

RESOLUTION RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

**WHEREAS**, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

**WHEREAS**, despite the rising costs of health care services and their inaccessibility to those who need them, compensation for the highest paid non-profit health care executives rose by 33 percent in 2017; and

**WHEREAS**, existing federal disclosure requirements provide for disclosure of information to the IRS to ensure that assets of a non-profit are being used to justify their tax-exempt purpose, but do not require the disclosure of any deferred compensation provided to for-profit partners; and

**WHEREAS**, this has resulted in concerns that the tax-exempt assets of non-profit health care providers are being mobilized to fund deferred compensation benefits at for-profit corporations which they are partnered with to supplement the already substantial rate of executive pay; and

**WHEREAS**, as non-profits receive public funding and tax incentives, the public should be assured that tax-exempt assets are not being used to fund exorbitant executive salaries and will not affect the ability of a non-profit provider to provide health care services; and

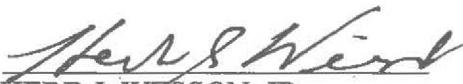
**WHEREAS**, AB 1404 (Santiago), currently pending in the California State Senate, would require non-profit organizations that operate medical facilities or provide medical services to make annual disclosures to the Secretary of State regarding deferred compensation allocated by the organization; and

**WHEREAS**, the bill would increase transparency by requiring non-profit health care providers to disclose to the public the total amount of deferred compensation allocated, the number of individuals receiving deferred compensation, whether taxes were paid on the deferred compensation, and the legal document governing the provision of deferred compensation; and

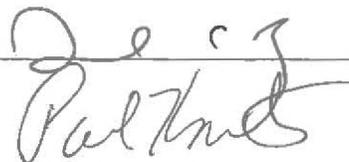
**WHEREAS**, due to the grave and pressing significance of health care spending, it is incumbent upon the State to prevent this practice and ensure that the public is adequately informed regarding any misallocated assets of non-profit health care providers;

**NOW, THEREFORE, BE IT RESOLVED**, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SUPPORT for AB 1404 (Santiago) which would require non-profit organizations that operate medical facilities or provide medical services to make annual disclosures to the Secretary of State regarding deferred compensation allocated by the organization.

PRESENTED BY:

  
HERB J. WESSON, JR.  
Councilmember, 10<sup>th</sup> District

SECONDED BY:

  
Paul Kuntz

JUL 30 2019

ORIGINAL