

REFERENCE TITLE: **veterinary practices; ownership; oversight**

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 4019

Introduced by
Representative Mathis

AN ACT

AMENDING TITLE 44, CHAPTER 11, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.1; RELATING TO BUSINESS REGULATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 44, chapter 11, Arizona Revised Statutes, is
3 amended by adding article 2.1, to read:

4 ARTICLE 2.1. VETERINARY MEDICINE PRACTICE

5 44-1617. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "LICENSEE" MEANS A NATURAL PERSON WHO IS LICENSED PURSUANT TO
8 TITLE 32, CHAPTER 21.

9 2. "MANAGEMENT SERVICES ORGANIZATION" MEANS ANY ORGANIZATION OR
10 ENTITY THAT CONTRACTS WITH A LICENSEE OR VETERINARY PRACTICE TO PERFORM
11 MANAGEMENT OR ADMINISTRATIVE SERVICES THAT RELATE TO, SUPPORT OR
12 FACILITATE A PROVISION OF VETERINARY CARE SERVICES.

13 3. "VETERINARY MEDICINE" HAS THE SAME MEANING PRESCRIBED IN SECTION
14 32-2201.

15 4. "VETERINARY PRACTICE" MEANS A CORPORATE ENTITY OR PARTNERSHIP
16 THAT IS ORGANIZED FOR THE PURPOSE OF PRACTICING VETERINARY MEDICINE.

17 44-1617.01. Licensees; ownership of veterinary practices;
18 violation; classification; civil penalty;
19 attorney general; enforcement

20 A. A PERSON IN THIS STATE MAY NOT DO ANY OF THE FOLLOWING UNLESS
21 THE PERSON IS A LICENSEE:

22 1. OWN A VETERINARY PRACTICE.

23 2. RECEIVE COMPENSATION TO PRACTICE VETERINARY MEDICINE.

24 3. ENGAGE IN THE PRACTICE OF VETERINARY MEDICINE.

25 4. EMPLOY AN INDIVIDUAL WHO IS LICENSED PURSUANT TO TITLE 32,
26 CHAPTER 21.

27 5. ADVERTISE IN A MANNER THAT DEMONSTRATES A LAWFUL ABILITY TO
28 PRACTICE VETERINARY MEDICINE.

29 B. AN OWNER OF A VETERINARY PRACTICE MUST BE LICENSED PURSUANT TO
30 SECTION 32-2212 AND BE SUBSTANTIALLY ENGAGED IN PROVIDING VETERINARY
31 MEDICINE.

32 C. A PERSON MAY NOT INTERFERE WITH, CONTROL OR OTHERWISE DIRECT THE
33 PROFESSIONAL JUDGMENT OR CLINICAL DECISIONS OF A LICENSEE UNLESS THE
34 PERSON IS LICENSED PURSUANT TO SECTION 32-2212.

35 D. A DIRECTOR OF A VETERINARY PRACTICE IS SUBJECT TO REMOVAL BASED
36 ON A CONSIDERATION OF THE DIRECTOR'S COURSE OF CONDUCT AND THE INADEQUACY
37 OF OTHER AVAILABLE REMEDIES. A VETERINARY PRACTICE MAY BE DISSOLVED OR
38 ITS CHARTER OR CERTIFICATE OF AUTHORITY REVOKED IF IT IS ESTABLISHED THAT
39 THE ENTITY VIOLATED THIS SECTION.

40 E. WITHIN TWELVE MONTHS AFTER THE DEATH OF AN OWNER OF A VETERINARY
41 PRACTICE, ALL OF THE OWNER'S OWNERSHIP INTEREST MUST BE ACQUIRED BY THE
42 VETERINARY PRACTICE OR BY A PERSON ALLOWED TO OWN THE OWNERSHIP INTEREST,
43 OR A COMBINATION OF BOTH.

44 F. A VETERINARY PRACTICE MAY EMPLOY LICENSEES AND ENGAGE IN THE
45 PRACTICE OF VETERINARY MEDICINE IF:

1 1. THE LICENSEES HOLD A MAJORITY OF EACH CLASS OF VOTING SHARES.
2 2. THE LICENSEES ARE LOCATED IN THIS STATE AND ARE A MAJORITY OF
3 THE MANAGERS.
4 3. THE OFFICERS ARE LICENSEES, EXCEPT FOR THE SECRETARY AND
5 TREASURER, AS APPLICABLE.
6 G. A SHAREHOLDER, DIRECTOR OR OFFICER OF A VETERINARY PRACTICE MAY
7 NOT:
8 1. OWN OR CONTROL SHARES IN, SERVE AS A DIRECTOR OR AN OFFICER OF,
9 BE EMPLOYED BY, ACT AS AN INDEPENDENT CONTRACTOR FOR OR OTHERWISE
10 PARTICIPATE IN THE MANAGEMENT OF BOTH THE VETERINARY PRACTICE AND A
11 MANAGEMENT SERVICES ORGANIZATION.
12 2. RECEIVE SUBSTANTIAL COMPENSATION OR REMUNERATION FROM A
13 MANAGEMENT SERVICES ORGANIZATION IN EXCHANGE FOR OWNERSHIP, CONTROL OR
14 MANAGEMENT INTEREST IN THE VETERINARY PRACTICE.
15 H. SUBSECTION F, PARAGRAPH 1 OF THIS SECTION DOES NOT APPLY TO THE
16 SHAREHOLDERS, DIRECTORS OR OFFICERS OF A VETERINARY PRACTICE IF THE
17 VETERINARY PRACTICE IS OWNED BY A MAJORITY OF THE INTEREST IN THE
18 MANAGEMENT SERVICES ORGANIZATION OR A SEPARATE LEGAL ENTITY.
19 I. A VETERINARY PRACTICE MAY NOT TRANSFER OR RELINQUISH CONTROL
20 OVER:
21 1. THE SALE, RESTRICTION ON THE SALE OR AN ENCUMBRANCE OF THE
22 VETERINARY PRACTICE'S SHARES OF ASSETS.
23 2. THE ISSUANCE OF SHARES OF STOCK IN THE VETERINARY PRACTICE, ANY
24 SUBSIDIARY OF THE VETERINARY PRACTICE OR ANY ENTITY THAT IS AFFILIATED
25 WITH THE VETERINARY PRACTICE OR THE DECLARATION OR PAYMENT OF DIVIDENDS.
26 J. A NONCOMPETITION AGREEMENT BETWEEN A LICENSEE AND ANOTHER PERSON
27 IS VOID AND UNENFORCEABLE UNLESS THE LICENSEE OWNS OR CONTROLS AN
28 OWNERSHIP OR MEMBERSHIP INTEREST OF AT LEAST TWENTY-FIVE PERCENT OF THE
29 TOTAL OWNERSHIP OR MEMBERSHIP INTEREST IN THAT OTHER PERSON. THIS
30 SUBSECTION DOES NOT RESTRICT ANY CAUSE OF ACTION WITH RESPECT TO A
31 STATEMENT THAT CONSTITUTES LIBEL, SLANDER, A TORTIOUS INTERFERENCE WITH
32 CONTRACTUAL RELATIONS OR ANOTHER TORT.
33 K. A NONDISCLOSURE AGREEMENT OR NONDISPARAGEMENT AGREEMENT BETWEEN
34 A LICENSEE AND A MANAGEMENT SERVICES ORGANIZATION IS VOID AND
35 UNENFORCEABLE.
36 L. A MANAGEMENT SERVICES ORGANIZATION OR OTHER LEGAL ENTITY THAT IS
37 NOT THE VETERINARY PRACTICE MAY NOT ADVERTISE THE VETERINARY PRACTICE'S
38 SERVICES UNDER THE NAME OF AN ENTITY OTHER THAN THE VETERINARY PRACTICE.
39 M. THE ATTORNEY GENERAL SHALL ENFORCE THIS SECTION AND MAY ADOPT
40 RULES TO IMPLEMENT THIS SECTION.
41 N. THE ATTORNEY GENERAL MAY SUBPOENA ANY RECORDS THAT ARE NECESSARY
42 TO ENFORCE OR TO INVESTIGATE SUSPECTED VIOLATIONS OF THIS SECTION.
43 O. THE ATTORNEY GENERAL MAY IMPOSE A CIVIL PENALTY OF NOT MORE THAN
44 \$10,000 PER DAY FOR EACH VIOLATION OF THIS SECTION. THE ATTORNEY GENERAL

1 MAY DISSOLVE OR REVOKE THE CHARTER OR CERTIFICATE OF AUTHORITY OF ANY
2 VETERINARY PRACTICE THAT HAS VIOLATED THIS SECTION.

3 P. A PERSON WHO VIOLATES SUBSECTION A, B OR C OF THIS SECTION IS
4 GUILTY OF A CLASS 3 MISDEMEANOR AND SHALL PAY A FINE OF NOT MORE THAN
5 \$5,000 FOR EACH OFFENSE OF A VIOLATION. EACH DAY OF A VIOLATION IS A
6 SEPARATE OFFENSE.

7 44-1617.02. Reporting of ownership and control of veterinary
8 practices; exceptions; rules; annual report

9 A. EACH VETERINARY PRACTICE SHALL REPORT TO THE ARIZONA STATE
10 VETERINARY MEDICAL EXAMINING BOARD, ON AN ANNUAL BASIS AND WHEN A
11 VETERINARY PRACTICE MAKES A MATERIAL CHANGE THAT INVOLVES THE VETERINARY
12 PRACTICE, ON A FORM AND IN A MANNER AS PRESCRIBED BY THE ARIZONA STATE
13 VETERINARY MEDICAL EXAMINING BOARD THAT INCLUDES THE FOLLOWING:

- 14 1. THE NAME OF THE VETERINARY PRACTICE'S LEGAL ENTITY.
- 15 2. THE VETERINARY PRACTICE'S BUSINESS ADDRESS.
- 16 3. THE VETERINARY PRACTICE'S LOCATIONS OF OPERATION.
- 17 4. THE VETERINARY PRACTICE'S BUSINESS NUMBERS, AS APPLICABLE,
18 INCLUDING:

- 19 (a) THE TAXPAYER IDENTIFICATION NUMBER.
- 20 (b) THE EMPLOYER IDENTIFICATION NUMBER.
- 21 (c) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONER'S
22 IDENTIFICATION NUMBER.
- 23 (d) A PERSONAL IDENTIFICATION NUMBER THAT IS ASSOCIATED WITH A
24 LICENSE THAT IS ISSUED BY THE DEPARTMENT OF INSURANCE AND FINANCIAL
25 INSTITUTIONS.

26 5. THE NAME AND CONTACT INFORMATION OF A REPRESENTATIVE OF THE
27 VETERINARY PRACTICE.

- 28 6. THE NAMES OF EACH INDIVIDUAL OR PERSON THAT:
29 (a) HAS OWNERSHIP OR INVESTMENT INTEREST IN THE VETERINARY
30 PRACTICE.

- 31 (b) HAS A CONTROLLING INTEREST IN THE VETERINARY PRACTICE.
- 32 (c) MANAGES THE VETERINARY PRACTICE, IF THE VETERINARY PRACTICE IS
33 MANAGED BY A MANAGEMENT SERVICES ORGANIZATION.
- 34 (d) IS A SIGNIFICANT EQUITY INVESTOR IN THE VETERINARY PRACTICE.
- 35 (e) IS INCLUDED ON A CURRENT ORGANIZATION CHART, INCLUDING:
36 (i) ANY ENTITY LISTED IN SUBSECTION E OF THIS SECTION.
37 (ii) ANY AFFILIATE, INCLUDING AN ENTITY THAT CONTROLS OR IS UNDER
38 THE COMMON CONTROL OF A VETERINARY PRACTICE.
39 (iii) ANY SUBSIDIARY.

40 7. THE COMPENSATION AMOUNT FOR ANY GOVERNING BOARD OF THE
41 VETERINARY PRACTICE.

42 8. A COMPREHENSIVE, FINAL REPORT OF THE VETERINARY PRACTICE AND ANY
43 OWNERSHIP AND CONTROL ENTITIES, INCLUDING AUDITED FINANCIAL STATEMENTS,
44 COST REPORTS, ANNUAL COSTS, ANNUAL RECEIPTS, REALIZED CAPITAL GAINS AND
45 LOSSES, ACCUMULATED SURPLUS AND ACCUMULATED RESERVES.

1 B. A VETERINARY PRACTICE THAT IS OWNED BY AT LEAST TWO LICENSEES IS
2 EXEMPT FROM THIS SECTION.

3 C. THE ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD MAY ADOPT
4 RULES TO IMPLEMENT THIS SECTION AND MAY ESTABLISH FEES IN RULE.

5 D. INFORMATION IN THIS SECTION IS NOT CONFIDENTIAL.

6 E. BEGINNING DECEMBER 31, 2027 AND EACH YEAR THEREAFTER, THE
7 ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD SHALL POST ON THE BOARD'S
8 PUBLICLY AVAILABLE WEBSITE A REPORT THAT CONTAINS THE FOLLOWING
9 INFORMATION FROM THE PREVIOUS CALENDAR YEAR THAT INCLUDES ALL OF THE
10 FOLLOWING:

11 1. THE NUMBER OF VETERINARY PRACTICES DURING THE REPORTING YEAR
12 WITH EACH BUSINESS STRUCTURE OR ENTITY IDENTIFIED.

13 2. THE NAMES, ADDRESSES AND BUSINESS STRUCTURES OF ANY ENTITY THAT
14 HAS OWNERSHIP OR CONTROLLING INTEREST IN EACH VETERINARY PRACTICE.

15 3. ANY CHANGE IN OWNERSHIP OR CONTROL FOR EACH VETERINARY PRACTICE.

16 4. ANY CHANGE IN THE TAX IDENTIFICATION NUMBER OF A VETERINARY
17 PRACTICE.

18 5. AS APPLICABLE, THE NAMES, ADDRESSES, TAX IDENTIFICATION NUMBERS
19 AND BUSINESS STRUCTURES OF OTHER AFFILIATES THAT ARE UNDER COMMON CONTROL
20 OR THAT ARE SUBSIDIARIES AND MANAGEMENT SERVICES ENTITIES OF THE
21 VETERINARY PRACTICE AND AN ANALYSIS OF TRENDS IN HORIZONTAL AND VERTICAL
22 CONSOLIDATION, DISAGGREGATED BY BUSINESS STRUCTURE AND PROVIDER TYPE.

23 44-1617.03. Notice; proposed material change transaction;
24 posting preliminary review; comprehensive
25 review process; approval authority

26 A. BEFORE A VETERINARY PRACTICE MAY MAKE ANY MATERIAL CHANGE
27 TRANSACTION, THE VETERINARY PRACTICE SHALL SUBMIT WRITTEN NOTICE TO THE
28 ATTORNEY GENERAL'S OFFICE AT LEAST ONE HUNDRED EIGHTY DAYS BEFORE THE DATE
29 OF THE PROPOSED MATERIAL CHANGE TRANSACTION IS TO TAKE EFFECT. THE
30 WRITTEN NOTICE SHALL INCLUDE INFORMATION THE ATTORNEY GENERAL DEEMS
31 REQUIRED. THE VETERINARY PRACTICE MAY INCLUDE ADDITIONAL INFORMATION THAT
32 SUPPORTS THE WRITTEN NOTICE OF THE MATERIAL CHANGE TRANSACTION. NOTICE IS
33 COMPLETE WHEN THE ATTORNEY GENERAL RECEIVES ALL OF THE REQUIRED
34 INFORMATION. INFORMATION RECEIVED BY THE ATTORNEY GENERAL'S OFFICE IS
35 PUBLIC INFORMATION AND IS NOT CONFIDENTIAL. ON RECEIVING WRITTEN NOTICE
36 OF THE MATERIAL CHANGE TRANSACTION, THE ATTORNEY GENERAL SHALL POST ON THE
37 ATTORNEY GENERAL'S PUBLICLY ACCESSIBLE WEBSITE INFORMATION ABOUT THE
38 MATERIAL CHANGE TRANSACTION THAT INCLUDES:

39 1. A SUMMARY OF THE PROPOSED TRANSACTION, INCLUDING THE IDENTITY OF
40 THE PARTIES TO THE TRANSACTION.

41 2. AN EXPLANATION OF THE GROUP OR INDIVIDUALS THAT ARE LIKELY TO BE
42 IMPACTED BY THE MATERIAL CHANGE TRANSACTION.

43 3. INFORMATION ABOUT SERVICES CURRENTLY PROVIDED BY THE VETERINARY
44 PRACTICE, ANY COMMITMENTS MADE BY THE VETERINARY PRACTICE TO CONTINUE

1 PROVIDING VETERINARY MEDICAL SERVICES AND ANY SERVICES THAT WILL BE
2 REDUCED OR ELIMINATED.

3 4. DETAILS ABOUT ANY PUBLIC MEETINGS, IF APPLICABLE, AND HOW TO
4 SUBMIT COMMENTS.

5 5. ANY OTHER INFORMATION THAT THE ATTORNEY GENERAL DETERMINES WOULD
6 BE IN THE PUBLIC INTEREST.

7 B. WITHIN THIRTY DAYS AFTER RECEIVING NOTICE DESCRIBED IN SECTION A
8 OF THIS SECTION, THE ATTORNEY GENERAL SHALL COMPLETE A PRELIMINARY REVIEW
9 OF A MATERIAL CHANGE TRANSACTION AND SHALL DO ANY OF THE FOLLOWING:

10 1. APPROVE THE MATERIAL CHANGE TRANSACTION AND NOTIFY THE PARTIES.
11 2. APPROVE THE MATERIAL CHANGE TRANSACTION SUBJECT TO CONDITIONS
12 SET FORTH BY THE ATTORNEY GENERAL AND NOTIFY THE VETERINARY PRACTICE IN
13 WRITING OF THE CONDITIONS OF APPROVAL.

14 C. IF THE MATERIAL CHANGE TRANSACTION QUALIFIES PURSUANT TO
15 SUBSECTION E OF THIS SECTION, THE ATTORNEY GENERAL NOTIFY THE VETERINARY
16 PRACTICE IN WRITING THAT THE TRANSACTION IS SUBJECT TO A COMPREHENSIVE
17 REVIEW. THE ATTORNEY GENERAL MAY REQUEST ADDITIONAL INFORMATION NECESSARY
18 TO PERFORM A COMPREHENSIVE REVIEW UNDER SUBSECTION E OF THIS SECTION.

19 D. WITHIN NINETY BUSINESS DAYS AFTER DETERMINING A MATERIAL CHANGE
20 TRANSACTION IS SUBJECT TO A COMPREHENSIVE REVIEW, THE ATTORNEY GENERAL
21 SHALL CONDUCT ONE OR MORE PUBLIC HEARINGS OR PUBLIC MEETINGS, AS
22 APPLICABLE, ONE OF WHICH SHALL BE IN THE COUNTY WHERE THE VETERINARY
23 PRACTICE IS LOCATED TO HEAR COMMENTS FROM INTERESTED PARTIES TO COMMENT ON
24 ANY OF THE FOLLOWING:

25 1. THE MARKET SHARE OF ANY TRANSACTING PARTY AND THE LIKELY EFFECTS
26 OF THE TRANSACTION ON COMPETITION.

27 2. ANY PREVIOUS TRANSACTION INVOLVING A TRANSACTING PARTY,
28 INCLUDING ACQUISITIONS OR MERGERS THAT WERE SIMILAR TO THE MATERIAL CHANGE
29 TRANSACTION EVEN IF THE ACQUISITIONS OR MERGERS OCCURRED OUT OF STATE.

30 3. THE PRICES CHARGED BY EITHER OF THE TRANSACTING PARTIES FOR
31 SERVICES, INCLUDING THEIR RELATIVE PRICES COMPARED TO OTHER PRICES FOR THE
32 SAME SERVICES IN THE SAME GEOGRAPHIC AREA.

33 4. THE QUALITY OF SERVICES PROVIDED BY ANY VETERINARY PRACTICE,
34 INCLUDING PATIENT EXPERIENCE.

35 5. THE COST OF TRENDS OF THE VETERINARY PRACTICE IN COMPARISON TO
36 TOTAL VETERINARY CARE EXPENDITURES STATEWIDE.

37 6. THE AVAILABILITY AND ACCESSIBILITY OF SERVICES THAT ARE SIMILAR
38 TO WHAT IS PERFORMED BY THE VETERINARY PRACTICE WITHIN THE VETERINARY
39 PRACTICE'S SERVICE AREA AND SURROUNDING AREAS.

40 7. THE IMPACT OF THE MATERIAL CHANGE TRANSACTION ON COMPETING
41 OPTIONS FOR THE DELIVERY OF VETERINARY SERVICES WITHIN THE VETERINARY
42 PRACTICE'S SERVICE AREAS AND SURROUNDING SERVICE AREAS.

43 8. CONSUMER CONCERNS, INCLUDING COMPLAINTS OR OTHER ALLEGATIONS
44 THAT THE LICENSEE OR VETERINARY PRACTICE HAS ENGAGED IN ANY UNFAIR METHOD
45 OF COMPETITION OR ANY UNFAIR OR DECEPTIVE ACT OR PRACTICE.

1 9. THE PARTIES' COMPLIANCE WITH PRIOR CONDITIONS AND LEGAL
2 REQUIREMENTS RELATED TO COMPETITIVE CONDUCT, AS APPLICABLE.

3 10. THE IMPACT OF THE TRANSACTION ON THE VETERINARY WORKFORCE,
4 INCLUDING WAGES, STAFFING LEVELS AND SUPPLY.

5 11. THE IMPACT OF A REAL ESTATE SALE OR LEASE AGREEMENT ON THE
6 FINANCIAL CONDITION OF THE VETERINARY PRACTICE AND THE VETERINARY
7 PRACTICE'S ABILITY TO MAINTAIN ANIMAL CARE OPERATIONS.

8 12. IN THE CASE OF A PROPOSED CLOSURE OR DISCONTINUANCE OF A
9 VETERINARY PRACTICE, THE IMPACT OF THE CLOSURE ON VETERINARY CARE ACCESS,
10 OUTCOMES, COSTS AND EQUITY FOR THOSE IN THE VETERINARY PRACTICE'S SERVICE
11 AREA AND THE VETERINARY PRACTICE'S PLAN FOR ENSURING EQUITABLE ACCESS,
12 QUALITY, AFFORDABILITY AND AVAILABILITY OF VETERINARY PRACTICES WITHIN THE
13 SERVICE AREA.

14 13. ANY OTHER FACTOR THAT THE ATTORNEY GENERAL DETERMINES TO BE OF
15 PUBLIC INTEREST.

16 E. A COMPREHENSIVE REVIEW IS REQUIRED IF ANY OF THE FOLLOWING
17 APPLIES:

18 1. THE MATERIAL CHANGE TRANSACTION WILL RESULT IN THE TRANSFER OF
19 ASSETS VALUED ABOVE \$20,000,000.

20 2. THE MATERIAL CHANGE TRANSACTION OCCURS IN A HIGHLY CONSOLIDATED
21 MARKET FOR ANY LINE OF SERVICES THAT ARE OFFERED BY ANY PARTY TO THE
22 MATERIAL CHANGE TRANSACTION.

23 3. THE MATERIAL CHANGE TRANSACTION WILL CAUSE A SIGNIFICANT CHANGE
24 IN MARKET SHARE, SUCH THAT ANY RESULTING VETERINARY PRACTICE POSSESSES
25 MARKET POWER ON COMPLETION.

26 4. THE MATERIAL CHANGE TRANSACTION WILL OTHERWISE LESSEN
27 COMPETITION, INCLUDING EFFECTS OF VERTICAL OR CROSS-MARKET TRANSACTIONS
28 AMONG DIFFERENT PRODUCT OF GEOGRAPHIC MARKETS.

29 5. EITHER PARTY TO THE MATERIAL CHANGE TRANSACTION POSSESSES MARKET
30 POWER PRIOR TO THE TRANSACTION.

31 6. THE ATTORNEY GENERAL, AT ITS SOLE DISCRETION, DETERMINES THAT
32 THE MATERIAL CHANGE TRANSACTION IS LIKELY TO HAVE A MATERIAL IMPACT ON THE
33 COST, QUALITY, EQUITY OR ACCESS TO VETERINARY MEDICINE SERVICES IN ANY
34 REGION IN THIS STATE.

35 F. FOR THE PURPOSES OF THIS SECTION:

36 1. "MARKET POWER" MEANS POSSESSING THIRTY PERCENT OR MORE MARKET
37 SHARE IN ANY LINE OF SERVICE IN THE RELEVANT GEOGRAPHIC AREA OR UNDER
38 OTHER CRITERIA THAT THE ATTORNEY GENERAL MAY DEFINE IN RULE.

39 2. "MATERIAL CHANGE TRANSACTION":

40 (a) MEANS A SINGLE TRANSACTION OR A SERIES OF RELATED TRANSACTIONS
41 WITHIN A CONSECUTIVE FIVE-YEAR PERIOD THAT INVOLVES A VETERINARY PRACTICE
42 THAT HAS TOTAL ASSETS, ANNUAL REVENUES OR ANTICIPATED ANNUAL REVENUES FOR
43 NEW ENTITIES OF AT LEAST \$2,000,000, INCLUDING BOTH IN-STATE AND
44 OUT-OF-STATE ASSETS.

45 (b) INCLUDES ANY OF THE FOLLOWING:

- 1 (i) A CORPORATE MERGER, INCLUDING ONE OR MORE VETERINARY PRACTICES.
2 (ii) AN ACQUISITION OF ONE OR MORE VETERINARY PRACTICES, INCLUDING
3 INSOLVENT VETERINARY PRACTICES. FOR THE PURPOSES OF THIS ITEM,
4 "ACQUISITION" MEANS THE DIRECT OR INDIRECT PURCHASE IN ANY MANNER THAT
5 INCLUDES A LEASE, TRANSFER, EXCHANGE, OPTION, RECEIPT OF A CONVEYANCE,
6 CREATION OF A JOINT VENTURE OR ANY OTHER MANNER OF PURCHASE SUCH AS BY A
7 VETERINARY PRACTICE, PRIVATE EQUITY GROUP, HEDGE FUND, PUBLICLY TRADED
8 COMPANY, REAL ESTATE INVESTMENT TRUST, MANAGEMENT SERVICES ORGANIZATION OR
9 INSURANCE CARRIER, OR ANY SUBSIDIARIES THEREOF, OF A MATERIAL AMOUNT OF
10 ASSETS OR OPERATIONS OF A VETERINARY PRACTICE.
11 (iii) ANY AFFILIATION, ARRANGEMENT OR CONTRACT THAT RESULTS IN A
12 CHANGE OF CONTROL FOR A VETERINARY PRACTICE. FOR THE PURPOSES OF THIS
13 ITEM "CHANGE OF CONTROL" MEANS AN ARRANGEMENT IN WHICH ANY OTHER PERSON,
14 CORPORATION, PARTNERSHIP OR OTHER ENTITY THAT ACQUIRES DIRECT OR INDIRECT
15 CONTROL OVER THE OPERATIONS OF A VETERINARY PRACTICE IN WHOLE OR IN
16 SUBSTANTIAL PART. FOR THE PURPOSES OF THIS ITEM, "ARRANGEMENT" INCLUDES
17 ANY AGREEMENT, ASSOCIATION, PARTNERSHIP, JOINT VENTURE, MANAGEMENT
18 SERVICES AGREEMENT, PROFESSIONAL SERVICES AGREEMENT, STAFFING COMPANY
19 AGREEMENT OR OTHER ARRANGEMENT THAT RESULTS IN A CHANGE OF GOVERNANCE OR
20 CONTROL OF A VETERINARY PRACTICE OR ANY DEPARTMENT OR SUBSIDIARY OF A
21 VETERINARY PRACTICE.
22 (iv) THE FORMATION OF A PARTNERSHIP, JOINT VENTURE, PARENT
23 ORGANIZATION OR MANAGEMENT SERVICES ORGANIZATION FOR THE PURPOSE OF
24 ADMINISTERING CONTRACTS WITH CARRIERS, THIRD-PARTY ADMINISTRATORS OR
25 PROVIDERS.
26 (v) A SALE, PURCHASE, LEASE, AFFILIATION OR TRANSFER OF CONTROL OF
27 A BOARD OF DIRECTORS OR GOVERNING BODY OF A VETERINARY PRACTICE.
28 (vi) A REAL ESTATE SALE OR LEASE AGREEMENT INVOLVING A MATERIAL
29 AMOUNT OF ASSETS OF A VETERINARY PRACTICE.
30 (vii) THE CLOSURE OF A VETERINARY PRACTICE.
31 (c) DOES NOT INCLUDE:
32 (i) A CLINICAL AFFILIATION OF VETERINARY PRACTICES FORMED SOLELY
33 FOR THE PURPOSE OF COLLABORATING ON CLINICAL TRIALS.
34 (ii) GRADUATE VETERINARY MEDICINE EDUCATION PROGRAMS.
35 (iii) THE OFFER OF EMPLOYMENT OR HIRING A SINGLE VETERINARIAN.
36 (iv) SITUATIONS IN WHICH THE VETERINARY PRACTICE DIRECTLY OR
37 INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES ALREADY CONTROLS IS
38 CONTROLLED BY OR IS UNDER COMMON CONTROL WITH ALL OTHER PARTIES TO THE
39 TRANSACTION, SUCH AS A CORPORATE RESTRUCTURING.