GOODMAN SCHWARTZ PUBLIC AFFAIRS

Voting Guide to Arizona Ballot Propositions

November 4, 2014 General Election

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This voting guide is intended to educate interested voters in the ballot propositions on the November 2014 General Election ballot in Arizona.

Nothing in this document should be construed as an endorsement or opposition to any particular ballot proposition.

Rather, diligent care was taken to objectively describe each ballot proposition and to provide the typical arguments used by proponents and opponents, respectively.

In the unlikely event there is a discrepancy between the actual ballot proposition and the information contained herein, the actual ballot language shall take precedence.

Ballot Propositions

Under the Arizona Constitution, the Arizona Legislature and citizens have the right to place propositions on the General Election ballot to make changes to either the Arizona Constitution or Arizona Revised Statutes.

A referendum is a ballot proposition that has been placed on the ballot by the Arizona Legislature. Unlike other legislation, a referendum does not go to the Governor for approval or veto. Rather, if a majority of the Arizona House of Representatives and Arizona State Senate pass the legislation, the measure is automatically placed on the ballot.

An initiative gives citizens the same right as the Arizona Legislature to place an issue on the ballot, provided that the citizens collect enough valid signatures from registered voters to qualify.

For the 2014 election cycle, initiative measures and constitutional amendments require 172,809 and 259,213 valid signatures, respectively.

The Arizona Secretary of State, in coordination with the County Recorders in each of Arizona's 15 counties, determines whether an initiative qualifies for the ballot.

Important Dates

Voter registration closes on October 6th (at midnight).

Vote by mail begins on October 9th.

General Election is November 4th.

PR	OPOSI	TION	122	
	Yes		No	

STATE SOVEREIGNTY AMENDMENT

Under Proposition 122, the Arizona Constitution would be amended to confirm the state and federal government are subject to the United States Constitution. Proposition 122 also would provide that Arizona may restrict the actions of its personnel and the use of its financial resources to purposes that are consistent with the United States Constitution by passing an initiative, referendum or bill or by pursuing any other available legal remedy. The state, counties, cities, towns and other political subdivisions of the state would be prohibited from using any personnel or financial resources to enforce, administer or cooperate with a federal action or program if the people or their representatives have exercised their authority to restrict such action or use. [Analysis provided by the Arizona Legislative Council].

Proponents of Proposition 122 assert that the proposal is intended to protect Arizona residents from the over-reaching encroachment of the federal government by restricting the use of state, county and municipal government's financial resources to implement federal requirements that have been determined to exceed constitutional authority.

Opponents of Proposition 122 assert that the proposal may result in the loss of Arizona primacy over regulations, thereby opening the state to direct and inflexible federal regulation in

areas such as the environment. Opponents will contend this measure, if implemented, would restrict the state's ability to respond strategically to federal overreach because of its blanket restrictions at all levels of Arizona government. Opponents will also note the measure specifically enables citizen initiatives to trigger these restrictions, which could place out-of-state interests at the forefront of state government's response to federal actions. The measure may also place the state, cities and other political subdivisions in positions where they must choose whether to violate state or federal laws.

PROPOSITION 303					
☐ Yes	☐ No				

TERMINAL PATIENTS' RIGHT TO TRY ACT

Under Proposition 303, the Arizona Constitution would be amended to allow a terminally ill patient, with the recommendation of the patient's physician and a determination by the patient's physician that no comparable or satisfactory United States Food and Drug Administration approved treatment options are available, access to medications or treatments made available by a manufacturer that have not completed the full United States Food and Drug Administration approval process. In consultation with the patient, the patient's physician must determine that the probable risk to the patient from the medication or treatment is not greater than the probable risk from the disease or condition prior to recommending the medication or treatment. The eligible patient must give written informed consent for the use of the investigational drug, biological product or device or, if the patient is a minor or lacks the mental capacity to provide informed consent, a parent or legal guardian must give written informed consent on the patient's behalf.

An "investigational drug, biological product or device" is defined as a drug, biological product or device that has successfully completed phase one of a clinical trial, but has not been approved for general use by the United States Food and Drug Administration and remains under investigation in a clinical trial. The manufacturer may provide the investigational drug, biological product or device with or without charge to the eligible patient and may require the eligible patient to participate in data collection relating to the use of the investigational drug, biological product or device. A health care insurer may provide coverage for an investigational drug, biological product or device, but neither a health care insurer nor any state agency is required to provide such coverage.

A state regulatory board may not take any action against a physician's license based solely on the physician's recommendation for, prescription for or treatment with the investigational drug, biological product or device. A state agency may not take any action against a health care institution's license based solely on the institution's participation in the treatment or use of the investigational drug, biological product or device

An official, employee or agent of this state who blocks or attempts to block access of an eligible patient to an investigational drug, biological product or device is guilty of a class 1 misdemeanor. [Analysis provided by the Arizona Legislative Council.]

Proponents of Proposition 303 assert that the proposal will remove a federal government barrier and give those who are terminally ill access to investigational drugs prior to FDA approval, as these patients often cannot wait for the prolonged approval process required for a potentially life-saving drug. The proposal allows a patient to explore all treatment options in the event of a terminal illness.

Opponents of Proposition 303 assert that the proposal, unintentionally, places patients at higher risk, as there is no oversight of treatments and no consequences for abuse or misuse of treatments. The proposal allows *any* licensed physician, as opposed to a specialist certified to treat a patient's disease, to administer non-FDA approved treatments without the years of extra training otherwise required and expected to treat complicated diseases.

PR	OPOSI	TION	304	
	Yes		No	

LEGISLATIVE PAY INCREASE

Proposition 304 is the recommendation of the Commission on Salaries for Elective State Officers to increase the salaries for state legislators from \$24,000 to \$35,000 per year.

The current compensation level for legislators was approved by voters in 1998. In 2008, the Commission recommended an increase for legislative pay from \$24,000 to \$30,000, which was ultimately rejected by the electorate.

Proponents of Proposition 304 assert that increasing salaries for state legislators will

enhance the quality of the Legislature that is responsible for making laws and managing a multi-billion dollar budget for all essential state services.

Opponents of Proposition 304 assert that the current salary is more than adequate to compensate legislators for part-time public service.

PROPOSITION 480					
	Yes		No		

GENERAL BOND ELECTION FOR THE MARICOPA INTEGRATED HEALTH SYSTEM

(Maricopa County residents only)

Shall the Maricopa County Special Health Care District, operating as Maricopa Integrated Health System (MIHS), be authorized to issue and sell General Obligation Bonds of \$935 million to meet community need for healthcare facilities throughout Maricopa County, including, without limitation, facilities for outpatient care, behavioral health, and replacement of the District's teaching hospital Maricopa Medical Center, its Level One Trauma Center and Arizona Burn Center? [Ballot format provided by MIHS.]

Proponents of Proposition 480 assert that the facilities and infrastructure of the Maricopa Medical Center require upgrades in order to continue to provide appropriate levels of medical and behavioral health treatment to underserved populations in a manner that is safe and efficient. An investment in a new facility, as proposed under Proposition 480, is less costly than maintaining the existing facility. The proposed bonds will enhance and expand the existing delivery of medical and behavioral health services at the Maricopa Medical Center, Arizona Burn Center, Level One Trauma Center and family health centers. Proponents also state that MIHS provides the best care at the lowest possible cost of any health care facility in Maricopa County. Likewise, preserving the training opportunities for resident physicians and clinical rotations for medical, nursing and allied health professional students is important to the future sustainability of health care systems in the Greater Phoenix Area and throughout Arizona, as nearly 75 percent of the physicians that trained at MIHS last year remained in Arizona.

Opponents of Proposition 480 assert the proposed \$935 million bond is the third largest bond/tax increase in Arizona history. Maricopa County is the only remaining county in Arizona

that maintains a public hospital after the state began to provide Medicaid benefits to individuals and families that meet specific criteria tied to the Federal Poverty Level. The CEO's of the four largest private hospital systems in the Valley recently questioned the need for the bond, stating their belief that there is currently plenty of capacity for hospital patient services. Residents and businesses of Maricopa County will pay for the bond, despite that MIHS has become a regional facility, serving a population beyond the boundaries of the county. Lastly, opponents have also criticized MIHS for a lack of specificity of how the funds will be utilized.

PR	OPOSI	TION	487	
	Yes		No	

PHOENIX PENSION REFORM ACT OF 2014

(City of Phoenix residents only)

Under Proposition 487, the Phoenix City Charter would be amended to eliminate participation in the current retirement plan and establish a defined contribution plan for new employees; allow current employees to transfer into this plan; and prohibit City contributions to any other retirement plan, including deferred compensation plans, post-employment benefit plans and the police officer and firefighter retirement system. Specific provisions include:

- Change the pension calculation formula for all current City employees who participate in the City of Phoenix Employees' Retirement Plan from being based on a final average compensation calculated using an average of the employee's three highest consecutive years of compensation to an average of the employees' five highest, nonconsecutive years of compensation;
- Exclude from an employee's compensation figures used to calculate final average compensation under the City of Phoenix Employees' Retirement Plan non-base wages, unused sick time payments, vacation payments, compensation not paid in money, and reimbursements for work expenses;
- 3. Within thirty days of the Initiative effective date, require the City to establish a defined contribution plan as the sole retirement plan for all new City employees, and that would permit such employees to make elective salary

deferrals to an individual plan account which the City could elect to match up to a maximum of 8% of base wages;

- 4. If necessary federal approval is obtained, give current City employees who participate in the City of Phoenix Employees' Retirement Plan a three-month option to move to the new defined contribution plan created for new hires, provided they sign a waiver relinquishing their rights to existing levels of benefits in the City of Phoenix Employees' Retirement Plan; and
- 5. Preclude the City from making contributions on behalf of current and future civilian and police officer and firefighter employees, as defined in the Initiative, to any retirement plan other than the City of Phoenix Employees' Retirement Plan or the new defined contribution plan.

[Ballot format and provisions provided by the City Clerk's Office, City of Phoenix.]

Proponents of Proposition 487 assert that the proposal adopting a defined contribution plan for new city employees offers more control to the their emplovee over retirement Transitioning employees into a 401K style defined contribution system can make city budgeting more predictable. By eliminating the practice of "pension spiking," taxpayers may save hundreds of millions of dollars. As the city's pension system is only 64 percent funded, such an unfunded liability has the potential to cause adverse long-term fiscal impacts, potentially requiring reductions in city services or tax increases to avoid such program cuts (Phoenix staff asserts that it has been contributing 100% of the actuary-recommended amount to the fund). The Phoenix City Council requested a full review of the entire proposition, actuaries found it would save taxpayers up to \$500 million.

Opponents of Proposition 487 assert that Phoenix voters enacted pension reforms in 2013, which raised retirement contributions for new city employees. The previously enacted reforms also require longer terms of service before an employee qualifies for retirement. The City of Phoenix Employee Retirement System (COPERS) reviewed the proposal and determined that the enactment would likely cost Phoenix taxpayers \$350 million. Opponents equally raise concerns about unintended consequences on public safety personnel and the uncertainty of the associated litigation.

How to Register to Vote

Register to vote on-line at: www.servicearizona.com/webapp/evoter/

Additional Resources

For full text of the propositions, the analysis provided by the Arizona Legislative Council and the Joint Legislative Budget Committee and a complete listing of all submitted arguments for and against a proposition, please go to the Arizona Secretary of State's website at:

www.azsos.gov/election/UpcomingElections.htm Click on: "2014 General Election Information"

GOODMAN SCHWARTZ
PUBLIC AFFAIRS

300 West Clarendon, Suite 245 Phoenix, Arizona 85013

> (602) 277-0911 OFFICE (602) 277-3506 FACSIMILE WWW.GOODMANSCHWARTZ.COM