THE ATTORNEY GENERAL'S REPRESENTATIVE ON THE BOARD OF DIRECTORS OF ANY NONPROFIT CORPORATION THAT OWNS, OPERATES, OR CONTROLS, IN WHOLE OR IN PART, A COVERED HOSPITAL OR MEDICAL ENTITY, THAT HAS BEEN FOUND TO HAVE VIOLATED SECTION 10-11272, SUBSECTION A, PURSUANT TO THE HEARINGS AND OTHER PROCEDURES AS PROVIDED IN TITLE 41, CHAPTER 6,

ARTICLE 10. SUCH APPOINTMENTS SHALL BE SUBJECT TO THE FOLLOWING CONDITIONS:

(a) THE APPOINTEE SHALL HAVE ALL THE RIGHTS, POWERS, AND DUTIES AS OTHER MEMBERS OF THE BOARD OF DIRECTORS. THE APPOINTEE SHALL SERVE ON THE BOARD OF DIRECTORS UNTIL THE ATTORNEY GENERAL REASONABLY DETERMINES THAT THE APPOINTEE'S CONTINUED SERVICE IS NO LONGER NECESSARY TO ENSURE THE NONPROFIT CORPORATION'S COMPLIANCE WITH THIS CHAPTER.

(b) AT NO TIME SHALL MORE THAN ONE PERSON SERVE AS A REPRESENTATIVE OF THE ATTORNEY GENERAL ON ANY BOARD BASED ON THE NONPROFIT CORPORATION'S NON-COMPLIANCE WITH THIS CHAPTER.

(c) A NONPROFIT CORPORATION MAY PETITION THE ATTORNEY GENERAL TO REMOVE A PERSON APPOINTED TO THE BOARD OF DIRECTORS PURSUANT TO THIS PARAGRAPH. THE ATTORNEY GENERAL SHALL GRANT THE PETITION IF THE APPOINTMENT IS NO LONGER REASONABLY NECESSARY TO ACHIEVE THE PURPOSES OF THIS CHAPTER. THE ATTORNEY GENERAL MAY PROMULGATE REGULATIONS GOVERNING THE PROCESSING AND APPROVAL OR DENIAL OF SUCH PETITIONS.

(d) THIS PARAGRAPH SHALL NOT APPLY TO A CORPORATION ORGANIZED PRIMARILY FOR RELIGIOUS PURPOSES.

SECRETARY OF STATE
2016 FEB 12 PM 1:32

Sec. 4. Section 44-6561, Arizona Revised Statutes, is amended to read:

44-6561. Unlawful acts or practices; violation; classification; civil penalty

A. The following acts and practices are unlawful as applied to the planning, conduct or execution of a solicitation and constitute unlawful practices under section 44-1522 that the attorney general may investigate and for which the attorney general may take appropriate action as prescribed by chapter 10, article 7 of this title:

1. Knowingly using an emblem, device or printed matter belonging to or associated with a charitable organization without first being authorized in writing to do so by the charitable organization.

2. Knowingly using a name, symbol or statement so closely related or similar to that used by another charitable organization for the purpose of misleading a solicited person.

3. Knowingly making a misrepresentation to a person that the person on whose behalf a solicitation is being conducted is a charitable organization.

4. Knowingly making a representation to a person that another person sponsors, endorses or approves the solicitation if the other person has not given consent in writing to the use of that person's name for these purposes.

5. Knowingly failing to post in a clear and conspicuous manner at a location in which a charitable organization or other business entity receives donated items for the purpose of reselling the items to financially benefit a charitable organization one of the following statements:

(a) This collection site is owned by [name of charity], a charitable organization. Donated items received at this location will support the charitable mission of [name of charity].

(b) This collection site is owned by [name of company], a for-profit company. Donated items received at this location will be sold by [name of company] with a portion of the proceeds benefiting [name of charity].

6. KNOWINGLY MAKING A MISREPRESENTATION TO ANY PERSON THAT A CHARITABLE ORGANIZATION ON WHOSE BEHALF A SOLICITATION IS BEING CONDUCTED IS IN COMPLIANCE WITH CHAPTER 35.2 OF TITLE 10.

B. A contracted fund raiser who knowingly conducts any act or practice proscribed in subsection A of this section is guilty of a class 6 felony.

C. An independent solicitor who knowingly conducts any act or practice proscribed in subsection A of this section is guilty of a class 1 misdemeanor.

D. In addition to the criminal offenses provided in subsections B and C of this section, if a person conducts an act or practice proscribed in subsection A of this section, the attorney general may recover from the person on behalf of the state a civil penalty of not more than one thousand dollars per violation. EXCEPT WITH RESPECT TO A VIOLATION OF SUBSECTION A, PARAGRAPH 6 OF THIS SECTION, THE civil penalty prescribed by this subsection is in lieu of the penalty prescribed by section 44-1531. FOR A VIOLATION OF SUBSECTION A, PARAGRAPH 6 OF THIS SECTION, THE ATTORNEY GENERAL MAY RECOVER FROM THE PERSON ON BEHALF OF THE STATE THE CIVIL PENALTY PROVIDED IN SECTION 44-1531, IN ADDITION TO ANY OTHER AVAILABLE PENALTIES.

E. For the purposes of subsection A, paragraph 5 of this section, an entity owns a collection site if the entity receives at least fifty-one per cent of the proceeds generated by the retail sale of the donated items received at the collection site.

Sec. 5 Severability
If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Sec. 6. Conforming legislation
A. The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this measure for consideration in the fifty-third legislature, first regular session.

SECRETARY OF STATE
2016 FEB 12 PM 1:32

B. Notwithstanding subsection A of this section, the executive director of legislative council may blend nonconflicting changes made by the legislature with the changes in the measure.
C. The legislature may make technical and conforming changes to any section of this measure in furtherance of its purpose, subject to article IV, part 1, section 1, Constitution of Arizona.

SECRETARY OF STATE
2016 FEB 12 PM 1:32