

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred House Bill No. 596 entitled “An act relating to the conversion of
4 assets of a nonprofit hospital” respectfully reports that it has considered the
5 same and recommends that the bill be amended in Sec. 1, 18 V.S.A. § 9420(e)
6 (action by the Attorney General), by striking out subdivision (1)(B) in its
7 entirety and by inserting in lieu thereof a new subdivision (1)(B) to read as
8 follows:

9 (B) The Court may order appropriate relief in such circumstances,
10 including avoidance of the conversion or transfer of the converted assets or
11 proceeds or the amount of any private inurement to a person or party for use
12 consistent with the purposes for which the assets were held prior to the
13 conversion, a penalty of up to \$1 million, and the award of costs of
14 investigation and prosecution under this subsection (e), including the
15 reasonable value of legal services.

16 (2) In determining whether to grant relief under this subsection, and the
17 nature of such relief, the Court shall consider:

18 (A) whether the violation was willful;

19 (B) whether any person has derived, or may derive, an economic
20 benefit from the conversion;

1 (C) whether the purposes for which the assets had been held by the
2 nonprofit hospital have been frustrated by the violation;

3 (D) whether the interests of the public or the community served by
4 the nonprofit hospital would be jeopardized by voiding the conversion; and

5 (E) how any monetary penalty imposed would impact the
6 community served by the nonprofit hospital.

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13 (Committee vote: _____)

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Representative [surname]
FOR THE COMMITTEE