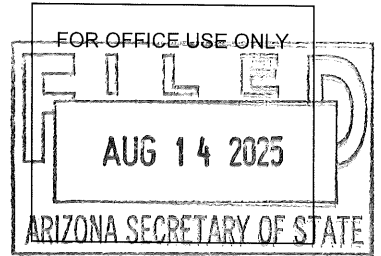




STATE OF ARIZONA
**Application for Serial Number
 Initiative Petition
 A.R.S. § 19-111**



The undersigned intends to circulate and file an initiative 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. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

Statutory Measure **Constitutional Amendment**

Date of Application: 08/14/2025
 Signatures Required: 255,949
 Deadline for Filing: 07/02/2026
 Serial Number Issued: I-02-2026

Limits total annual compensation for executives, administrators, and managers of private for-profit and nonprofit hospitals; hospital groups; hospital-affiliated medical entities; and physicians' groups of 25 or more physicians. Total annual compensation is limited to 15 times the annual earnings of a full-time worker who is paid the State minimum wage for 2080 hours of work. Defines total annual compensation to include wages, salaries, bonuses, cash payments, loans, housing, transportation, some benefits, and other types of compensation, as well as severance and similar post-employment compensation. Excludes from total annual compensation health and disability insurance, contributions to health reimbursement and health savings accounts, and forms of compensation that would cause the Act's limits to be preempted by federal law or violate the State or federal constitutions. Does not apply to medical professionals with primary duties that are not executive or managerial. Requires disclosure of compensation exceeding these limits to Attorney General. Provides for enforcement, including administrative enforcement by Attorney General and enforcement via civil actions, and includes remedies and penalties for violations. Applies only to compensation arrangements made or authorized on or after the effective date of the Act.

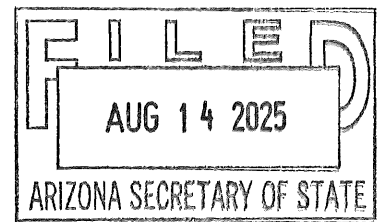
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 Committee ID No.
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By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

- That I have received and will review the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.
- That at the time of filing, I was provided instructions regarding accurate completion of the Statewide Initiative Petition form.

Lisbeth Espinosa August 13, 2025
 Applicant Signature Date



AN INITIATIVE MEASURE

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

TEXT OF PROPOSED AMENDMENT

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

Sec. 1. Title

This act may be cited as the “Health Care Executive Compensation Act.”

Sec. 2. Findings and Purposes

A. The People of the State of Arizona find and declare the following:

1. The compensation packages of chief executive officers, executives, managers, and administrators of hospitals, hospital groups, and affiliated medical entities that operate under nonprofit corporate status are often excessive, unnecessary, and inconsistent with the corporations’ charitable purposes, as revealed by compensation surveys and other sources.
2. Payment of excessive compensation to executives, managers, and administrators undermines the purposes of nonprofit corporations because it results in fewer funds being available for these corporations’ charitable purposes.
3. High executive compensation at nonprofit hospitals has not resulted in better patient care or greater provision of charity care. Past research has not found a link between higher executive pay and quality indicators like lower mortality and readmissions. Nor has high CEO pay been linked to greater provision of uncompensated care – at times, higher CEO pay was actually associated with lower levels of uncompensated care.
4. Performance factors that corporations use to determine executive pay, such as a corporation’s financial performance, are often inconsistent with the charitable mission of nonprofit hospitals, and executive compensation increases associated with leading larger health care systems may encourage health system consolidation which undermines patient affordability.
5. The excessive compensation of executives, managers, and administrators in Arizona contributes to rising income inequality within the state. Some Arizona hospital executives were paid the equivalent of over \$6,000 per hour in 2023, while many hourly hospital workers made less than \$15 per hour. One study found that nonprofit hospital CEO pay increased by 30 percent between 2012 and 2019, while registered nurses’ average wages grew by only 2.3%.

6. Existing law does not adequately ensure that assets held for charitable purposes are not instead used to enrich executives, managers, and administrators of nonprofit hospitals, hospital groups, and affiliated medical entities through payment of excessive compensation.

7. The compensation packages for chief executive officers, executives, managers, and administrators of for-profit hospitals and physician groups 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 medical care and improve quality for all Arizonans.

8. Health care executive pay is determined based on incentives that are inconsistent with the delivery of low-cost, high-quality care. Public filings of for-profit hospital systems show that cash and stock incentive payments are primarily based on earnings and stockholder value.

9. Publicly funded programs including Medicare and Medicaid (AHCCS) account for more than two-thirds of all in-patient days and more than 90% of all discharges at for-profit hospitals in Arizona.

10. Taxpayers should not subsidize health care executives' multi-million-dollar salaries while healthcare prices and insurance premiums continue to increase year after year.

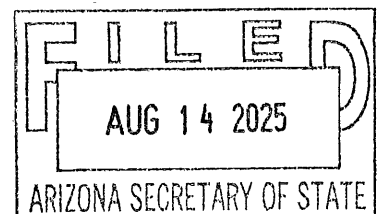
11. The State of Arizona should ensure that hospital and physician group executive compensation does not continue to rise to unsustainable levels while potential state and federal funding cuts threaten access to health care.

12. Executives, managers, and administrators of hospitals, hospital groups, and affiliated medical entities can be reasonably compensated at a rate up to 15 times the amount a full-time worker who is earning the State minimum wage is paid. The level of compensation allowed by this Act is far more than the average Arizonan's income and is more than adequate to ensure that Arizona hospitals and other covered healthcare facilities will be able to attract and retain effective executive leadership.

B. 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 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 nonprofits confers.

2. A further purpose of this Act is to ensure that compensation packages for chief executive officers, executives, managers, and administrators of for-profit hospitals, hospital groups, affiliated medical entities, and large physician groups are consistent with the goal of providing affordable, high-quality medical care to all Arizonans.



3. This Act would achieve these purposes by limiting such chief executive officers, executives, managers, and administrators to compensation packages of 15 times the amount earned annually by a full-time worker who is paid the State minimum wage.

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

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

CHAPTER 35.2

HEALTH CARE EXECUTIVE COMPENSATION ACT

10-11271 DEFINITIONS.

A. IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "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.

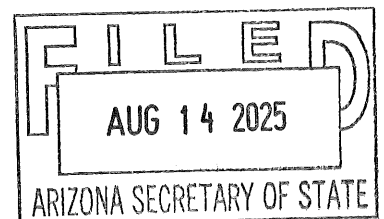
2. "COVERED EXECUTIVE" INCLUDES ANY INDIVIDUAL EMPLOYED AT OR BY A COVERED HOSPITAL OR MEDICAL ENTITY AND WHOSE PRIMARY DUTIES ARE OR WERE EXECUTIVE, MANAGERIAL, OR ADMINISTRATIVE FOR THE COVERED HOSPITAL OR MEDICAL ENTITY EVEN IF THAT INDIVIDUAL ALSO PERFORMS OR PERFORMED OTHER DUTIES, AND REGARDLESS OF WHETHER THE INDIVIDUAL IS OR WAS AN EMPLOYEE OR COMPENSATED PURSUANT TO CONTRACT OR SUBCONTRACT.

(a) NON-EXCLUSIVE EXAMPLES OF COVERED EXECUTIVES INCLUDE CHIEF EXECUTIVE OFFICERS, CHIEF EXECUTIVE MANAGERS, CHIEF EXECUTIVES, EXECUTIVE OFFICERS, EXECUTIVE DIRECTORS, CHIEF FINANCIAL OFFICERS, PRESIDENTS, EXECUTIVE PRESIDENTS, VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, SENIOR VICE PRESIDENTS, ADMINISTRATORS, AND OTHER COMPARABLE POSITIONS.

(b) COVERED EXECUTIVE DOES NOT INCLUDE ANY MEDICAL OR HEALTH CARE PROFESSIONALS WHOSE PRIMARY DUTIES ARE OR WERE THE PROVISION OF MEDICAL SERVICES, RESEARCH, DIRECT PATIENT CARE, OR OTHER NON-MANAGERIAL, NON-EXECUTIVE, AND NON-ADMINISTRATIVE SERVICES.

3. "COVERED HOSPITAL OR MEDICAL ENTITY" MEANS ANY OF THE FOLLOWING:

(a) A "HOSPITAL" AS DEFINED IN SECTION R9-10-101 OF THE ARIZONA ADMINISTRATIVE CODE, PROVIDED THAT "HOSPITAL" DOES NOT INCLUDE ANY HOSPITAL THAT IS WHOLLY OWNED AND OPERATED BY ANY GOVERNMENTAL UNIT OR AGENCY.



(b) A "HOSPITAL GROUP," MEANING ANY GROUP OF TWO OR MORE HOSPITALS, AS DEFINED IN PARAGRAPH 3, 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," MEANING A PHYSICIANS GROUP, MEDICAL GROUP, PHYSICIAN GROUP PRACTICE, PROFESSIONAL CORPORATION FORMED FOR THE PURPOSE OF PRACTICING MEDICINE, MEDICAL PARTNERSHIP, ANOTHER FORM OF CORPORATION FORMED FOR THE PURPOSE OF PRACTICING MEDICINE, OR OTHER HEALTH CARE DELIVERY ENTITY FORMED FOR THE PURPOSE OF PROVIDING PHYSICAL HEALTH SERVICES, THAT IS AFFILIATED WITH A HOSPITAL OR HOSPITAL GROUP, OR THE CONTROLLING AUTHORITY OF A HOSPITAL OR HOSPITAL GROUP, IN ANY OF THE FOLLOWING WAYS:

(i) THE HOSPITAL, HOSPITAL GROUP, OR CONTROLLING AUTHORITY DIRECTLY OR INDIRECTLY HOLDS A CONTROLLING INTEREST IN THE ENTITY;

(ii) THE HOSPITAL, HOSPITAL GROUP, OR CONTROLLING AUTHORITY EXERCISES SUBSTANTIAL OPERATIONAL CONTROL OVER THE ENTITY;

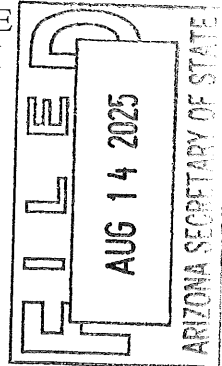
(iii) THE ENTITY SHARES COMMON BRANDING OR JOINT MARKETING WITH A HOSPITAL, HOSPITAL GROUP, OR CONTROLLING AUTHORITY SUCH THAT THE PUBLIC WOULD REASONABLY PERCEIVE THE ENTITY TO BE PART OF, OPERATED BY, OR AFFILIATED WITH THE HOSPITAL, HOSPITAL GROUP, OR CONTROLLING AUTHORITY.

(d) A PHYSICIANS GROUP, MEDICAL GROUP, PHYSICIAN GROUP PRACTICE, PROFESSIONAL CORPORATION FORMED FOR THE PURPOSE OF PRACTICING MEDICINE, MEDICAL PARTNERSHIP, OR ANOTHER FORM OF CORPORATION FORMED FOR THE PURPOSE OF PRACTICING MEDICINE, PROVIDED THAT THE GROUP INCLUDES A TOTAL OF 25 OR MORE PHYSICIANS.

4. "FAIR COMPENSATION LIMIT" MEANS AN AMOUNT EQUIVALENT TO 15 TIMES THE AMOUNT EARNED IN ONE YEAR BY A FULL-TIME WORKER WHO IS PAID THE STATE MINIMUM WAGE FOR 2080 HOURS OF WORK.

5. "TOTAL ANNUAL COMPENSATION" MEANS ALL REMUNERATION PAID, EARNED, OR ACCRUED IN A FISCAL YEAR RELATED TO WORK PERFORMED OR SERVICES PROVIDED, INCLUDING THE CASH VALUE OF ALL REMUNERATION (INCLUDING BENEFITS) IN ANY MEDIUM OTHER THAN CASH, EXCEPT AS OTHERWISE SPECIFIED HEREIN.

(a) "TOTAL ANNUAL COMPENSATION" INCLUDES, BUT IS NOT LIMITED TO, WAGES; SALARY; PAID TIME OFF; BONUSES; RECRUITMENT PAYMENTS, 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, USE OF



CORPORATE AIRCRAFT, PARKING, OR SIMILAR BENEFITS; SCHOLARSHIPS OR FELLOWSHIPS; THE CASH VALUE OF DEPENDENT CARE OR ADOPTION ASSISTANCE; THE CASH VALUE OF PERSONAL LEGAL OR FINANCIAL SERVICES; THE CASH VALUE OF STOCK OPTIONS OR AWARDS; PAYMENTS OR CONTRIBUTIONS FOR SEVERANCE OR ITS EQUIVALENT; AND PAYMENTS OR CONTRIBUTIONS FOR INSURANCE, EXCEPT AS EXEMPTED IN SUBDIVISION (c).

(b) COVERED COMPENSATION INCLUDES SEVERANCE OR SIMILAR POST-SERVICE OR POST-EMPLOYMENT ARRANGEMENTS.

(c) TOTAL ANNUAL COMPENSATION DOES NOT INCLUDE:

(i) THE COST OF HEALTH INSURANCE OR DISABILITY INSURANCE OR PAYMENTS OR CONTRIBUTIONS TO A HEALTH REIMBURSEMENT ACCOUNT OR HEALTH SAVINGS 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 THIS SECTION TO BE PREEMPTED BY FEDERAL LAW OR TO VIOLATE THE STATE OR FEDERAL CONSTITUTION.

6. "PHYSICAL HEALTH SERVICES" MEANS MEDICAL SERVICES, NURSING SERVICES, HEALTH RELATED SERVICES, OR ANCILLARY SERVICES PROVIDED TO AN INDIVIDUAL TO ADDRESS THE INDIVIDUAL'S MEDICAL CONDITION.

10-11272

LIMITS ON EXECUTIVE COMPENSATION.

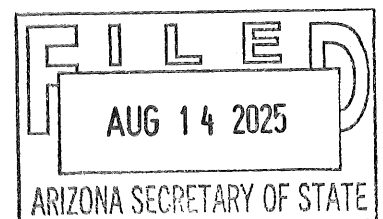
A. THE CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL ENSURE THAT THE FOLLOWING ARE TRUE AT ALL TIMES:

1. TOTAL ANNUAL COMPENSATION FROM ANY SOURCE FOR ANY COVERED EXECUTIVE RELATED TO WORK PERFORMED OR SERVICES PROVIDED AT OR FOR THE COVERED HOSPITAL OR MEDICAL ENTITY SHALL NOT EXCEED THE FAIR COMPENSATION LIMIT.

C. 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.

D. PAYMENTS, COMPENSATION, OR REMUNERATION TO ANY COVERED EXECUTIVE BY ANY ENTITY THAT IS PURPORTED NOT TO BE RELATED TO WORK PERFORMED OR SERVICES PROVIDED BY THE COVERED EXECUTIVE AT OR FOR A COVERED HOSPITAL OR MEDICAL ENTITY AND THAT IS UNREASONABLY DISPROPORTIONATE TO ITS PURPORTED PURPOSE SHALL CONSTITUTE A VIOLATION OF THIS SECTION.

E. 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

REPORTING AND DISCLOSURE.

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 REPORT TO THE ATTORNEY GENERAL THE FOLLOWING INFORMATION:

1. THE NAMES, POSITIONS OR TITLES, AND TOTAL ANNUAL COMPENSATION OF ALL COVERED EXECUTIVES WHO RECEIVED MORE THAN THE FAIR COMPENSATION LIMIT 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 FAIR COMPENSATION LIMIT 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.

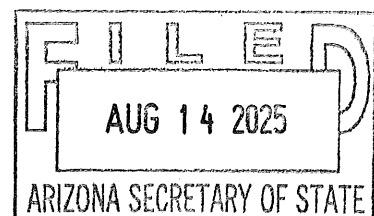
C. THE CONTROLLING AUTHORITY OF A COVERED HOSPITAL OR MEDICAL ENTITY SHALL APPROVE THE ANNUAL COMPENSATION DISCLOSURE BEFORE IT IS SUBMITTED TO THE ATTORNEY GENERAL, AND THE REPORT SHALL STATE THAT IT WAS SO APPROVED AND BE ATTESTED TO UNDER PENALTY OF PERJURY BY AN AUTHORIZED REPRESENTATIVE OF THE COVERED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

10-11274

ENFORCEMENT; CIVIL SANCTIONS AND PENALTIES.



A. 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.

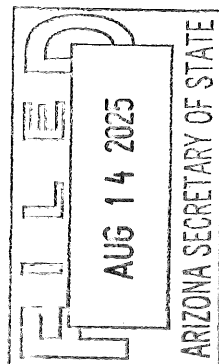
3. NOTWITHSTANDING SECTION 44-1534, IN ANY ACTION IN SUPERIOR COURT, THE ATTORNEY GENERAL OR PLAINTIFF SHALL BE ENTITLED TO RECOVER COSTS, INCLUDING REASONABLE ATTORNEY FEES AND EXPERT WITNESS FEES.

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.

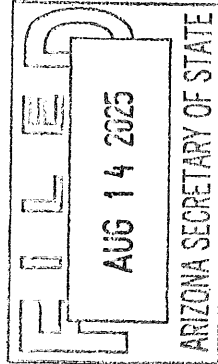
6. NOTWITHSTANDING ANY LAW TO THE CONTRARY, A CONTROLLING AUTHORITY'S LIABILITY SHALL, IF ESTABLISHED, BE JOINT AND SEVERAL AMONG EVERY COMPONENT OF THE CONTROLLING AUTHORITY.

B. 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.

C. 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. AUTHORIZED CIVIL PENALTIES SHALL BE THE PENALTIES SET FORTH IN SUBSECTION B OF THIS SECTION.



1. 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.

2. 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.

10-11275 NONPROFIT COVERED HOSPITALS, MEDICAL ENTITIES 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 NONPROFIT CORPORATION OR IS OPERATED OR OWNED BY A CONTROLLING AUTHORITY ANY PART OF WHICH IS A NONPROFIT CORPORATION.

B. NOTWITHSTANDING ANY OTHER PROVISION OF STATE LAW, FAILURE TO COMPLY WITH THIS CHAPTER MAY BE GROUNDS FOR REVOCATION OF ANY TAX EXEMPTION GRANTED TO THE NONPROFIT CORPORATION UNDER STATE LAW.

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.

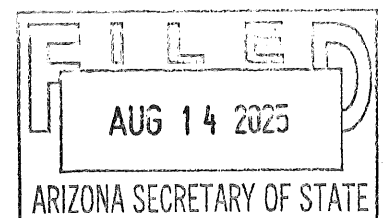
(d) THIS PARAGRAPH SHALL NOT APPLY TO A CORPORATION ORGANIZED PRIMARILY FOR RELIGIOUS PURPOSES.

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 § 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 a person that a donation is any of the following:

(a) Tax deductible.

(b) Going to a nonprofit corporation.

(c) Enabling the person to receive a tax credit.

7. 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 7 OF THIS SECTION, THE civil penalty prescribed by this subsection is in lieu of the penalty prescribed by § 44-1531. FOR A VIOLATION OF SUBSECTION A, PARAGRAPH 7 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 percent 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.

