

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 548

By: Loveless

COMMITTEE SUBSTITUTE

An Act relating to governmental units; authorizing Governor to execute certain compact; stating purpose; stating entity status; providing structure, authority and jurisdiction for Prosperity Districts formed under the Compact; stating reasons for regulation of Prosperity Districts; requiring regulatory impact statement; stating criteria for regulation; requiring Prosperity Districts to adopt internal management procedures before exercising police powers; allowing for automatic repealer of regulations; providing defense to exercise of eminent domain or enforcement of regulation or tax; authorizing statewide tailoring for members of Compact; stating items deemed in conflict with the Compact; providing procedures for Revenue Covenant; authorizing negotiation of a Revenue Covenant; providing contents; stating relationship of Compact to existing laws and jurisdictions; authorizing the taxation of certain income; requiring adherence to federal mandates under certain conditions; providing review process for formation and expansion of Prosperity Districts; authorizing county opt-out; providing procedure; authorizing municipal opt-in; providing procedure; stating certain right to insurance, performance and surety bonding; providing statute of repose; allowing certain recognition of Native American communities; specifying when Prosperity Districts are properly formed; requiring petition; stating contents of petition; allowing for withdraw of land from Prosperity District; stating contents of withdraw petition; providing for process of binding interstate compact; providing effect of accepted pledge to enter compact; providing remedies to members; stating

1 status of compact upon becoming interstate compact;
2 allowing for alternative dispute resolution;
3 establishing exclusive jurisdiction; providing
4 clarification of eligible land held outside
5 boundaries; providing for certain reciprocity;
6 allowing Prosperity District to extend beyond state
7 lines under certain conditions; allowing formation of
8 Prosperity States Compact Commission when at least
9 two members; providing composition of commission;
10 providing powers and duties; providing terms of
11 commissioner members; providing for removal of
12 commissioners; stating meeting and voting
13 requirements; providing method of funding for
14 districts; establishing a Compact Administrator;
15 stating duties; requiring certain notice; requiring
16 mutual assistance; providing method of challenging
17 legality of compact; defining terms; providing for
18 certain construction; providing for codification; and
19 providing an effective date.
20

21 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

22 SECTION 1. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 3201 of Title 74, unless there
24 is created a duplication in numbering, reads as follows:

The Governor is hereby authorized and directed to execute a
compact on behalf of this state with any other state or states
legally joining therein in the form substantially as follows:

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 3202 of Title 74, unless there
is created a duplication in numbering, reads as follows:

ARTICLE I. FINDINGS AND DECLARATION OF POLICY

1 Whereas, every State enacting, adopting and agreeing to be bound
2 by this Prosperity States Compact legislation finds that the
3 establishment of Prosperity Districts as provided herein advances
4 their mutual sovereign interests in promoting prosperity;

5 Whereas, this legislation is intended, among other things, to
6 form an interstate compact in accordance with the Consent of
7 Congress under 4 U.S.C. §112;

8 Whereas, each Member seeks to secure the additional Consent of
9 Congress so that the entirety of this legislation achieves the
10 status of a law of the United States when an interstate compact is
11 formed embracing its terms and conditions;

12 Now, therefore, in consideration of their respective and
13 reciprocal statutory enactments, mutual promises and obligations
14 expressed herein, every State passing this Compact legislation,
15 herewith exercises all of their respective sovereign legislative and
16 contractual powers as set forth herein notwithstanding any law,
17 Regulation or policy to the contrary.

18 ARTICLE II. SPECIAL PURPOSE AUTHORITY OF PROSPERITY DISTRICTS

19 A. Special Purpose Authority. The special purpose authority of
20 every Prosperity District is exclusively to furnish consenting
21 communities with a local jurisdiction that is streamlined to
22 maximize prosperity through a stable public policy environment
23 consisting of optimal regulatory and fiscal policy. No power or
24 authority of any Prosperity District shall serve any other purpose.

1 B. District Governance. Subject to Article III, a Prosperity
2 District formed within any Member under the authority of this
3 Compact shall be a governmental unit and political subdivision of
4 that Member with the following structure, authority and
5 jurisdiction:

6 1. Legal Capacity. Every Prosperity District is a municipal
7 corporation in the form of a special district that can form
8 enforceable contracts, sue, be sued and exercise exclusively the
9 jurisdiction, power and authority specified in this Article under
10 the law of each Member in which it is formed and expanded; however,
11 Prosperity Districts shall not possess or claim sovereign immunity;

12 2. Governing Structure. Supervisory and operational authority
13 over the limited governing, management and administrative power of
14 every Prosperity District shall be vested upon formation in a
15 managing board consisting of seven (7) natural persons who are
16 qualified electors under the general laws of this Member, each of
17 whom shall serve for a term of four (4) years, with commencement and
18 termination dates as specified in the district bylaws, during which
19 each shall hold such authority in trust and exercise it as a
20 fiduciary for every law-abiding landowner, resident and person
21 rightfully within the district, "managing board".

22 a. Board Membership. The manner of appointment or
23 election of the managing board shall be consistent
24 with the Fourteenth Amendment to the United States

1 Constitution, the guaranty of a republican form of
2 government thereunder, and this Member's Constitution;
3 and it must be specified in the formation petition
4 required by subsection A of Article IV.

5 b. Supervisory and Operational Authority. The managing
6 board is authorized to promulgate all necessary
7 district bylaws, ordinances, policies, procedures,
8 parliamentary rules and directives, which shall be
9 subordinate to and in conformity with this Compact for
10 the Prosperity District's exercise of its limited
11 authorized powers and authorities under this Article,
12 for its internal management and administration,
13 including the collection and disbursement of revenues
14 to which the district is contractually entitled, the
15 formation of committees, subordinate departments and
16 agencies, as well as the designation and
17 responsibilities of administrative offices and
18 retention of subordinate officials, and, if desired:

19 (1) further limiting the power, authority and
20 jurisdiction of the Prosperity District and its
21 managing board, departments and agencies, if any,
22 and
23
24

1 (2) establishing additional criteria for withdrawal
2 of lands pursuant to paragraph 1 of subsection B
3 of Article IV.

4 c. Official Action. Official action by the managing
5 board shall require a quorum consisting of an absolute
6 majority of the board present physically or
7 electronically and a vote in the affirmative of a
8 majority of the board members present at a public
9 hearing.

10 d. Separation of Powers. Any member of the managing
11 board who had participated in the promulgation of a
12 Regulation shall not subsequently participate in
13 enforcing or adjudicating that Regulation.

14 e. Transparency. Subject to executive session procedures
15 or privileges which shall be specified in the district
16 bylaws and adopted after a public hearing, all
17 governing instruments, records, proceedings and
18 accounts of the Prosperity District shall be public
19 and open for inspection or observation by any person
20 at all reasonable times. Detailed minutes or verbatim
21 recordings of all official actions and public hearings
22 shall be maintained by the managing board. The
23 Prosperity District shall fully comply with any
24 written public records request within the compliance

1 deadline specified in the request, or otherwise the
2 Prosperity District shall, within the deadline
3 specified in the request, if one is specified, furnish
4 a written statement to the requestor detailing the
5 reasons for the partial compliance, noncompliance or a
6 requested compliance deadline extension, which
7 specifies a reasonable alternative deadline, with
8 specific reference to each records request. Further,
9 the Prosperity District's managing board directly or
10 through a designated chief executive officer shall be
11 required to produce annual performance audits for
12 contracted goods and services, the cost of which must
13 be accounted for and considered during the bidding
14 process. In addition, the Prosperity District's
15 managing board directly or through a designated chief
16 executive officer shall seek an independent audit
17 every two (2) years to evaluate the district's
18 operations and performance audits. All audits shall
19 be made public;

20 3. Governing Authority. The governing authority of every
21 Prosperity District is strictly limited to the following powers,
22 which shall be exclusive of the exercise of the same or like powers
23 by any other governmental unit within the district's boundaries, as
24 they exist from time to time, and no other governmental unit shall

1 within such boundaries exercise the same or like powers as are
2 granted to the district under this paragraph, except as expressly
3 contemplated in this Compact:

4 a. police power consisting solely of:

5 (1) enforcing the Malum in Se Criminal Law, Common
6 Law and Regulation adopted in its formation
7 petition as contemplated in division 4 of
8 subparagraph g of paragraph 1 of subsection A of
9 Article IV, and

10 (2) promulgating and enforcing Regulation in strict
11 conformity with subsection C of this Article,

12 b. the power to furnish transportation, utility, and
13 transmission infrastructure, Regulation enforcement
14 services, other municipal services specifically
15 authorized by the district bylaws, and internal
16 managerial and administrative operations, including
17 the power to supervise and coordinate the orderly
18 enforcement of any Revenue Covenant among revenue
19 beneficiaries thereof, as well as to collect and
20 disburse revenues from all authorized sources,
21 exclusively through independent contractors,
22 intergovernmental agreements and public-private
23 partnerships utilizing a process of open competitive
24 bidding specified in the district bylaws only if:

1 (1) no Regulation is promulgated or enforced by the
2 Prosperity District, directly or in combination
3 with other Regulations, that restricts free and
4 open competition in derogation of the Common Law
5 in the provision of such infrastructure and
6 services,

7 (2) all costs incurred in furnishing such
8 infrastructure and services are to be reimbursed
9 by either:

10 (a) uniform, nondiscriminatory user fees paid
11 voluntarily by all users of the respective
12 infrastructure or service, or

13 (b) otherwise paid pursuant to a separate
14 contract voluntarily and consensually
15 binding all landowners residing in the
16 Prosperity District during the provision of
17 such infrastructure or service, and

18 (3) a designated, commensurate revenue source exists
19 for all payment obligations incurred in
20 connection with furnishing such infrastructure
21 and services,

22 c. the power to organize a municipal court with the
23 concurrence and under the supervision of the highest
24 court of the judicial branch of each Member in which

1 any part of the Prosperity District is located, with
2 original jurisdiction of all civil and criminal causes
3 of action arising within that district, unless
4 otherwise agreed by all parties to the cause of action
5 in a contract furnishing an alternative venue or
6 method of dispute resolution,

7 d. the power to borrow exclusively by issuing bonds in
8 accordance with such procedures as may be specified in
9 its bylaws for the sole purpose of financing the
10 exercise of its authorized powers provided that:

11 (1) the total outstanding principal of all bonds
12 issued under the authority of this subsection
13 together with the sum of all other liabilities
14 owed by the respective Prosperity District shall
15 never exceed the fair market value of all assets
16 held in the name of that district,

17 (2) the obligation of such bonds shall be secured
18 solely and exclusively by the respective
19 Prosperity District's receipts from Revenue
20 Covenants running with the land in the district,
21 by authorized gifts, or by receipts received
22 pursuant to contract, if any,

23 (3) neither the United States Government nor any
24 State nor any other government body or agency

1 shall pay, guarantee or be liable for the
2 obligation of any bond issued under this
3 subsection, with the sole exception of any
4 liability that may be incurred by the Member
5 where the Prosperity District is located, if the
6 Member were to violate its pledge herewith to all
7 future bondholders of any Prosperity District
8 that it shall refrain from any action or omission
9 that would infringe on the district's
10 jurisdiction, power and authority under this
11 Article, and

12 (4) the terms of such borrowing shall provide that
13 any holder of a bond issued by a Prosperity
14 District who induces or attempts to induce any
15 Prosperity District or any other governmental
16 body to violate this Article shall thereby
17 immediately forfeit all right of repayment for
18 any bond issued by that Prosperity District,

19 e. the power to accept gifts of real or personal property
20 exclusively from landowners and qualified electors
21 residing within a Prosperity District for the sole
22 purpose of defraying the costs of exercising its
23 authorized powers provided that the fiduciary
24

obligations of the managing board are not breached
through the acceptance of the gift, and

f. such incidental power as is both specified in the
district bylaws and also essential to carrying out the
foregoing powers, including the power to open and
maintain bank accounts and acquire or lease real or
personal property, provided that a Prosperity District
may not and shall not under any circumstances,
directly or indirectly, principally or incidentally,
or for any purpose, enjoy, accept, claim or exercise
any power:

(1) to levy any tax,

(2) of eminent domain,

(3) of civil property forfeiture based on actions or
omissions that constitute a violation of criminal
law unless the owner of such property has been
convicted of violating that criminal law,

(4) to furnish any Subsidy to Private Enterprise,

(5) to establish or enforce by Regulation or
otherwise, directly or indirectly, any monopoly
or cartel in the provision of any good or service
within its jurisdiction in derogation of the
Common Law,

- 1 (6) to accept gifts, grants or conditional grants
2 from any governmental unit, including, but not
3 limited to, any state, county, municipality or
4 the United States Government, which are sourced
5 from taxes, government-imposed fees or fines, or
6 borrowing which is secured or to be repaid by
7 taxes or government-imposed fees or fines,
8 (7) to delegate all or any portion of its governing
9 authority to any other entity or to accept the
10 delegation of governing authority in addition to
11 that expressly delegated by this Compact from any
12 other governmental unit, or
13 (8) to permit any other governmental unit to exercise
14 governing authority or jurisdiction within its
15 boundaries, except as authorized by paragraph 4
16 of subsection B of Article II or as
17 nongovernmental persons may otherwise agree in
18 adopting a venue selection clause or choice of
19 law provision in a valid contract between them;

20 4. External Relations. Every Prosperity District shall
21 maintain comity with this Member and the United States Government as
22 provided in this paragraph.

- 23 a. Concurrent Law Enforcement Jurisdiction. All duly
24 constituted law enforcement agencies of this Member or

1 the United States Government that would otherwise have
2 had concurrent jurisdiction to enforce Malum in Se
3 Criminal Law within the boundaries of a Prosperity
4 District in the absence of the formation or expansion
5 of such district may do so within the boundaries of
6 any Prosperity District located in whole or in part
7 within this Member in accordance with such
8 jurisdiction. As an incident of its power and
9 authority under paragraph 3 of subsection B of this
10 Article, each Prosperity District may enter into
11 intergovernmental agreements with any duly constituted
12 law enforcement agency of this Member or the United
13 States Government to provide specific procedures for
14 the exercise of such concurrent jurisdiction, as well
15 as to contract with any such agency to exercise
16 original jurisdiction over any other criminal law in
17 effect within the district's boundaries. Moreover,
18 when in hot pursuit of a suspect, arrestee or convict
19 in relation to a violation of law occurring outside of
20 the boundaries of a Prosperity District, law
21 enforcement authorities of any Member or the United
22 States Government may exercise jurisdiction within the
23 boundaries of any Prosperity District. Further, upon
24 notice to the managing board of the relevant

Prosperity District furnishing evidence of a valid summons, subpoena, judgment, supplementary order, garnishment, warrant, extradition request or other legal process by any agency, branch, department, instrumentality or political subdivision of any Member or the United States Government having jurisdiction over the matter, which concerns any person or property within the boundaries of that district and arises from a cause of action that accrued outside of the boundaries of that district, the Prosperity District shall either:

- (1) serve, execute or enforce the same to the reasonable satisfaction of each such agency, branch, department, instrumentality or political subdivision in accordance with this Article, or
- (2) cooperate by refraining from objecting to, challenging, disputing or impeding the exercise of jurisdiction by each such agency, branch, department, instrumentality or political subdivision within the boundaries of the district to the extent needed to serve, execute or enforce the same.

b. Hold Harmless for District Externalities. Upon notice furnishing evidence of a probable District Externality

1 to the managing board of the relevant Prosperity
2 District by any agency, branch, department,
3 instrumentality or political subdivision of any Member
4 or the United States Government having jurisdiction
5 over the matter, the Prosperity District shall either:

- 6 (1) remedy within the limits of its power and
7 authority the District Externality to the
8 reasonable satisfaction of each such agency,
9 branch, department, instrumentality or political
10 subdivision in accordance with this Article, or
11 (2) cooperate by refraining from objecting to,
12 challenging, disputing or impeding the exercise
13 of jurisdiction by each such agency, branch,
14 department, instrumentality or political
15 subdivision within the boundaries of the district
16 to the extent needed to remedy that District
17 Externality. However, each Member is prohibited
18 from discriminating against or otherwise
19 interfering with the free transmission,
20 transportation, ingress or egress of goods,
21 persons, services, activities, capital or
22 entities to or from any Prosperity District on
23 terms not generally applicable to all similar
24 goods, persons, services, activities, capital or

1 entities; accordingly, a Prosperity District's
2 duty to remedy or cooperate as aforesaid shall
3 not apply to facilitate any such prohibited
4 discriminatory action.

5 c. Hold Harmless for External Services. Any person
6 domiciled within any Prosperity District that
7 voluntarily uses governmental services or
8 infrastructure furnished by any branch, agency or
9 political subdivision of any Member State, other than
10 what that Prosperity District furnishes, shall be
11 liable for the proportionate cost of such services and
12 infrastructure usage to the extent that such cost is
13 not defrayed by funds distributed to such branch,
14 agency or political subdivision from the Revenue
15 Covenant running with title to the real property in
16 the Prosperity District or by any other revenues paid
17 directly or indirectly by such person to the
18 respective branch, agency or political subdivision.
19 In order to recover such liability, all branches,
20 agencies or political subdivisions that desire
21 reimbursement of such costs shall first annually
22 determine and publicly post a reasonable fee for such
23 services and infrastructure based on uniform criteria
24 that must be paid by persons domiciled within any such

1 Prosperity District in order to use such services and
2 infrastructure; the reasonableness of the fee in
3 relation to the proportionate cost of such services
4 and infrastructure usage and all other revenues paid
5 directly or indirectly by such person to the
6 respective branch, agency or political subdivision
7 shall be subject to judicial review and alternative
8 dispute resolution in accordance with this Compact.

9 d. External Eminent Domain. Any person, governmental
10 unit, Member agency or political subdivision which has
11 jurisdiction or authority under general laws to
12 exercise eminent domain in any location contiguous to
13 the boundaries of a Prosperity District may continue
14 to exercise eminent domain for transportation, utility
15 or transmission purposes within the boundaries of that
16 Prosperity District in accordance with generally
17 applicable laws provided that any proposed or
18 consummated taking:

19 (1) shall take place exclusively either:

20 (a) with regard to real property within such
21 corridors as are designated by appropriate
22 legal description in the petition required
23 by subsection A of Article IV, or
24

(b) otherwise within such scope as is absolutely necessary to accomplish the asserted public use of the taking,

(2) the targeted property shall not be taken for private use and shall be used exclusively for transportation, utility or transmission purposes on equal terms by all members of the public or otherwise with title held in trust for the benefit of the public,

(3) if the taking occurs within the aforesaid designated corridors, generally applicable statewide laws of the State in which the targeted property is located shall apply to the taking,

(4) if the taking occurs outside of the aforesaid designated corridors, all persons whose vested rights will be condemned, diminished or damaged by the taking shall be made whole by the condemnor as just compensation, which shall include, but is not limited to:

(a) compensation consisting of payment of the maximum fair market value of the targeted property as assessed at any point in time up to the consummation of the taking and after the first public statement of any such

1 intent to exercise eminent domain by any
2 political subdivision or agency of the State
3 or any public official thereof, and

4 (b) damages for all injuries and costs incurred
5 which were proximately caused by the
6 proposal, initiation or consummation of the
7 taking, including but not limited to any
8 loss of prospective economic advantage,
9 legal expenses and attorney fees,

10 (5) any property taken must be dedicated to the
11 public use upon which the taking was premised
12 within five (5) years of the consummation of the
13 taking or it shall revert to the original owner
14 or successor(s) in interest, and

15 (6) if such taking proceedings are:

16 (a) not initiated within two (2) years of the
17 public statement of any such intent to
18 exercise eminent domain by any political
19 subdivision or agency of this Member or any
20 public official thereof,

21 (b) timely initiated but abandoned before
22 consummation, or

23 (c) not consummated within four (4) years of
24 initiation, then the respective political

subdivision or agency shall pay to all persons whose vested rights have been thereby diminished or damaged compensation for all injuries and costs incurred which were proximately caused thereby, including, but not limited to, any loss of prospective economic advantage, legal expenses and attorney fees, unless otherwise agreed respectively by each such adversely affected person. If any agency or political subdivision of this or any Member engages in any action or omission that is the functional equivalent of exercising eminent domain within the boundaries of any Prosperity District, any person whose vested rights have been diminished or damaged thereby may bring an action at law or equity to compel institution of proceedings under this paragraph. Costs incurred by any agency or political subdivision of this or any Member to exercise the power of eminent domain within the boundaries of a Prosperity District shall not be funded by proceeds from any Revenue Covenant or otherwise

1 charged to any landowner or person domiciled
2 within the district. This paragraph may be
3 enforced at law or equity in any venue of
4 competent jurisdiction by any person whose
5 vested rights have been or probably will be
6 taken, diminished or damaged as herein
7 contemplated, and

8 e. Judicial Forum. Subject to subparagraph c of
9 paragraph 3 of subsection B of this Article, Articles
10 III, V and VI and subsection A of Article VIII of this
11 Compact, the judicial branch of this Member State
12 shall have jurisdiction over all cognizable causes of
13 action arising within any Prosperity District located
14 in this Member State, unless otherwise agreed by all
15 parties to the cause of action in a contract
16 furnishing an alternative venue or method of dispute
17 resolution; and

18 5. Exclusive Jurisdiction. Subject to paragraph 4 of
19 subsection B of this Article and Articles III, V and VI, every
20 Prosperity District shall have exclusive governing jurisdiction
21 within its boundaries, as those boundaries may be established from
22 time to time, except as non-governmental persons may otherwise agree
23 in adopting a venue selection clause or choice of law provision in a
24 valid contract between them. Accordingly, to the extent of such

1 exclusive jurisdiction, every agency, department, instrumentality,
2 unit or political subdivision of this Member, including any county,
3 city, town, state agency or special district, is prohibited within
4 district boundaries, as they may exist from time to time, from:

5 a. exercising jurisdiction or superimposing additional
6 governing jurisdictions therein,

7 b. fining, penalizing, prosecuting, regulating, taxing or
8 otherwise addressing through government action any
9 condition, state of affairs, person, entity, service,
10 property, action or omission located, committed or
11 occurring therein, and

12 c. annexing lands therein.

13 C. Optimal Regulation. The only legitimate public purpose of
14 Regulation within the boundaries of every Prosperity District, as
15 those boundaries may be established from time to time, is to
16 safeguard public health and safety by protecting the individual
17 right to life, liberty and property, which, as to any competent
18 adult, shall be limited to defending one's freedom to pursue a
19 flourishing and productive existence either in consensual
20 association with others or alone, which requires securing
21 unobstructed action according to one's will, provided that such
22 action does not infringe upon another's like freedom, and resolving
23 conflicting claims to unobstructed action by deferring to or
24 enforcing any governing prior agreement of the claimants or

1 otherwise applying the principle of first in time, first in right to
2 defer to or enforce the claim of the first actor. Accordingly,
3 within six (6) months of formation, and periodically thereafter as
4 determined by official action of the managing board, each Prosperity
5 District shall hold one or more public hearings to decide whether,
6 how and when to promulgate and enforce Regulations within its
7 boundaries to safeguard public health and safety strictly in
8 accordance with the following paragraphs; further, a Prosperity
9 District's authorized police power shall be exercised in strict
10 conformity with the following paragraphs.

11 1. Regulatory Impact Statement. As a precondition of
12 promulgating or initially enforcing any Regulation within any
13 Prosperity District, other than the exercise of police power
14 authorized by division (1) of subparagraph a of paragraph 3 of
15 subsection B of this Article and adopted pursuant to division (4) of
16 subparagraph g of paragraph 1 of subsection A of Article IV, or an
17 exercise of concurrent jurisdiction authorized by paragraph 4 of
18 subsection B of this Article, including, but not limited to, any
19 Regulation clarifying, modifying or superseding the Common Law in
20 effect within district boundaries, every Prosperity District shall
21 conduct fact-finding at one or more hearings that are open to the
22 public with at least seven (7) days prior notice to assess the
23 extent to which the Regulation would fulfill or, if previously
24 promulgated or enforced prior to repeal, has fulfilled the criteria

1 required for regulatory authority and tailoring under this
2 subsection, and shall publicly report as soon as practicable exactly
3 how such criteria have been or would be fulfilled by the Regulation
4 in a regulatory impact statement that:

- 5 a. articulates the nature and magnitude of the threat to
6 the individual right to life, liberty or property
7 targeted by the Regulation by, at a minimum,
8 characterizing the risk pathways, populations exposed
9 and consequences of exposure and assessing whether the
10 Regulation or similar Regulations have been effective
11 in reducing the targeted risks,
- 12 b. articulates a theory of cause and effect, consistent
13 with established economic and scientific theories,
14 that shows how the Regulation could or did produce the
15 desired outcomes and that also explicitly assesses
16 whether the risks addressed by the Regulation are
17 likely to increase, decrease or stay the same in the
18 absence of the Regulation,
- 19 c. demonstrates consideration of a wide variety of
20 alternate and less restrictive or burdensome
21 regulatory approaches consistent with the hierarchy of
22 Regulation contemplated by this Article, including,
23 but not limited to, expressly assessing whether the
24 Regulation has a negative effect on competition,

1 whether the Regulation can be modified to reduce its
2 anti-competitive effects, and determining whether and
3 how private voluntary action can reduce the risks
4 addressed by the Regulation,

5 d. comprehensively assesses the benefits and costs of a
6 wide variety of alternative regulatory approaches or
7 solutions to the asserted threat to individual rights
8 to life, liberty or property, including a showing of
9 how much of the problem the Regulation is likely to
10 solve,

11 e. considers the foregoing criteria in light of all
12 actual evidence of the Regulation's efficacy or lack
13 thereof from any previous promulgation or enforcement
14 of the same or similar Regulation, and

15 f. specifies the data utilized to make the assessments
16 shown in the report.

17 2. Criteria for Authorized Regulation. A Prosperity District
18 has no power to Regulate or otherwise to use or threaten coercion in
19 connection with its governing authority except through:

20 a. the exercise of police power authorized by division
21 (1) of subparagraph a of paragraph 3 of subsection B
22 of this Article and adopted pursuant to division (4)
23 of subparagraph g of paragraph 1 of subsection A of
24 Article IV, and

b. promulgating and enforcing Regulations that fulfill each of the following criteria:

(1) the Regulation governs or protects the individual right to life, liberty or property of either:

(a) those who are not parties to a contract that furnishes a rule of governance covering the same subject matter as the Regulation, or

(b) those who are in breach of a contract covering the same subject matter as the Regulation, provided that the dispute resolution procedures specified in the contract, if any, are not being observed by all parties to the contract, and at least one party to the contract requests such Regulation or enforcement,

(2) the Regulation and its enforcement:

(a) accurately codifies or implements the exercise of police power authorized by division (1) of subparagraph a of paragraph 3 of subsection B of this Article and adopted pursuant to division (4) of subparagraph g of paragraph 1 of subsection A of Article IV, or

(b) governs an act, activity, inactivity, occupation, profession, use of property, person, entity, condition or state of affairs that is not ordinarily peaceful, non-violent and non-fraudulent,

(3) neither the predominant effect of the Regulation considered alone or in the context of the Prosperity District's existing regulatory framework, nor any part of its purpose is to protect any individual, entity, or group from otherwise rightful competition or to restrain competent adults for their own good, and

(4) the act, activity, inactivity, occupation, profession, use of property, person, entity, condition or state of affairs targeted for Regulation has violated, is violating or is an actual threat to individual right to life, liberty or property.

3. Targeted Regulation. To the extent that a Prosperity District is authorized to promulgate or enforce Regulations under division (2) of subparagraph a of paragraph 3 of subsection B of this Article, the Regulation may only:

a. furnish modified, additional or augmented civil remedies to render the exercise of police power

1 authorized by division (1) of subparagraph a of
2 paragraph 3 of subsection B of this Article and
3 adopted pursuant to division (4) of subparagraph g of
4 paragraph 1 of subsection A of Article IV more
5 effective in protecting the individual rights of life,
6 liberty or property,

7 b. impose clear, objective legal standards only if the
8 foregoing mode of Regulation will not reasonably
9 reduce the threat to the individual rights of life,
10 liberty or property,

11 c. enable the enforcement of clear, objective legal
12 standards by inspections and enforcement of violations
13 by civil penalty only if the foregoing modes of
14 Regulation will not reasonably reduce the threat to
15 the individual rights of life, liberty or property,

16 d. enable the enforcement of clear, objective legal
17 standards by permitting, licensing or other regulatory
18 pre-approval processes only if the foregoing modes of
19 Regulation will not reasonably reduce the threat to
20 the individual rights of life, liberty or property, or

21 e. enable the enforcement of clear, objective legal
22 standards by criminal sanctions only if the foregoing
23 modes of Regulation will not reasonably reduce the
24

1 threat to the individual rights of life, liberty or
2 property.

3 4. Conforming Enforcement. Before exercising the police power
4 authorized by division (1) of subparagraph a of paragraph 3 of
5 subsection B of this Article and adopted pursuant to division (4) of
6 subparagraph g of paragraph 1 of subsection A of Article IV, and any
7 other Regulation authorized by division (2) of subparagraph a of
8 paragraph 3 of subsection B of this Article, each Prosperity
9 District must adopt appropriate internal management and
10 administrative procedures in the district bylaws governing such
11 enforcement, including but not limited to ensuring that:

- 12 a. the method of enforcement makes it probable that the
13 Regulation will protect the individual right to life,
14 liberty or property,
- 15 b. the method of enforcement makes it probable that the
16 Regulation will fulfill the criteria that authorized
17 its promulgation, and
- 18 c. that reasonable public notice of the Regulation had
19 been furnished to any affected person before the
20 Regulation is enforced.

21 5. Automatic Sunset. Every Regulation adopted pursuant to
22 subdivision (c) of division (4) of subparagraph g of paragraph 1 of
23 subsection A of Article IV or promulgated pursuant to division (2)
24 of subparagraph a of paragraph 3 of subsection B of this Article

1 shall be automatically repealed and held for naught five (5) years
2 from its effective date, if one is specified, and otherwise from
3 their adoption or enactment date, as the case may be, and may only
4 be promulgated again thereafter as provided in paragraph 1 through 3
5 of subsection C of this Article, with any Regulation previously
6 adopted pursuant to subdivision (c) of division (4) of subparagraph
7 g of paragraph 1 of subsection A of Article IV to be reinstated only
8 through exercising the authority furnished by division 2 of
9 subparagraph a of paragraph 3 of subsection B of this Article. The
10 Prosperity District may commence proceedings to consider reinstating
11 such Regulation as provided in paragraphs 1 through 3 of subsection
12 C of this Article as early as two (2) years prior to their automatic
13 repeal date.

14 D. Eminent Domain, Regulatory and Tax Overreach Defense. It is
15 a complete defense in any venue to the exercise of Eminent Domain or
16 the enforcement of any Regulation or Tax within the boundaries of
17 every Prosperity District, as those boundaries may be established
18 from time to time, that the exercise of Eminent Domain, Regulation
19 or Tax was promulgated or enforced in violation of this Compact. If
20 this defense is raised, the proponent of the taking, regulatory or
21 taxing action has the burden of proving strict compliance with the
22 provisions of this Compact with clear and convincing evidence or
23 with such quantum of proof as otherwise agreed to by all disputants.

24 ARTICLE III. AUTHORIZED STATEWIDE TAILORING

1 Under the authority and subject to the provisions of subsection
2 F of Article VIII of this Compact, the following provisions shall
3 clarify, supplement, modify or supersede, as applicable, any
4 relevant or contrary provision of the Compact in Articles I, II, IV,
5 V, VI and VII solely with respect to this Member:

6 A. Repealer. Subject to paragraph 4 of subsection B of Article
7 II, this Article and paragraph 4 of subsection B of Article IV:

8 1. Every Ordinary Member Law of this Member that extends to,
9 applies to, penalizes, prosecutes, taxes, regulates or can otherwise
10 be based on any condition, state of affairs, person, entity,
11 service, property, action or omission located, committed or
12 occurring in a Prosperity District is deemed to conflict with this
13 Compact, and is entirely repealed, superseded and/or held for
14 naught, as applicable to negate any legal effect, within the
15 boundaries of every Prosperity District, as those boundaries may be
16 established from time to time, and shall not thereafter extend to,
17 penalize, prosecute, tax, regulate, apply to or be based on any
18 condition, state of affairs, person, entity, service, property,
19 action or omission located, committed or occurring within the
20 boundaries of any such district, except as non-governmental persons
21 may otherwise agree in adopting a venue selection clause or choice
22 of law provision in a valid contract between them; and

23 2. When and to the extent that this Compact becomes an
24 interstate compact that has contractually bound this Member and

1 received the Consent of Congress, every Ordinary Federal Law and
2 every other law, regulation or constitutional provision of this
3 Member not previously repealed, which is capable of being preempted,
4 repealed, superseded or held for naught by such Consent of Congress,
5 that extends to, applies to, penalizes, prosecutes, taxes, regulates
6 or can otherwise be based on any condition, state of affairs,
7 person, entity, service, property, action or omission located,
8 committed or occurring in a Prosperity District is deemed to
9 conflict with this Compact and is entirely preempted, repealed,
10 superseded and/or held for naught, as applicable to negate any legal
11 effect, within the boundaries of every Prosperity District, as those
12 boundaries may be established from time to time, except as non-
13 governmental persons may otherwise agree in adopting a venue
14 selection clause or choice of law provision in a valid contract
15 between them.

16 B. Revenue Covenant Based on Unimproved Land Value. In the
17 case of a new or expanded Prosperity District to be located in this
18 Member, the following Revenue Covenant may be used to fulfill the
19 Revenue Covenant requirements of subparagraph i of paragraph 1 of
20 subsection A of Article IV of this Compact, after following relevant
21 instructions specified in brackets:

22 Each landowner and each successor, assign and heir of such
23 landowner of the land encompassed by the [insert legal name of new
24

1 or expanded Prosperity District], hereinafter collectively "owner",
2 shall pay, on an annual basis:

3 1. To the State of Oklahoma an annual amount equal to the
4 greater of:

5 a. the product of:

6 (1) [insert number] (___%) of the fair market
7 unimproved value of the land encompassed by the
8 [insert legal name of new or expanded Prosperity
9 District], hereinafter "Prosperity District Land
10 Value", and

11 (2) the ratio of the fair market unimproved value of
12 that owner's respective ownership interest in
13 such land, hereinafter "Ownership Interest Land
14 Value", over the Prosperity District Land Value,
15 or

16 (b) the product of:

17 (1) the total amount of revenue collected directly by
18 the State of Oklahoma in the fiscal year
19 immediately preceding [the formation or
20 expansion] of the [insert legal name of new or
21 expanded Prosperity District] from all
22 activities, inactivities, properties and entities
23 located within the area of the land within the
24 boundaries of [insert name of new or expanded

Prosperity District], including, but not limited to, all fees, fines, assessments, as well as income, sales and property taxes, if any, and

(2) the ratio of that owner's Ownership Interest Land Value over the Prosperity District Land Value,

2. To [insert legal name of each county in which the new or expanded Prosperity District will be located] respectively an annual amount equal to the greater of:

a. the product of:

(2) [insert number] (___%) of the fair market unimproved value of the land encompassed by the [insert legal name of new or expanded Prosperity District], hereinafter "Prosperity District Land Value", and

(2) the ratio of the fair market unimproved value of that owner's respective ownership interest in such land, hereinafter "Ownership Interest Land Value" over the Prosperity District Land Value, or

b. the product of:

(1) the total amount of revenue collected directly by [insert legal name of each county in which the new or expanded Prosperity District will be located] in the fiscal year immediately preceding

1 [the formation or expansion] of the [insert legal
2 name of new or expanded Prosperity District] from
3 all activities, inactivities, properties and
4 entities located within the area of the land
5 within the boundaries of [insert name of new or
6 expanded Prosperity District], including, but not
7 limited to, all fees, fines, assessments, as well
8 as income, transaction, sales and property taxes,
9 if any, and

10 (2) the ratio of that owner's Ownership Interest Land
11 Value over the Prosperity District Land Value,

12 3. To [insert legal name of new or expanded Prosperity
13 District] an annual amount equal to the product of:

14 a. [insert number] (___%) of the fair market unimproved
15 value of the land encompassed by the [insert legal
16 name of new or expanded Prosperity District],
17 hereinafter "Prosperity District Land Value", and

18 b. the ratio of the fair market unimproved value of that
19 owner's respective ownership interest in such land,
20 hereinafter "Ownership Interest Land Value", over the
21 Prosperity District Land Value. [insert the following
22 if any part of a new or expanded Prosperity District
23 is located within the jurisdiction of any
24 municipality:

1 4. To [insert legal name of each municipality in which the new
2 or expanded Prosperity District will be located] respectively an
3 annual amount equal to the greater of:

4 a. the product of:

5 (1) [insert number] (____%) of the fair market
6 unimproved value of the land encompassed by the
7 [insert legal name of new or expanded Prosperity
8 District], hereinafter "Prosperity District Land
9 Value", and

10 (2) the ratio of the fair market unimproved value of
11 that owner's respective ownership interest in
12 such land, hereinafter "Ownership Interest Land
13 Value", over the Prosperity District Land Value,
14 or

15 b. the product of:

16 (1) the total amount of revenue collected directly by
17 [insert legal name of each municipality in which
18 the new or expanded Prosperity District will be
19 located] in the fiscal year immediately preceding
20 [the formation or expansion] of the [insert legal
21 name of new or expanded Prosperity District] from
22 all activities, inactivities, properties and
23 entities located within the area of the land
24 within the boundaries of [insert name of new or

1 expanded Prosperity District], including, but not
2 limited to, all fees, fines, assessments, as well
3 as income, transaction, sales and property taxes,
4 if any, and

5 (2) the ratio of that owner's Ownership Interest Land
6 Value over the Prosperity District Land Value.

7 The amounts shall be:

8 (a) assessed by the managing board of the
9 [insert legal name of new or expanded
10 Prosperity District] as a first priority
11 lien against the relevant land and a joint
12 and several debt of each owner in favor of
13 the relevant payee on the first business day
14 of each calendar year after the formation or
15 expansion, as the case may be, of the
16 [insert legal name of Prosperity District]
17 to include the relevant land based on the
18 average of contemporaneous appraisals,
19 formulated in accordance with reasonable and
20 customary appraisal standards, previously
21 submitted to the managing board of the
22 [insert legal name of the new or expanded
23 Prosperity District] by each owner and the
24 State of Oklahoma, and

(b) paid to the previously identified recipients of revenues by each owner on the last business day of each calendar year following [the formation or expansion] of the [insert legal name of new or expanded Prosperity District], prorated for any period of any calendar year in which the [insert legal name of new or expanded Prosperity District] was not recognized by the State of Oklahoma, provided that no adverse judicial or administrative proceedings involving any owner and the State of Oklahoma, or any political subdivision or agency thereof, had been brought by the State of Oklahoma or any of its political subdivisions or agencies against any owner, excluding claims subject to the alternative dispute resolution process specified in Article V of the Prosperity States Compact, as enacted by the State of Oklahoma and amended from time to time, in the preceding twelve (12) months. Upon such payment, the lien specified above shall be deemed released. Subject to modification by written agreement of all

1 affected parties, laws generally applicable
2 to the foreclosure of real property liens in
3 the State of Oklahoma shall determine
4 available procedures and remedies in the
5 event of nonpayment or untimely payment of
6 the assessment hereunder due. The foregoing
7 Revenue Covenant is a covenant running with
8 the land encompassed by the [insert legal
9 name of new or expanded Prosperity District]
10 for the benefit of the previously identified
11 recipients of revenues. [insert the
12 following if it is desired for the
13 provisions of this Revenue Covenant to be
14 modified or superseded by a Negotiated
15 Revenue Covenant: "This Revenue Covenant is
16 subject to modification or supersession by a
17 Negotiated Revenue Covenant pursuant to
18 Article III of the Prosperity States
19 Compact, as enacted by the State of Oklahoma
20 and amended from time to time."]

21 C. Negotiated Revenue Covenant. To comply with the petition
22 requirement specified in subparagraph i of paragraph 1 of subsection
23 A of Article IV, or subsequently to supplement or revise a Revenue
24 Covenant authorized under Article IV or this Article, the

petitioner(s) or their successors in interest may negotiate a Negotiated Revenue Covenant with the Governor of this Member, or the Governor's nominee, in the case of the formation or expansion of a Prosperity District to be located in whole or in part within this Member by giving notice of a demand for such negotiations to the Office of the Governor or a person authorized to accept service of process on behalf of the Governor, whereupon they shall commence negotiations within twenty (20) days. In addition to other relevant provisions, the Negotiated Revenue Covenant shall:

1. Only concern the generation, collection and distribution of revenues;

2. Be duly signed by petitioner(s) and State Official;

3. Define the revenues or revenue sources to which it applies and, if applicable and desired, include terms and provisions to supplement or revise the terms of an existing Default Revenue Covenant, if any, upon recordation;

4. Guarantee that the Member and any county or municipality in which any part of a proposed new Prosperity District is to be located receives on an annual basis revenues and distributions of state shared revenues, if any, that are at least equal to the total amount of revenue and distributions of state shared revenues collected or received by that Member and any such county or municipality in the fiscal year immediately preceding the respective formation of the Prosperity District from all activities,

1 inactivities, properties and entities located within the area of the
2 real property to be encompassed by the proposed new Prosperity
3 District, including, but not limited to, all fees, fines,
4 assessments, as well as income, transaction privilege, use, gas,
5 sales and property taxes, if any;

6 5. Guarantee that the Member and any county or municipality in
7 which any part of the proposed expansion area of an existing
8 Prosperity District is to be located receives on an annual basis
9 revenues and distributions of state shared revenues, if any, that
10 are equal to or greater than the total amount of revenue and
11 distributions of state shared revenues collected or received by that
12 Member and any such county or municipality in the expansion area in
13 the fiscal year immediately preceding the proposed expansion of the
14 Prosperity District from all activities, inactivities, properties
15 and entities located within the area of the real property to be
16 encompassed by the proposed expansion area, including, but not
17 limited to, all fees, fines, assessments, as well as income,
18 transaction privilege, use, gas, sales and property taxes, if any;

19 6. Guarantee that the payment of income, transaction privilege,
20 use, gas, sales and property taxes by any Third Party Beneficiary
21 which are imposed by this Member and any of its political
22 subdivisions on activities, inactivities, properties and entities
23 located within the area of the real property included within the
24 proposed new or expanded Prosperity District, if any, shall be

1 ratably credited against that Third Party Beneficiary's obligations
2 under any such Negotiated Revenue Covenant;

3 7. Apply and run with title to all real property in the
4 proposed new or expanded Prosperity District upon the formation or
5 expansion of the district, as the case may be, and as long as the
6 encumbered real property is within the jurisdiction of the district;

7 8. Be drafted in general language, without limitation to a
8 closed class of one or more identifiable persons, and with such
9 uniformity as to allow the entire class of landowners located within
10 any other existing or future Prosperity District within the same
11 State to have the option of adopting the Negotiated Revenue Covenant
12 to fulfill the requirements of subparagraph i of paragraph 1 of
13 subsection A of Article IV, or subsequently to supplement or revise
14 an existing Revenue Covenant authorized under Article IV or this
15 Article if such right was reserved;

16 9. Be deemed accepted and ratified by this Member and any
17 political subdivision of this Member benefitted by the Negotiated
18 Revenue Covenant for use by petitioner(s), any other class of
19 petitioner(s) under subsection A of Article IV, and their
20 successors-in-interest within this Member's jurisdiction when
21 approved by joint resolution of the Legislature of this Member; and

22 10. If meant to revise or supplement a Revenue Covenant already
23 running with title to real property in an existing Prosperity
24 District, the accepted and ratified Negotiated Revenue Covenant

1 shall be recorded with the county recorder for each county in which
2 the respective Prosperity District is located and with each such
3 other official responsible for the public recordation of interests
4 in real property located within the proposed boundaries of the
5 respective Prosperity District, if any, as the case may be.

6 D. Relationship of Compact to Existing Laws and Jurisdictions.

7 This subsection shall be effective in this Member notwithstanding
8 the reciprocity otherwise required by subsection E of Article V.
9 paragraph 5 of subsection B of Article II, subsection A of this
10 Article, and subsections C and D of Article V are herewith
11 clarified, modified and superseded, as applicable, with respect to
12 this Member in regard to the following laws and governmental unit
13 jurisdictions constituted thereby, which shall continue to be
14 effective in any Prosperity District or any portion of any
15 Prosperity District that is located in this Member to the same
16 extent as in any other political subdivision of this Member:

17 1. All interstate agreements, compacts and laws enforcing or
18 protecting vested contractual or property rights existing in this
19 Member as of the enactment date of the Compact legislation,
20 including but not limited to any interstate agreement or compact
21 concerning water rights and gaming, as well as that which is
22 codified in this Member's Revised Statutes, as well as all
23 government units constituted thereby, shall continue to be effective
24 in any Prosperity District located in this Member to the same extent

1 as before the enactment date of the Compact. Vested contractual or
2 property rights defined by reference to laws in effect in this
3 Member upon vesting shall be construed and enforced in any
4 Prosperity District located in this Member as if such laws were
5 still in effect;

6 2. All Member laws and laws of the United States Government
7 that concern national security, declared states of emergency,
8 immigration, violent crime, prostitution or the possession, sale,
9 transfer or use of controlled substances, including but not limited
10 to that which is codified this Member's Revised Statutes, and the
11 jurisdictions of all government units to the extent they are
12 constituted thereby, as well as all related ongoing investigations,
13 prosecutions and administrative proceedings;

14 3. All Member laws and laws of the United States Government
15 governing the management, administration, immunity, discipline and
16 compensation of law enforcement personnel engaged in the exercise of
17 concurrent or original jurisdiction on behalf of this Member or the
18 United States Government within the boundaries of any Prosperity
19 District, as they may exist from time to time, under the authority
20 of this paragraph shall be in full force and effect as to such
21 personnel to the same extent as would have been the case in the
22 absence of the formation or expansion of such district;

23 4. Any provision of this Member's constitution requiring the
24 taxation of property or a specific mode of taxation, and any law to

1 implement any such provision, and the jurisdictions of all
2 government units constituted thereby, provided that:

- 3 a. the payment of these taxes by any Third Party
4 Beneficiary shall be ratably credited against any
5 Revenue Covenant obligation imposed on them by this
6 Compact in favor of the Member or any of its political
7 subdivisions,
- 8 b. the payment of such taxes shall be credited against
9 any required fee for external services as contemplated
10 in subparagraph c of paragraph 4 of subsection B of
11 Article II to the extent that such revenues are used
12 directly or indirectly to defray the cost of such
13 services, and
- 14 c. subsequent reductions in any such applicable tax rate
15 or burden after the enactment date of the Compact
16 shall be effective in all Prosperity Districts;

17 5. The Uniform Commercial Code, which is codified in this
18 Member's Revised Statutes, and the jurisdictions of all agencies to
19 the extent they are constituted by such laws, which shall be
20 regarded as codifying the corresponding Common Law subject matters
21 applicable within any Prosperity District located within this
22 Member;

23 6. All laws governing mining, mineral rights, oil and gas
24 extraction rights, which are codified in this Member's Revised

1 Statutes and promulgated in Regulations authorized thereby, and the
2 jurisdictions of all agencies to the extent they are constituted by
3 such laws;

4 7. All laws governing mechanics liens, which are codified in
5 this Member's Revised Statutes and promulgated in Regulations
6 authorized thereby, and the jurisdictions of all agencies to the
7 extent they are constituted by such laws;

8 8. All laws governing the licensure and Regulation of medical
9 doctors, which are codified in this Member's Revised Statutes and
10 promulgated in Regulations authorized thereby, and the jurisdictions
11 of all agencies to the extent they are constituted by such laws;

12 9. All rules governing the licensure and Regulation of
13 attorneys, which are contained in the Oklahoma Rules of Professional
14 Conduct of this Member's Court Rules and Administrative Orders and
15 promulgated in Regulations authorized thereby, and the jurisdictions
16 of all agencies to the extent they are constituted by such laws;

17 10. All laws governing fraud, which are codified in this
18 Member's Revised Statutes and promulgated in Regulations authorized
19 thereby, and the jurisdictions of all agencies to the extent they
20 are constituted by such laws;

21 11. All laws governing public records and open meetings, which
22 are codified in the Freedom of Information Act of 1967, § 25-19-101
23 et seq., of this Member's Revised Statutes and promulgated in
24

1 Regulations authorized thereby, and the jurisdictions of government
2 units constituted thereby;

3 12. All State and federal laws that concern elections, election
4 qualifications, ballot measures, referenda, and campaign finance and
5 the jurisdictions of all government units constituted by such laws,
6 including, but not limited to, that which is codified in this
7 Member's Revised Statutes, and the jurisdictions of all government
8 units constituted thereby, as well as all related ongoing
9 investigations, prosecutions and administrative proceedings;

10 13. All State and federal laws governing banking, securities
11 and financial transactions, including, but not limited to, that
12 which is codified in this Member's Revised Statutes, and promulgated
13 in Regulations authorized thereby, as well as all related ongoing
14 investigations, prosecutions and administrative proceedings; and

15 14. All State and federal laws specifically defining and
16 protecting the individual right to life, liberty or property or
17 otherwise specifically governing the adoption, guardianship, care or
18 representation of minor children, the incompetent, and the disabled,
19 and the jurisdictions of all government units constituted by such
20 laws, including, but not limited to, that which is codified in this
21 Member's Revised Statutes, and promulgated in Regulations authorized
22 thereby, as well as all related ongoing investigations, prosecutions
23 and administrative proceedings.

24

1 E. Income of Residents Doing Business in District. This
2 subsection shall be effective in this Member notwithstanding the
3 reciprocity otherwise required by subsection E of Article V. This
4 Member may tax income earned by its residents from income-producing
5 activities occurring within a Prosperity District as provided by law
6 if such residents are neither domiciled nor residing in such
7 Prosperity District.

8 F. Federal Primacy, Mandates and Grant Requirements Protected.
9 This subsection shall be effective in this Member notwithstanding
10 the reciprocity otherwise required by subsection E of Article V.
11 Until this Compact receives the Consent of Congress in such form as
12 to obviate any need for this Member to comply with otherwise
13 applicable federal mandates and conditions of maintaining or
14 securing federal primacy or federal grants, every Prosperity
15 District located in this Member shall cooperate with this Member in
16 fulfilling the lawful conditions of any federal grant or assumption
17 of federal primacy and complying with any lawful federal mandate,
18 including the adoption of appropriate bylaws and Regulations, in the
19 event that this Member is specifically threatened by the federal
20 government in writing with any sanction, the loss of federal
21 primacy, the loss of any federal grant or if this Member loses
22 federal primacy or a federal grant due to a failure of compliance
23 with a federal mandate or a condition to the maintenance of federal
24 primacy or to the grant caused by the actions or omissions of any

Prosperity District. To enforce this cooperation duty, this Member shall give notice of the threat or loss to the managing board of each responsible Prosperity District as soon as possible together with a specification of the sanction or the amount of the grant that has been threatened or lost, as well as a specific demand for the curative action or inaction that the Prosperity District must undertake in order to restore federal primacy, the grant or prevent the sanction or the loss of federal primacy or the grant.

1. The Prosperity District is authorized and required to respond to the foregoing demand in one or more of the following three ways as needed to ensure that federal primacy is maintained by this Member or this Member is kept or made whole:

- a. it shall strictly comply with the demand in a fashion that may supersede any limitation on its regulatory authority as otherwise specified in Article II only to the extent absolutely necessary,
- b. it shall post a surety bond in favor of this Member or tender cash to the this Member for the full amount of the grant that has been threatened or lost which shall be payable without delay to this Member or its designated recipient on its demand if the grant is lost, subject to this Member refunding the amount immediately upon the restoration of the grant, or

1 c. it shall delegate so much of its authority within its
2 boundaries to this Member or its designated agency,
3 instrumentality or political subdivision to hold and
4 exercise in receivership as is absolutely necessary to
5 fulfill the federal mandate or the conditions of the
6 threatened or lost federal primacy or federal grant
7 until such time as the threatened sanction is
8 retracted or lifted, or the federal primacy or grant
9 is restored and no longer specifically threatened by
10 the federal government.

11 2. If the Prosperity District fails to respond to the foregoing
12 demand as aforesaid, this Member shall have the right to commence a
13 special action in State court to appoint a receiver to hold and
14 exercise all power of the Prosperity District as necessary to comply
15 with the federal mandate or to fulfill the conditions of the
16 threatened or lost federal primacy or federal grant until such time
17 as the threatened sanction is retracted or lifted, or the federal
18 primacy or grant is restored and no longer specifically threatened
19 by the federal government, and each Prosperity District causing this
20 Member to fail to fulfill the conditions of any such federal primacy
21 or federal grant shall be jointly and severally liable for tendering
22 the full amount of any federal monies that are denied to this Member
23 as a result of the failure of cooperation within thirty (30)

1 calendar days after submission of a proof of claim by this Member to
2 each Prosperity District for the replacement funding.

3 3. This subsection shall self-repeal upon this Compact
4 receiving the Consent of Congress in such form and substance as to
5 declare or render the actions or omissions of a Prosperity District
6 nonprejudicial to any obligation this Member may have to comply with
7 otherwise applicable federal mandates and conditions of maintaining
8 or securing federal primacy or federal grants.

9 G. National Security Modification to Definition of "Eligible
10 Land." This subsection shall be effective in this Member
11 notwithstanding the reciprocity otherwise required by subsection E
12 of Article V. The formation and expansion of a Prosperity District
13 in this Member, as well as investment in property located within an
14 existing Prosperity District, shall be subject to the review process
15 for controlling direct foreign investment in the United States for
16 the purpose of protecting national security, which is managed by the
17 multi-agency federal entity known as the Committee on Foreign
18 Investment in the United States ("CFIUS"), in accordance with the
19 Foreign Investment and National Security Act and 31 C.F.R. Part 800.
20 Accordingly, any person wishing to form or expand a Prosperity
21 District or otherwise to invest in property located within an
22 existing Prosperity District should expect that CFIUS will review,
23 and potentially block, direct foreign investment for the purpose of
24 protecting the national security of the United States, but only to

1 the same extent as it does for such investments in all other areas
2 of the United States.

3 H. County Opt-Out. This subsection shall be effective in this
4 Member notwithstanding the reciprocity otherwise required by
5 subsection E of Article V. If a county of this Member wishes to
6 exclude land within its jurisdiction and outside of the territorial
7 and extraterritorial jurisdiction of any municipality from being
8 deemed "Eligible Land" under this Compact before the formation or
9 expansion of a Prosperity District upon such land, it may pass a
10 local law declaring such exclusion with a sufficient legal
11 description to identify the excluded land based on such procedures
12 as apply generally to the enactment of local laws by such county
13 notwithstanding any other law of this Member provided that:

14 1. The local law is enacted and effective within six (6) months
15 of the enactment date of the Compact legislation;

16 2. A certified copy of the local law is recorded with the
17 county recorder of deeds;

18 3. The local law shall automatically self-repeal in four (4)
19 years from its enactment date without prejudice to its reenactment;
20 and

21 4. The local law does not have the purpose or effect of
22 rendering the authority to form, expand or withdraw from a
23 Prosperity District a law, privilege or immunity for a closed class
24 of one or more identifiable persons. Any such local law may be

1 subsequently amended or repealed in accordance with such procedures
2 as apply generally to the enactment of local laws by such county
3 notwithstanding any other law of this Member provided that the
4 amendment or repeal does not have the purpose or effect of rendering
5 the authority to form, expand or withdraw from a Prosperity District
6 a law, privilege or immunity for a closed class of one or more
7 identifiable persons.

8 I. Municipal Opt-In. This subsection shall be effective in
9 this Member notwithstanding the reciprocity otherwise required by
10 subsection E of Article V. Any consent required to be given by the
11 governing body of a municipality to deem real property within the
12 territorial or extraterritorial jurisdiction of that municipality
13 "Eligible Land" under this Compact:

14 1. Shall be enacted as a local law based on such procedures as
15 apply generally to the enactment of local laws by such municipality
16 notwithstanding any other law of this Member, including, but not
17 limited to, any law requiring or enforcing any local, regional or
18 Statewide land use plan;

19 2. Shall contractually bind such municipality to recognize the
20 classification of such real property as "Eligible Land" under this
21 Compact;

22 3. May include further stipulations and conditions superseding,
23 modifying or limiting the text or applicability of provisions of
24 this Compact as authorized by paragraph 10 of subsection F of

1 Article VIII of this Compact within the territorial or
2 extraterritorial jurisdiction of the consenting municipality; and

3 4. Must provide that any alteration to the applicability of
4 provisions of this Compact that is specified in the aforesaid local
5 law may be repealed by subsequently enacted local law provided that
6 such repeal shall not have the effect of:

7 a. delegating powers or authorities to any Prosperity
8 District in addition to those expressly delegated to
9 the district by paragraph 3 of subsection B of Article
10 II of this Compact,

11 b. creating or expanding the jurisdictions of any
12 government unit within the boundaries of any
13 Prosperity District in addition to that which is
14 expressly permitted under paragraph 4 of subsection B
15 of Article II of this Compact,

16 c. eliminating the text or authority of any Revenue
17 Covenant that otherwise would satisfy the petition
18 requirement under subparagraph i of paragraph 1 of
19 subsection A of Article IV,

20 d. preventing the formation or expansion of Prosperity
21 Districts or the withdrawal of land from a Prosperity
22 District in that municipality, or

23 e. disqualifying real property as Eligible Land which
24 would have otherwise qualified as Eligible Land as of

1 the enactment date of the respective Member's original
2 Compact legislation.

3 J. Insurance, Performance and Surety Bonding. This subsection
4 shall be effective in this Member notwithstanding the reciprocity
5 otherwise required by subsection E of Article V. This Member and
6 any political subdivision of this Member that has the right to
7 foreclose on a Revenue Covenant lien attached to real property
8 located within a Prosperity District or that may be required by law
9 to assume jurisdiction over lands withdrawn from a Prosperity
10 District, shall have the right to a reasonable performance or surety
11 bond or coverage as a named insured under a reasonable insurance
12 policy from the petitioner(s) seeking district formation, expansion
13 and withdrawal in an amount and with such limits and terms
14 sufficient to cover the reasonably anticipated costs associated with
15 maintenance of structures on such lands as well as to cover the
16 reasonably anticipated costs of enforcing public health, safety and
17 sanitation standards imposed by generally applicable laws within its
18 jurisdiction with regard to such land in the event of such
19 foreclosure or withdrawal. A detailed written demand for the
20 furnishing of such insurance or the posting of such a bond
21 specifying required terms and conditions of the bond or insurance
22 shall be interposed against the relevant petitioner(s) by service of
23 the demand upon each petitioner and all required recipients of their
24 petition prior to its approval. The demand shall not prevent

1 approval of the petition; however, if petitioner(s) do not comply
2 with the demand within ninety (90) days of service, or if the
3 disputants do not first settle their differences in regard to the
4 demand, then the serving Member or political subdivision may
5 institute an action in a venue of competent jurisdiction to compel
6 compliance with the demand by petitioner(s) and such compliance
7 shall be compelled if the terms and conditions of the demanded
8 insurance policy or bond are found contractually enforceable and
9 reasonable based on admissible evidence of the magnitude and
10 likelihood of the risk of incurring costs associated with
11 maintenance of structures on such lands as well as to cover the
12 reasonably anticipated costs of enforcing public health, safety and
13 sanitation standards imposed by generally applicable laws within its
14 jurisdiction with regard to such land in the event of such
15 foreclosure or withdrawal. If the terms and conditions of the
16 demanded bond or insurance are not found contractually enforceable
17 or reasonable based on such evidence, then the serving Member or
18 political subdivision shall be held liable for all legal expenses
19 and attorney's fees incurred by petitioner(s) in defending the
20 action. If petitioner(s) do not comply with the demand after being
21 ordered to do so by the adjudicating authority, then the serving
22 Member or political subdivision may seek a money judgment against
23 the relevant petitioner(s) jointly and severally in the amount of
24 the demanded bond or limits of the demanded insurance policy or

1 appropriate equitable relief reasonably tailored to mitigate the
2 reasonably anticipated costs of enforcing public health, safety and
3 sanitation standards imposed by generally applicable laws within its
4 jurisdiction with regard to such land in the event of such
5 foreclosure or withdrawal. If a written demand for the posting of a
6 bond or furnishing of insurance is not timely served or if an action
7 to compel compliance with the demanded bond or insurance policy is
8 not commenced within six (6) months of the approval of the relevant
9 petition, then the right to demand a bond or insurance policy from
10 petitioner(s) under this subsection shall be forfeit and forever
11 barred except as may otherwise be provided in any settlement
12 agreement between the disputants.

13 K. Statute of Repose. This subsection shall be effective in
14 this Member notwithstanding the reciprocity otherwise required by
15 subsection E of Article V. Any person claiming a right to challenge
16 the legality of this Compact shall have six (6) months after the
17 enactment date of the Compact legislation to file an action for such
18 declaration of rights in a court of competent jurisdiction or
19 thereafter be forever barred from bringing any such claim or related
20 cause of action. Any person claiming a right to challenge the
21 legality of the formation or expansion of a Prosperity District, or
22 the withdrawal of land from a Prosperity District, shall have six
23 (6) months after the recordation of the petition authorized by
24 Article IV of this Compact to file an action for such declaration of

1 rights in a court of competent jurisdiction or thereafter be forever
2 barred from bringing any such claim or related cause of action.

3 L. Native American Community Membership. A Native American
4 community located within this Member, which is recognized as
5 sovereign by the United States Government, shall qualify and be
6 recognized as a "Member" under subsection H of Article VII of this
7 Compact on the same terms as a State upon the Compact becoming an
8 interstate compact and receiving Consent of Congress. For purposes
9 of convenience, all references to "State" or "Member" throughout
10 this Compact relative to the rights and obligations of a State under
11 this Compact shall be deemed to include and reference any such
12 Native American community.

13 ARTICLE IV. PROSPERITY DISTRICT FORMATION, EXPANSION AND
14 WITHDRAWAL

15 A. Petition to Form or Expand Prosperity District. A
16 Prosperity District is formed or expanded when a petition that is
17 deemed compliant with this subsection, the petition is recorded with
18 the county recorder for each county in which the new or expanded
19 Prosperity District is located and with each such other official
20 responsible for the public recordation of interests in real property
21 located within the proposed boundaries of the new or expanded
22 Prosperity District, if any. Accordingly, to form or expand a
23 Prosperity District, a petition containing the information specified
24

1 herein shall be signed, served, reviewed, deemed compliant, and
2 recorded as follows:

3 1. With respect to Eligible Land to be included in the new or
4 expanded Prosperity District, one or more landowners representing
5 one hundred percent (100%) of the surface land ownership interests
6 in such Eligible Land, the petitioner(s) shall sign a petition
7 requesting the formation or expansion of a Prosperity District to
8 include such Eligible Land under the authority of this Compact and
9 further attesting to the accuracy of the following information under
10 oath, which shall also be included in the petition:

- 11 a. a statement requesting the formation or expansion of a
12 Prosperity District and avowing that the land to be
13 encompassed by the new district or included in the
14 expanded district is Eligible Land,
- 15 b. the name, address, telephone number and e-mail address
16 of each such signing landowner, if any,
- 17 c. a statement that one hundred percent (100%) of the
18 qualified electors who are residing on such Eligible
19 Land have consented in writing to the petition or,
20 alternatively, a statement that no qualified electors
21 are then-residing on the Eligible Land,
- 22 d. the name, address, telephone number and e-mail address
23 of each such resident qualified elector, if any,

1 e. a legal description of the external boundaries of the
2 proposed new or expanded Prosperity District, as well
3 as of the boundaries of any corridor for the exercise
4 of eminent domain by external agencies pursuant to
5 subdivision (a) of division (1) of subparagraph d of
6 paragraph 4 of subsection B of Article II and any
7 individual parcels that are internal to such Eligible
8 Land which shall continue to be recognized within the
9 Prosperity District upon formation, expansion and
10 withdrawal,

11 f. a map and a general description of the area to be
12 included in the proposed new or expanded Prosperity
13 District that is sufficiently detailed to permit a
14 property owner to determine if a particular property
15 is located in the proposed new or expanded Prosperity
16 District,

17 g. for a new Prosperity District:

18 (1) a unique name to be assigned to the Prosperity
19 District,

20 (2) the names, addresses, phone numbers and
21 occupations of the proposed members of the
22 Prosperity District's initial managing board,
23
24

- 1 (3) a statement of the jurisdiction, power and
2 authority of the district under Article II of
3 this Compact, and
4 (4) on behalf of the proposed district and deemed
5 effective within the district upon formation:
6 (a) an express adoption and verbatim
7 specification of the Malum in Se Criminal
8 Law effective within the area to be
9 encompassed by the proposed district,
10 (b) an express adoption of the Common Law
11 effective within the area to be encompassed
12 by the proposed district,
13 (c) the express adoption and verbatim
14 specification of any other Regulation which
15 is desired by petitioner(s) to be enforced
16 by the district after formation pursuant to
17 division (1) of subparagraph a of paragraph
18 3 of subsection B and subsection C of
19 Article II, provided that such Regulation
20 was effective within the area to be
21 encompassed by the district as of the
22 enactment date of this Member's Compact
23 legislation, and
24 (5) initial district bylaws specifying:

- 1 (a) procedures for the promulgation, amendment
2 and repeal of district bylaws, ordinances,
3 policies, procedures, parliamentary rules
4 and directives for the governance of the
5 district, for internal district management
6 and administration, including provisions
7 detailing supervision and coordination of
8 Revenue Covenant enforcement, as well as the
9 collection and disbursement of revenues to
10 which the district is contractually
11 entitled, the formation of committees,
12 subordinate departments and agencies, and
13 the designation and responsibilities of
14 administrative offices and retention of
15 subordinate officials,
- 16 (b) managing board member appointment, election,
17 removal or succession procedures,
- 18 (c) municipal bonding terms, issuance and
19 repayment procedures,
- 20 (d) public hearing and notice procedures,
- 21 (e) Regulation promulgation and enforcement
22 procedures,
- 23 (f) the public infrastructure and services to be
24 furnished by the district, and

(g) the office, authorities and duties of the
district treasurer and secretary,

h. for an expansion of an existing Prosperity District,
the name of the Prosperity District to be expanded and
the names, addresses and phone numbers of the members
of that district's managing board,

i. for a new Prosperity District, a recordable Revenue
Covenant to burden the Eligible Land, which is the
subject of the petition, as specified or described in
Article III of this Compact,

j. for an expansion of an existing Prosperity District, a
recordable Revenue Covenant to burden the Eligible
Land to be included in the existing Prosperity
District that mirrors the Revenue Covenant then-
running with title to the land in that existing
district, and

k. a recordable restrictive covenant to burden the
Eligible Land, which is the subject of the petition,
prohibiting each landowner and any successor in
interest from taking any action to preclude, hinder or
obstruct the expansion of the district to adjacent
lands that are outside of the district, if any, or the
withdrawal of lands from the district as contemplated
in this Article, or pursuant to such additional

1 criteria as specified in the district bylaws for
2 withdrawal of lands;

3 2. The petition shall be served on each of the following
4 recipients as applicable:

- 5 a. each member of the Board of Supervisors of each County
6 in which any portion of the new or expanded district
7 is to be located at their offices or through their
8 authorized service of process recipient,
- 9 b. the governing body of each affected municipality at
10 its office or through its authorized service of
11 process recipient if the new or expanded district is
12 to include Eligible Land located within that
13 municipality's jurisdiction, and
- 14 c. the managing board of each affected Prosperity
15 District at its office or through its authorized
16 service of process recipient if that Prosperity
17 District is to be expanded by the inclusion of the
18 Eligible Land or if a new Prosperity District is to be
19 formed within any part of the jurisdiction of that
20 Prosperity District; and

21 3. Within twenty (20) calendar days after receipt of the
22 petition, each recipient designated in paragraph 2 of this
23 subsection shall review the petition ministerially for compliance
24 with paragraph 1 of this subsection and deny any petition that is

1 not compliant. Notice of the denial of a petition shall be given
2 within the time frame in writing to the petitioner(s) stating the
3 specific nature of any deficiency and without prejudice as to the
4 repeated resubmittal of a corrected petition until all such
5 deficiencies are cured. If the petition is not timely denied by any
6 recipient designated in paragraph 2 of this subsection, the petition
7 shall be deemed compliant with this subsection for all purposes and
8 it may be recorded by the petitioner(s) with the County Recorder for
9 each County in which the new or expanded Prosperity District is to
10 be located and with each such other official responsible for the
11 public recordation of interests in real property located within the
12 proposed boundaries of the new or expanded Prosperity District, if
13 any. Sworn proof of service by U.S. certified mail, return receipt
14 requested, or equivalently verifiable delivery service shall be
15 sufficient to establish the date the petition was received by a
16 designated recipient or any required notice was given to the
17 petitioner(s).

18 B. Petition to Withdraw. A petition may be brought to withdraw
19 land from a Prosperity District's jurisdiction as provided in this
20 subsection.

21 1. The land that is the subject of the withdrawal petition
22 must:

- 23 a. be contiguous to land that is outside of the
24 boundaries of the affected district,

- b. be contiguous to land included in the same petition that is contiguous to land that is outside of the boundaries of the affected district,
- c. be at least one square mile of contiguous land,
- d. be the subject of an enforceable contract governing all landowners and qualified electors residing in the affected district that gives consent to the withdrawal of such land from the district under such terms and conditions as may be specified in that contract, or
- e. qualify for withdrawal under criteria otherwise specified in the bylaws of the affected district provided that such criteria are uniform for all persons domiciled in the district and they do not have the purpose or effect of rendering such withdrawal authority a law, privilege or immunity for a closed class of one or more identifiable persons.

2. The withdrawal petition must:

- a. state under oath that the petitioner(s) represent one hundred percent (100%) of the surface land ownership interests in title to the proposed withdrawn land, including the same contact information for petitioners as with a petition to form or expand a Prosperity District,

- 1 b. state under oath that one hundred percent (100%) of
2 all qualified electors residing on the affected land
3 have given written consent to the withdrawal of the
4 land from the Prosperity District's jurisdiction,
5 c. include a map and legal description of the proposed
6 withdrawn land, and
7 d. be served on the same officials as a petition to form
8 or expand a Prosperity District, who must then within
9 twenty (20) calendar days after receipt of the
10 petition, review the petition ministerially for
11 compliance with this subsection and deny any petition
12 that is not compliant.

13 3. Notice of the denial of a withdrawal petition shall be given
14 within the twenty (20) calendar day time frame in writing by the
15 same method of notice to the petitioner(s) as applicable to a
16 petition to form or expand a district. If the petition is not
17 timely denied by any petition recipient, the petition shall be
18 deemed approved and compliant with this subsection for all purposes
19 and it may be recorded by the petitioner(s) with the county recorder
20 for each county in which the withdrawn land is to be located and
21 with each such other official responsible for the public recordation
22 of interests in real property located within the proposed boundaries
23 of the withdrawn land, if any.

1 4. Upon the approval and recordation of the withdrawal
2 petition, the land specified therein shall immediately revert to the
3 jurisdictional status of land outside of the boundaries of the
4 affected Prosperity District such that all laws generally applicable
5 outside of the boundaries of that Prosperity District shall govern
6 the area of such land as if the district never encompassed the
7 withdrawn land, and all covenants or servitudes running with title
8 to such land as a consequence of any petition to form or expand that
9 district shall be deemed vacated; but all other encumbrances on
10 title to the withdrawn land, including any lien that has attached to
11 such land to secure the payment of any previously accrued and unpaid
12 Revenue Covenant obligation, shall remain enforceable to the extent
13 consistent with the reverted legal and jurisdictional status of the
14 withdrawn land.

15 5. Petitioner(s) of an approved and recorded withdrawal
16 petition may not subsequently petition for the expansion of the
17 Prosperity District to include land withdrawn from that district for
18 a period of twelve (12) months without the concurrence of the
19 district's managing board.

20 ARTICLE V. COMPACT FORMATION, EFFECT AND AMENDMENT

21 A. Offer and Acceptance of Interstate Compact. By becoming a
22 Member, each such Member hereby publicly pledges and offers to
23 perform and comply strictly in accordance with this Compact's terms
24 and conditions as a binding interstate compact, and has made such

1 pledge and offer in anticipation and consideration of, and in
2 substantial reliance on, such mutual and reciprocal pledge,
3 performance and compliance by each other Member, if any. This
4 pledge and offer shall be deemed accepted and entry into this
5 Compact complete and contractually binding on a Member as an
6 interstate compact upon that Member's receipt of notice of the
7 attainment of Member status by any other Member; further privity of
8 contract with regard to such interstate compact shall extend to,
9 between and among any Member with notice of the Member status of any
10 other Member. For purposes of this subsection, notice shall be
11 given to each other Member's Governor, an official authorized to
12 accept service of process on the Governor, and to the Compact
13 Administrator, if any.

14 B. Effect of Compact Formation. On acceptance of the pledge
15 and offer to enter into a compact as specified in subsection A of
16 this Article, this Compact shall be construed and enforced as an
17 interstate compact consisting of a solemn sovereign pledge,
18 agreement and covenant contractually binding the Members in privity
19 to maintain and enforce the provisions of this Compact, as they
20 existed on the date that the Compact became contractually binding,
21 and to refrain from taking any future action that could in any way
22 or to any degree burden, impair or interfere with such provisions of
23 this Compact, except as otherwise expressly authorized by this
24 Compact. Further, upon this Compact attaining the status of a

1 sovereign contract between and among its Members, the maintenance of
2 and strict compliance with all of its terms, including each and
3 every provision of Article I, II, III, IV, V, VI, VII and VIII is
4 required of all Members in privity. Any impairment of performance,
5 burden on performance, impediment to performance, nonperformance,
6 suspension, deviation from, disregard of, or violation of the terms
7 of this Compact of any magnitude imposed by any Member in privity is
8 prohibited, including, but not limited to, the passage of parallel
9 legislation that directly or indirectly causes costs or imposes
10 mandates not contemplated by this Compact to be incurred by any
11 Member or Third Party Beneficiary as a result of compliance with,
12 performance under, or the enjoyment of the terms of this Compact.
13 Any violation of this prohibition of any magnitude or duration is
14 and shall be regarded by all Members in privity as a substantial
15 impairment of the obligation of a solemn contract between
16 sovereigns, and is and shall be regarded as a material breach of a
17 solemn sovereign contract, as well as ultra vires and void under
18 United States Constitution, Article I, Section 10, Clause 1, and,
19 with respect to terms receiving the Consent of Congress, under
20 United States Constitution, Article VI, Clause 2. Every Member in
21 privity and Third Party Beneficiary has the right to the remedy of
22 specific performance of the terms of this Compact or injunctive
23 relief to prohibit any deviation from strict compliance with the
24 terms of this Compact, subject to the alternative dispute resolution

1 process and venue provisions of paragraph 10 of subsection A and
2 subsections J and K of Article VI.

3 C. Effect of Existing Consent of Congress. Subject to Article
4 III, and otherwise notwithstanding any law to the contrary, under
5 the authority of United States Constitution, Article I, Section 10,
6 Article VI, Clause 2, and the Tenth Amendment to the United States
7 Constitution, when and to the extent that this Compact becomes an
8 interstate compact, in accordance with the Consent of Congress
9 furnished by 4 United States Code § 112, this Compact shall:

10 1. Have equivalent status to a law of the United States to the
11 extent that it enables cooperative efforts and mutual assistance
12 among the States in the prevention of crime, enforcing criminal laws
13 and policies, and establishing desirable agencies for making
14 effective such cooperative efforts and mutual assistance;

15 2. Every Prosperity District's exclusive jurisdiction under
16 paragraph 5 of subsection B of Article II shall preclude every
17 agency, branch, department, instrumentality or political subdivision
18 of every Member in privity or the United States Government from
19 exercising jurisdiction or authority or superimposing additional
20 governing jurisdictions within district boundaries, as those
21 boundaries may be established from time to time, for purposes of
22 preventing crime, enforcing criminal laws and policies and
23 establishing desirable agencies for making effective such
24

1 cooperative efforts and mutual assistance, except as authorized by
2 paragraph 4 of subsection B of Article II; and

3 3. Any dispute between any Member in privity, the United States
4 Government, and Third Party Beneficiary regarding cooperative
5 efforts and mutual assistance among the States in the prevention of
6 crime, enforcing criminal laws and policies, and establishing
7 desirable agencies for making effective such cooperative efforts and
8 mutual assistance, shall be subject to alternative dispute
9 resolution pursuant to subsection J of Article VI.

10 D. Effect of Additional Consent of Congress. Subject to
11 Article III and any stipulation, condition or exception to such
12 additional Consent of Congress, and otherwise notwithstanding any
13 law to the contrary, under the authority of United States
14 Constitution, Article I, Section 10, Article VI, Clause 2, and the
15 Tenth Amendment to the United States Constitution, when and to the
16 extent that this Compact becomes an interstate compact and has
17 received the Consent of Congress in addition to that furnished by 4
18 United States Code § 112:

19 1. This Compact shall have equivalent status to a law of the
20 United States;

21 2. Every Prosperity District's exclusive jurisdiction under
22 paragraph 5 of subsection B of Article II shall preclude every
23 agency, branch, department, instrumentality or political subdivision
24 of every Member in privity or the United States Government from

1 exercising jurisdiction or authority or superimposing additional
2 governing jurisdictions within district boundaries or fining,
3 penalizing, prosecuting, regulating, taxing or otherwise addressing
4 through government action any condition, state of affairs, person,
5 entity, service, property, action or omission located, committed or
6 occurring within the boundaries of any Prosperity District, as those
7 boundaries may be established from time to time, except as
8 authorized by paragraph 4 of subsection B of Article II and as non-
9 governmental persons may otherwise agree in adopting a venue
10 selection clause or choice of law provision in a valid contract
11 between them;

12 3. The actions or omissions of any Prosperity District or that
13 of any Third Party Beneficiary within the boundaries of any
14 Prosperity District as they may be established from time to time
15 shall not prejudice or otherwise adversely affect compliance by any
16 Member in privity with federal mandates or conditions of maintaining
17 or securing federal primacy or federal grants;

18 4. Surface land owned or held in trust by the United States
19 Government, which is outside of the boundaries of National

20 Forests and National Parks existing on the effective date of
21 such Consent of Congress, and outside of any Native American
22 Reservation, shall qualify as Eligible Land under subsection E of
23 Article VII of this Compact, and the United States Government in its
24 proprietary or trustee capacity, as applicable, may be regarded as

1 consenting to and joining in any petition required by Article IV for
2 the formation or expansion of, or withdrawal from, a Prosperity
3 District encompassing such real property provided that all other
4 criteria unrelated to the ownership or trustee interest of the
5 United States are fulfilled;

6 5. The United States Government shall be deemed to consent to
7 the inclusion of any otherwise Eligible Land in any petition to
8 form, expand or withdraw from a Prosperity District under Article IV
9 notwithstanding any encumbrance on such land, such as any lien, gas,
10 mineral or water right, it owns or holds in trust; and

11 6. Any dispute between any Member in privity, the United States
12 Government, and Third Party Beneficiary regarding the foregoing
13 shall be subject to alternative dispute resolution pursuant to
14 subsection J of Article VI.

15 E. Reciprocity, Freedom of Access, Cross-Border Prosperity
16 Districts. Subject to Article III, upon this Compact attaining the
17 status of an interstate compact, any activity lawfully undertaken
18 and any service lawfully performed within any Prosperity District
19 located within this Member or any other Member in privity shall be
20 reciprocally recognized as lawful within the boundaries of every
21 other Prosperity District located within this Member and any other
22 Member in privity on the same terms unless otherwise prohibited by
23 the enforcement of constitutional provisions, interstate compacts,
24

1 Malum in Se Criminal Law, Common Law and any Regulation promulgated
2 or enforced in accordance with Article II of this Compact.

3 Further, every Prosperity District located within this Member or
4 any other Member in privity shall allow direct ingress and egress of
5 any person lawfully allowed ingress to and egress from any other
6 Prosperity District located within this Member or any other Member
7 in privity unless prohibited by the enforcement of existing property
8 or contractual rights. Furthermore, a Prosperity District may be
9 formed and expanded across State lines between Members in privity
10 provided that the petition required by subsection A of Article IV:

11 1. Specifies the Malum in Se Criminal Law and Common Law that
12 shall be in effect within the district;

13 2. Is served on the Governor(s) of each affected Member at
14 their offices or through their authorized service of process
15 recipient(s) in addition to other petition recipients required by
16 subsection A of Article IV; and

17 3. Compliance is made with all other terms of subsection A of
18 Article IV, whereupon the approval process specified therein shall
19 be construed as referencing the Governor(s) of each affected Member
20 in addition to such other officials holding approval power.

21 F. Amendment. After this Compact becomes an interstate
22 compact, each Member in privity reserves the right to amend this
23 Compact exclusively by repealing all or any part of the provisions
24 set forth in Article III of this Compact which that Member included

1 in its original Compact legislation, or by amending such provisions
2 of Article III with such additional terms or provisions respecting
3 that Member as are consistent with subsection F of Article VIII of
4 this Compact and prospective in effect, at any time through ordinary
5 legislation, provided that such repeal or amendment shall not have
6 the purpose or effect of:

7 1. Delegating powers or authorities to any Prosperity District,
8 in addition to those expressly delegated to the district by
9 paragraph 3 of subsection B of Article II of this Compact as
10 specified in that Member's original Compact legislation and as
11 modified, if at all, by the terms of Article III as they existed
12 immediately prior to this Compact becoming an interstate compact;

13 2. Creating or expanding the jurisdictions of any government
14 unit within the boundaries of any Prosperity District, in addition
15 to that which is expressly permitted under paragraph 4 of subsection
16 B of Article II of this Compact as specified in that Member's
17 original Compact legislation and as modified, if at all, by the
18 terms of Article III as they existed immediately prior to this
19 Compact becoming an interstate compact;

20 3. Eliminating the text or authority of any Revenue Covenant
21 that otherwise would satisfy the petition requirement under
22 subparagraph i of paragraph 1 of subsection A of Article IV, as
23 specified in that Member's original Compact legislation and as
24

1 modified, if at all, by the terms of Article III as they existed
2 immediately prior to this Compact becoming an interstate compact;

3 4. Disqualifying real property as Eligible Land which would
4 have otherwise qualified as Eligible Land, as specified in that
5 Member's original Compact legislation and as modified, if at all, by
6 the terms of Article III as they existed immediately prior to this
7 Compact becoming an interstate compact,;

8 5. Impairing the legitimate investment-backed expectations of
9 any Third Party Beneficiary which are founded on vested property or
10 contractual rights; or

11 6. With respect to any Prosperity District formed prior to the
12 effective date of the respective repeal or amendment:

13 a. preventing the expansion of that Prosperity District
14 in accordance with the terms of this Compact as they
15 existed upon that district's formation,

16 b. preventing the withdrawal of land from that Prosperity
17 District in accordance with the terms of this Compact
18 as they existed upon that district's formation,

19 c. directly or indirectly promulgating or enforcing any
20 Regulation within that Prosperity District in addition
21 to that which was authorized by the terms of this
22 Compact as those terms existed upon that district's
23 formation unless such Regulation:
24

1 (1) is subject to the defense afforded by subsection
2 D of Article II, in accordance with the original
3 terms of that Member's Compact legislation and as
4 modified, if at all, by the terms of Article III
5 as they existed immediately prior to this Compact
6 becoming an interstate compact, and

7 (2) either:

8 (a) is not effective until it is promulgated and
9 enforced within that district in strict
10 compliance with subsection C of Article II,
11 in accordance with the original terms of
12 that Member's Compact legislation and as
13 modified, if at all, by the terms of Article
14 III as they existed immediately prior to
15 this Compact becoming an interstate compact,
16 or

17 (b) replaces or modifies Regulation previously
18 authorized by Article III of this Compact
19 such that the resulting overall framework of
20 Regulation within the affected Prosperity
21 District is less restrictive and less
22 burdensome on the exercise of the individual
23 rights to life, liberty and property, and
24 more likely to protect the exercise of the

1 individual rights to life, liberty and
2 property, without impeding any activity or
3 market competition that would otherwise be
4 lawful within the district,

5 d. authorizing, levying, imposing or enforcing any Tax
6 within that district in addition to that which was
7 authorized by the terms of this Compact as those terms
8 existed upon that district's formation, and

9 e. authorizing or enforcing any exercise of Eminent
10 Domain within that district in addition to that which
11 was authorized by the terms of this Compact as those
12 terms existed upon that district's formation.

13 ARTICLE VI. COMPACT COMMISSION

14 A. Commission. When at least two Members are contractually
15 bound to this Compact as contemplated in subsections A and B of
16 Article V, the Prosperity States Compact Commission shall be thereby
17 established. The Commission initially consists of three unpaid
18 Commissioners each serving solely a single six-year term. It has
19 the power and duty:

20 1. To designate a location within the jurisdictional boundaries
21 of the United States Court of Appeals for the Fifth Circuit for its
22 principal place of business;

23 2. To appoint and oversee a Compact Administrator that
24 maintains its principal place of business within the jurisdictional

1 boundaries of the United States Court of Appeals for the Fifth
2 Circuit;

3 3. To guard against cronyism and special interest capture of
4 this Compact by encouraging new States to adopt this Compact and
5 Congress to consent to the Compact without exceptions, stipulations
6 or limitations through educational efforts;

7 4. To coordinate the performance of obligations under this
8 Compact, which shall include the issuance of advisory
9 interpretations of this Compact;

10 5. To oversee and direct the defense and enforcement of the
11 Compact in appropriate legal venues;

12 6. To request and accept funds from Prosperity Districts and to
13 disburse those funds to support the operations of the Commission and
14 Compact Administrator;

15 7. To make public and open for inspection or observation by any
16 person at all reasonable times all governing instruments, records,
17 proceedings, and accounts of the Commission and Compact
18 Administrator subject to executive session procedures or privileges
19 specified in the Commission's bylaws, the adoption of which shall be
20 conducted by public hearing and shall supersede any conflicting law
21 or Regulation of any Member;

22 8. To cooperate with any person that shares a common interest
23 with the Commission and engages in policy research, public interest
24 litigation or lobbying in support of the purposes of the Compact;

1 9. To establish a process of transparent, open competitive
2 bidding in order to secure an annual contract with one or more
3 reputable outside alternative dispute resolution services, which
4 may, but is not required to include, adjudicative services offered
5 by a judicial branch of a State or the United States Government, to
6 furnish binding arbitration of disputes;

7 10. To direct the final resolution and settlement of all
8 disputes involving, between or among any Member, Prosperity
9 District, or any agency or department of the United States
10 Government to which the Consent of Congress for this Compact can be
11 ascribed, if such consent has been given, with all sovereign
12 immunities, if any, deemed waived with respect to any such
13 proceeding, final resolution and settlement, through the use of the
14 Commission's contracted outside alternative dispute resolution
15 service, or such other alternative dispute resolution service which
16 all disputants agree to use, which may, but is not required to
17 include, adjudicative services offered by a judicial branch of a
18 State or the United States Government;

19 11. To exercise only such incidental powers as are essential to
20 carrying out the foregoing express powers and duties, in no event
21 shall the Commission be construed as possessing eminent domain,
22 taxation or police powers, or any other power that is functionally
23 equivalent to the same, whether incidentally or principally; and
24

1 12. To adopt and publish corresponding bylaws, policies and
2 procedures.

3 B. Commissioner Appointment. The Commission initially consists
4 of three unpaid Commissioners each serving solely a single six-year
5 term. Commissioner positions shall be assigned to appointees in the
6 order in which their respective appointing State became Members.
7 Once at least one Prosperity District has been formed and exists
8 within its boundaries, and until all Commissioner positions are
9 filled, or whenever there is a vacancy, each Member in the order in
10 which it became a Member may appoint one Commissioner through its
11 Governor by appropriate executive action as determined by the laws
12 of the respective Member, subject to disapproval by official notice
13 of any Prosperity District located within such Member that is
14 received by the Office of its Governor or such person who is
15 authorized to receive service of process on behalf of the Governor
16 within ten (10) calendar days of such appointment. Timely
17 disapproval shall have the effect of requiring a new appointment
18 until such time as a timely disapproval is not received.

19 C. Commissioner Removal. A Commissioner representing a given
20 Member may be removed from his position at any time and for any
21 reason by the official action of at least two-thirds (2/3) of the
22 governing boards of all Prosperity Districts located within the
23 jurisdiction of that Member. Any Commissioner representing any
24 Member shall be removed from his position at any time by the

1 official action of at least two-thirds (2/3) of all Prosperity
2 Districts. To be effective, notice of the foregoing official action
3 of removal must be received by the Office of the Governor of the
4 appointing Member or such person as is authorized to receive service
5 of process on behalf of the Governor. Upon removal, the vacant
6 position shall be filled as provided in subsection B of this
7 Article.

8 D. Commission Action. The Commission shall meet at least once
9 a year, and may meet more frequently. Each Commissioner is entitled
10 to one vote. The Commission shall not act unless a majority of its
11 appointed Commissioners is present, and no action shall be binding
12 unless approved by a majority of the appointed Commissioners.
13 However, two-thirds (2/3) of all Prosperity Districts may override
14 and nullify any action of the Commission, including a direction to
15 use alternative dispute resolution, by official notice given to the
16 Commission or the Compact Administrator within thirty (30) calendar
17 days after such action.

18 E. First Order of Business. The Commission shall at the
19 earliest possible time elect from among its Membership a
20 chairperson, determine a principal place of doing business within
21 the jurisdictional boundaries of the United States Court of Appeals
22 for the Fifth Circuit and appoint an Compact Administrator.
23
24

1 F. Funding. The Commission and the Compact Administrator's
2 activities shall be funded, if at all, exclusively by Prosperity
3 Districts, on an annual basis as follows:

4 1. The Commission shall propose an annual budget in accordance
5 with its bylaws;

6 2. Two-thirds (2/3) of all Prosperity Districts must approve
7 the Commission's annual budget by official notice given to the
8 Compact Administrator in order for the Commission's budget to become
9 authorized;

10 3. if and when the Commission's budget is authorized, the
11 Compact Administrator shall establish and/or maintain an account to
12 receive and disburse funding for the Commission and shall also
13 periodically request by notice given to all Prosperity Districts a
14 specific total amount of money needed to fund the Commission's
15 operations under the authorized budget;

16 4. Upon receipt of such notice, every Prosperity District shall
17 pay into the Commission account the lesser amount of an equal share
18 of the Compact Administrator's funding request or one percent (1%)
19 of gross revenue in the immediately preceding fiscal year; and

20 5. If there is a funding shortfall, the Compact Administrator
21 shall request further funding from every Prosperity District until
22 the shortfall is closed or the Commission shall adjust its
23 authorized budget to the level of the available funding.
24

1 G. Compact Administrator. The Compact Administrator serves at
2 the pleasure of the Commission and must keep the Commission
3 seasonably apprised of the performance or nonperformance of the
4 terms and conditions of this Compact. Any notice sent by a Member
5 to the Compact Administrator concerning this Compact shall be
6 adequate notice to each other Member provided that a copy of the
7 notice is seasonably delivered by the Compact Administrator to each
8 other Member's respective Governor or chief executive officer. The
9 Compact Administrator has the power and duty:

10 1. To organize and direct the logistical operations of the
11 Commission;

12 2. To maintain an accurate list of all Members, including
13 contact information;

14 3. To formulate, transmit and maintain all official notices,
15 records and communications relating to this Compact; and

16 4. Such incidental powers as are essential to carrying out the
17 foregoing express powers and duties, in no event shall the Compact
18 Administrator be construed as possessing eminent domain, taxation or
19 police powers, or any other power that is functionally equivalent to
20 the same, whether incidentally or principally.

21 H. Notice of Key Events. On the occurrence of each of the
22 following described events, or otherwise as soon as possible, the
23 Compact Administrator shall immediately send the following notices
24 to the Governor of each Member and the managing boards of each

1 Prosperity District, if any, together with certified conforming
2 copies of the chaptered version of this Compact as maintained in the
3 statutes of each Member:

4 1. Whenever any State becomes a Member, notice of that fact
5 shall be given;

6 2. Whenever any Prosperity District is formed or expanded,
7 notice of that fact shall be given;

8 3. Once Congress consents to this Compact as contemplated
9 herein, notice of that fact shall be given; and

10 4. Whenever any portion of this Compact is proposed to be
11 amended or is actually amended, notice of that fact shall be given.

12 I. Cooperation. The Commission, Members, Prosperity Districts
13 and the Compact Administrator shall cooperate with each other and
14 give each other mutual assistance in enforcing this Compact.

15 J. Alternative Dispute Resolution Procedure. As soon as
16 practicable after receipt of a notice of a demand for alternative
17 dispute resolution by a Member, Prosperity District, Third Party
18 Beneficiary, or the United States Government, if the requisite
19 Consent of Congress has been given, the Commission shall consolidate
20 all such demands which relate to the same transaction or operative
21 facts and direct the identified disputants to reach a final
22 resolution and settlement on all of the related causes of action,
23 defenses and issues using alternative dispute resolution as
24 contemplated in paragraph 10 of subsection A of this Article,

1 whereupon each Member, Prosperity District, and the United States
2 Government, if the requisite Consent of Congress has been given, if
3 applicable, shall comply with such direction unless it is first
4 nullified as provided in subsection D of this Article. The
5 Commission's direction to use alternative dispute resolution as
6 aforesaid may be enforced by any disputant Third Party Beneficiary,
7 Member, Prosperity District, or the United States Government, if the
8 requisite Consent of Congress has been given, against any other such
9 disputant, except that a Third Party Beneficiary cannot be compelled
10 to use alternative dispute resolution as aforesaid, in a court of
11 competent jurisdiction, with all litigation expenses to be assessed
12 jointly and severally against each such noncompliant disputant. In
13 the case of any dispute over the existence of a District
14 Externality, the burden of proof by clear and convincing evidence
15 shall be on the disputant asserting the existence of the District
16 Externality. An arbitration award may include equitable remedies,
17 such as specific performance and injunctive relief, and a judgment
18 on any arbitration award may be entered in a court having competent
19 jurisdiction. A disputant may also seek in a court of competent
20 jurisdiction:

21 1. Provisional or ancillary remedies against any disputant
22 Member, Prosperity District, or the United States Government, if the
23 requisite Consent of Congress has been given, including preliminary
24

1 injunctive relief, pending the outcome of an arbitration proceeding;
2 or

3 2. Permanent injunctive relief against any such disputant to
4 enforce an arbitration award. Alternative dispute resolution awards
5 shall not be precedential.

6 K. Venue. Subject to strict compliance with the alternative
7 dispute resolution process required by subsection J of this Article
8 and the exercise of such original or appellate jurisdiction of the
9 United States Supreme Court that is required by the United States
10 Constitution, upon the designation of the Compact Administrator, any
11 legal action concerning or implicating the legality of this Compact
12 shall only be conducted:

13 1. as to original proceedings either in:

14 a. the municipal court, if any, established pursuant to
15 subparagraph c of paragraph 3 of subsection B of
16 Article II within the jurisdiction of any Prosperity
17 District in which a substantial part of the cause of
18 action arose, or

19 b. a court of competent jurisdiction located in the same
20 State in which the principal place of business of
21 either the Commission or the Compact Administrator is
22 located; or

1 2. Otherwise within the jurisdiction of the United States Court
2 of Appeals for the Circuit in which the principal place of business
3 of either the Commission or the Compact Administrator is located.

4 ARTICLE VII. DEFINITIONS

5 The following definitions shall govern the construction of this
6 Compact, unless the context clearly requires otherwise.

7 A. "Common Law" is a descriptive term used for convenience to
8 reference English judge-made law, including such acts of parliament
9 as overrode judge-made law, administered by the King's courts and
10 the English courts of chancery, which purports to be derived from
11 ancient custom and usage, as adopted or adapted and deemed
12 precedential by this Member and pronounced as governing law through
13 its judiciary through adjudications of specific disputes and fact
14 patterns so as to furnish rules for dispute resolution in the
15 categories of agency, business associations, conflict of laws,
16 contracts, contracts for deeds, judgments, land sales, property,
17 restitution, security, torts, trusts, equity and remedies. The term
18 also includes:

19 1. The judge-made law of other States in the foregoing
20 categories which this Member has adopted or adapted and deemed
21 precedential through pronouncements of its judiciary;

22 2. Statutory law as of the enactment date of this Member's
23 Compact legislation to the extent:
24

- a. the ascertainment of a rule of governance in the foregoing categories is intelligible only by such reference,
- b. this Member has adopted tribal law, Roman, Spanish or French civil law or otherwise not adopted or adapted English judge-made law in the foregoing categories, or
- c. this Member has codified English judge-made law in the foregoing categories; and

3. Interstitial common law arising from the adjudication of Malum in Se Criminal Law or any Regulation adopted pursuant to subdivisions (a) and (c) of division (4) of subparagraph g of paragraph 1 of subsection A of Article IV, and effective provisions of this Member's constitution and the United States Constitution. However, it does not otherwise include statutory law, administrative law, executive orders, ecclesiastical law, nor the body of decisional law developed by the federal judiciary of the United States Government. Where not inconsistent with the precedential adjudications of this Member as of the enactment date of this Member's Compact legislation, the term may be construed as incorporating the relevant governing rules published in the First Restatement of the Law of Agency, Conflict of Laws, Contracts, Judgments, Property, Restitution, Security, Torts, and Trusts, as approved by the American Law Institute in May 1942.

1 B. "Compact" is a descriptive term used for convenience to
2 reference the entirety of the text of the Prosperity States Compact
3 advanced hereby, including all of its subsections and Articles
4 regardless of whether they initially only have the status of statute
5 law, serve to manifest an intent to enter into an interstate
6 compact, or furnish the terms of a binding interstate compact.

7 C. "Consent of Congress" means any act of the Congress of the
8 United States or any action of the United States Government which
9 was authorized by Congress, including any statute, appropriation,
10 joint resolution, concurrent resolution, administrative rule or
11 Regulation, that expressly or impliedly consents to this Compact
12 before or after it becomes an interstate compact such that the
13 Compact attains equivalent status to a Law of the United States when
14 it becomes an interstate compact. An act or action giving such
15 consent to this Compact shall be regarded as the Consent of Congress
16 even if it includes stipulations, conditions and exceptions that
17 limit the extent to which Ordinary Federal Law is repealed or held
18 for naught under the terms of this Compact. All such stipulations,
19 conditions and exceptions, if any, shall be honored by the Member
20 governed thereby until and unless they are repealed or amended.

21 D. "District Externality" means any condition, state of
22 affairs, action or omission occurring outside of the boundaries of a
23 Prosperity District that violates Ordinary Member Law, Ordinary
24 Federal Law, Malum in Se Criminal Law, or the Common Law in effect

1 outside of the boundaries of the district, which was proximately
2 caused by a condition, state of affairs, person, entity, service,
3 property, action or omission located, committed or occurring within
4 the boundaries of a Prosperity District.

5 E. "Eligible Land" means land that fulfills the following
6 criteria:

7 1. It either consists of at least one square mile of contiguous
8 land or consists of any quantity of contiguous land adjacent to an
9 existing Prosperity District to expand that district, including any
10 quantity of land that is contiguous to land that is adjacent to the
11 district to be expanded and included in the same expansion petition,
12 the "land";

13 2. Title to the land is held either:

- 14 a. free from any recorded valid and enforceable security
15 interests, rights of way, easements, or restrictive
16 covenants, collectively "Encumbrance Interests", or
17 b. subject to Encumbrance Interests provided that all
18 non-governmental persons holding any such Encumbrance
19 Interest, or the right to enforce such Encumbrance
20 Interests, who are identifiable in the chain of title
21 to the land, consent in writing to the classification
22 of the land as Eligible Land under this Compact;

23 3. The land either is:
24

- 1 a. outside of the jurisdiction of an existing Prosperity
2 District, or
- 3 b. otherwise within the jurisdiction of an existing
4 Prosperity District provided that the following
5 entities consent in writing to the classification of
6 the real property as Eligible Land under this Compact:
- 7 (1) all bondholders of each such existing Prosperity
8 District, and
- 9 (2) any other person or entity holding a valid and
10 enforceable security interest secured by the
11 existing Prosperity District's rights under an
12 existing Revenue Covenant;

13 4. The land either is:

- 14 a. outside of the jurisdiction of a special taxing
15 district as of the enactment date of this Member's
16 Compact legislation, or
- 17 b. otherwise within the jurisdiction of a special taxing
18 district provided that the following entities consent
19 in writing to the classification of the land as
20 Eligible Land:
- 21 (1) all bondholders of the respective special taxing
22 district, and
- 23
- 24

(2) any other person or entity holding a valid and enforceable security interest secured by the district's taxing authority;

5. The land either is:

- a. outside of the territorial and extraterritorial jurisdiction, provided that such extraterritorial jurisdiction does not span more than six miles from the boundary of the territorial jurisdiction, of a municipality as of the enactment date of this Member's Compact legislation, or
- b. otherwise within such territorial and extraterritorial jurisdiction of a municipality provided that the governing body of the municipality consents by local law to the classification of the real property as Eligible Land under this Compact; and

6. The land was not acquired by any landowner in its chain of title within the five (5) years preceding the inclusion of the land in any petition to form or expand a Prosperity District through the exercise of eminent domain or civil forfeiture for alleged criminal acts and omissions that did not result in a conviction.

F. "Landowner" means the owner of the freehold estate, also known as fee simple estate, as appears by the deed record, and shall not include reversioners, remaindermen, trustees, other than persons owning the freehold estate as of deed record, or mortgagees.

1 G. "Malum in Se Criminal Law" means those laws that prohibit
2 under penalty of imprisonment or punitive fines acts or omissions
3 that injure or threaten injury to another person or another person's
4 property by a person who possesses evil intent, such as laws against
5 assault, burglary, child abuse, fraud, kidnapping, murder, rape,
6 robbery and theft;

7 H. "Member" means a State that has passed legislation that
8 enacts, adopts and agrees to be bound to this Compact or in which a
9 measure having the same force and effect as such legislation has
10 been passed by popular ballot initiative, collectively "Compact
11 legislation". For any State to be regarded as a Member in privity
12 with regard to any other State, each such State must have passed
13 substantively identical Compact legislation as aforesaid and
14 manifested mutual consent to be bound by this Compact as provided in
15 subsection A of Article V of this Compact. Such legislation shall
16 be deemed substantively identical notwithstanding material
17 differences among such States in regard to terms or provisions set
18 forth in Article III of this Compact within the categories
19 authorized by subsection F of Article VIII of this Compact,
20 "Authorized Statewide Tailoring", provided that all other terms of
21 such legislation are substantively identical. Terms or provisions
22 set forth in Article III of this Compact which are not categories of
23 Authorized Statewide Tailoring are void ab initio, shall be held for
24 naught, and shall not obstruct the formation of an interstate

1 compact between the respectively enacting Member and any other
2 Member, provided that all other terms of the Compact legislation are
3 substantively identical.

4 I. "Municipality" means a political subdivision of a State
5 which has general local governing authority and an elected governing
6 body, such as a city or town; the term does not include special
7 taxing districts or Prosperity Districts.

8 J. "Ordinary Federal Law" means any treaty, statute, agreement,
9 Regulation or executive order, as well as any other similar act or
10 action that has the force of law or the effect of substantively
11 changing the status of legal rights and obligations, that is
12 lawfully and constitutionally ratified, enacted, adopted, consented-
13 to or otherwise promulgated by the government of the United States,
14 or any of its agencies, instrumentalities, or political
15 subdivisions, that is under the authority of, and subordinate to,
16 the United States Constitution and that is subject to amendment,
17 repudiation or repeal by a legislative act or resolution that has
18 the same ultimate passage requirements as the legislation or
19 resolution giving Consent of Congress to this Compact, if any;
20 excepting only:

21 1. Any act or action that furnishes Consent of Congress for all
22 or any portion of this Compact; and

23 2. Any treaty, statute, Regulation, ordinance or executive
24 order that is essential to enforcing, strictly performing or

1 complying with this Compact or the Consent of Congress in accordance
2 with its terms.

3 K. "Ordinary Member Law" means any measure, statute,
4 Regulation, ordinance or executive order, as well as any other
5 similar act that has the force of law, that is enacted, adopted or
6 otherwise promulgated by the government of this Member or any of its
7 agencies, instrumentalities or political subdivisions, that is under
8 the authority of, and subordinate to, the United States Constitution
9 and the constitution of this Member, and that is subject to
10 amendment or repeal by a legislative act that has the same ultimate
11 passage requirements as the respective Member's Compact legislation;
12 excepting only:

13 1. The Compact legislation;

14 2. Any measure, statute, Regulation, ordinance or executive
15 order that is essential to enforcing, strictly performing or
16 complying with this Compact in accordance with its terms;

17 3. The Malum in Se Criminal Law of this Member; and

18 4. The Common Law of this Member.

19 L. "Person" means a natural person and any entity,
20 organization, or association that possesses some or all of the
21 rights and powers of a natural person.

22 M. "Prosperity District" means a governing unit and political
23 subdivision of this Member that is formed pursuant to Article IV of
24

1 this Compact and strictly limited to the powers and authorities
2 specified in this Compact.

3 N. "Regulation" means a rule of governance for the general
4 public within the jurisdiction of the regulator that is compulsory
5 and enforceable through legal sanction, liability, penalty, direct
6 or indirect physical coercion or violence, or under the threat of
7 such, without the actual and concurrent express consent of the
8 person against whom the rule is applied. The term includes both
9 civil and criminal rules of governance; however, the term excludes
10 the district bylaws, directives, policies or procedures that limit
11 the power and jurisdiction of a Prosperity District's managing board
12 or otherwise that are applicable to the internal management and
13 administration of the district's authorized powers and authorities
14 by its managing board, contractors and employees, if any, in their
15 capacity as agents or servants of the Prosperity District rather
16 than as members of the general public.

17 O. "Revenue Covenant" means an agreement entered to pay certain
18 specified revenues to one or more designated recipients that
19 encumbers title to identified land as a covenant and passes with
20 title to such land from owner to owner so that the land cannot be
21 conveyed to a new owner without the covenant.

22 P. "State" means one of the several States of the United States
23 and includes all of the State's branches, departments, agencies,
24

1 instrumentalities, political subdivisions and officers, employees
2 and representatives acting in their official capacity.

3 Q. "Subsidy to Private Enterprise" means an economic benefit,
4 direct or indirect, granted by a governmental unit or an
5 instrumentality or agency of a governmental unit with the primary
6 purpose or predominate effect of encouraging or maintaining
7 particular or specific classes of ventures, in which private persons
8 have a substantial financial or ownership interest; including, but
9 not limited to, cash, cash-equivalents, goods, property or services
10 given or contributed to or invested in such ventures for less than
11 equivalent fair market value in exchange, gratuitous bail-outs of
12 actual or anticipated economic losses sustained by such ventures,
13 gratuitous loan or liability guarantees benefitting such ventures,
14 insurance at below market rates or terms against investment losses
15 by such ventures, loans or extensions of credit given to such
16 ventures at below-market rates or terms or without recourse,
17 gratuitous forgiveness of debts or liabilities owed by such
18 ventures, compensation in excess of fair market value for goods,
19 services or property furnished by such ventures, and the
20 promulgation or enforcement of Regulations or fees that restrict
21 competition directly or indirectly to the benefit of such ventures.
22 Economic benefits to private enterprise from the following shall not
23 be considered a subsidy to private enterprise:

1 1. The Prosperity District's performance of any authorized
2 municipal service in compliance with Article II;

3 2. The retention of private enterprise to perform any
4 authorized municipal service in compliance with Article II for fair
5 market value;

6 3. The procurement of supplies and services from private
7 enterprise for the Prosperity District's internal management and
8 administrative operations for fair market value; and

9 4. The relaxation or repeal of Regulations.

10 R. "Tax" refers to any compulsory contribution to the revenue,
11 property, goods or services received by any governmental unit (or
12 any other recipient designated by any governmental unit) directly or
13 indirectly from any person, and any obligation to make any such
14 compulsory contribution, including, but not limited to, any excise,
15 impost, duty or tariff, directly or indirectly imposed on any
16 person, which is collected, demanded, levied or imposed by any
17 governmental unit, or at the direction of any governmental unit, on
18 any property or source of revenue, goods or services, and which is
19 enforceable through legal sanction, liability, penalties, direct or
20 indirect physical coercion or violence, or under the threat of such.
21 The term does not include any obligation or contribution made
22 pursuant to an agreement, enforceable contract or covenant entered
23 into voluntarily or otherwise voluntarily assumed or undertaken with
24 the actual consent of the person against whom the obligation is

1 imposed or the contribution is to be exacted, such as a Revenue
2 Covenant.

3 S. "Third Party Beneficiary" means any non-governmental person
4 petitioning for the formation or expansion of a Prosperity District,
5 petitioning for withdrawal of land from a Prosperity District,
6 contributing real property to, residing or domiciled within, owning
7 real property within, or lawfully doing business within a Prosperity
8 District, either on formation of the district or after formation or
9 expansion.

10 ARTICLE VIII. MISCELLANEOUS

11 A. Nature of Enactment and Effective Date. Articles I, II,
12 III, IV, subsection A of Article V, VII and subsection A through G
13 of VIII of this Compact shall have the effect and authority of
14 statute law in this Member upon passage of its Compact legislation
15 regardless of whether at such time a conforming interstate compact
16 has been formed embracing this Member as contemplated by subsection
17 A of Article V; and their effective date as such is the earliest
18 date permitted by law, subject to their express terms, which
19 effectiveness is not to be delayed until the formation of an
20 interstate compact embracing them. The effective date of
21 subsections B through F of Article V and Article VI of this Compact
22 is the earliest date permitted by law, subject to their express
23 terms, upon the formation of an interstate compact embracing this
24

1 Member as contemplated in subsection A of Article V. Any violation
2 of any effective provision of this Compact is void ab initio.

3 B. Legislative Drafting. This Compact shall be liberally
4 construed so as to effectuate its purposes. To the extent that the
5 effectiveness of this Compact or any of its provisions requires the
6 alteration of local legislative rules, legislative drafting policies
7 or statutes, or parliamentary procedure to be effective, the
8 enactment of Compact legislation shall be deemed to waive, repeal,
9 supersede or otherwise amend and conform all such rules, policies,
10 statutes or procedures to allow for the effectiveness of all
11 provisions of this Compact according to their terms and conditions
12 to the fullest extent permitted by the constitution of any affected
13 Member, consistent with the prohibition on states impairing the
14 obligation of contract under United States Constitution, Article I,
15 Section 10, Clause 1.

16 C. Severance. If any phrase, clause, sentence or provision of
17 this Compact, or the applicability of any phrase, clause, sentence
18 or provision of this Compact to any government, agency, person or
19 circumstance, is declared in a final judgment by a court of
20 competent jurisdiction to be contrary to the United States
21 Constitution, contrary to the state constitution of any Member,
22 subject to the prohibition on states impairing the obligation of
23 contract under United States Constitution, Article I, Section 10,
24 Clause 1, or is otherwise held invalid by a court of competent

jurisdiction, such phrase, clause, sentence or provision shall be severed and held for naught, and the validity of the remainder of this Compact and the applicability of the remainder of this Compact to any government, agency, person or circumstance shall not be affected. Furthermore, if this Compact is declared in a final judgment by a court of competent jurisdiction to be entirely contrary to the state constitution of any Member, violative of the prohibition on States impairing the obligation of contract under United States Constitution, Article I, Section 10, Clause 1, or otherwise entirely invalid as to any Member, such Member shall be deemed to have withdrawn from the Compact, and the Compact shall remain in full force and effect as to any remaining Member.

Finally, if this Compact or any amendment thereto is declared in a final judgment by a court of competent jurisdiction to be wholly or substantially in violation of Article I, Section 10, Clause 3, of the United States Constitution, the "Compact Clause", then it shall be construed and enforced solely as reciprocal legislation enacted by each of the affected Members with none of the provisions of Articles V and VI of this Compact being in effect until such time as the legal deficiency prompting such judgment is cured.

D. Notice. All notices required by this Compact shall be by United States certified mail, return receipt requested, or an equivalent or superior form of notice, such as personal delivery documented by evidence of actual receipt.

1 E. Third Party Beneficiary and Vested Rights. Every Third
2 Party Beneficiary has a vested property right to strict compliance
3 with this Compact's provisions by all government units that are
4 governed by it.

5 F. Authorized Statewide Tailoring. Article III of this Compact
6 may only include provisions that clarify, modify, supplement or
7 supersede provisions of this Compact in the following categories:

8 1. Conforming the Compact to a Member's respective local
9 political structure, usage and style;

10 2. Modifying the definition of "Eligible Land" with respect to
11 the respectively enacting Member provided that such modifications do
12 not have the purpose or effect of rendering the authority to form or
13 expand or withdraw from a Prosperity District a law, privilege or
14 immunity for a closed class of one or more identifiable persons;

15 3. Modifying the petition process for the formation or
16 expansion of or withdrawal from Prosperity Districts provided that
17 such modifications do not:

18 a. include land within the boundaries of a Prosperity
19 District or impose a covenant on any land without the
20 voluntary and written consent of each affected
21 landowner, and

22 b. have the purpose or effect of rendering the authority
23 to form or expand or withdraw from a Prosperity
24

1 District a law, privilege or immunity for a closed
2 class of one or more identifiable persons;

3 4. Furnishing authority for one or more Revenue Covenants with
4 respect to the respectively enacting Member;

5 5. Specifying existing interstate compacts, constitutional
6 provisions, laws, statutory, common and civil, Regulations or
7 policies, or prosecution or administrative or enforcement actions or
8 agency, political subdivision or instrumentality jurisdictions that
9 will or will not continue to exist, have effect or the force of law
10 in a Prosperity District within the respectively enacting Member and
11 to what extent;

12 6. Limiting or modifying the effect of any provision of this
13 Compact as necessary to furnish greater due process of law,
14 transparency in government, or to enforce the respectively enacting
15 Member's constitution or the United States Constitution;

16 7. Limiting or modifying the effect of any provision of this
17 Compact as necessary to enforce federal primacy, federal mandates or
18 conditions on the receipt of federal grants as to the respectively
19 enacting Member;

20 8. Limiting or modifying reciprocity with respect to the
21 recognition of activities deemed lawful in Prosperity Districts
22 located within the respectively enacting Member;

23 9. Requiring insurance, performance bonding or sureties to
24 indemnify the Member and any political subdivision, in which any

1 part of a proposed new or expanded Prosperity District is to be
2 located, from damages, liabilities and costs incurred by them as a
3 result of:

- 4 a. any District Externality,
- 5 b. a default under a Revenue Covenant applicable to lands
6 within the new or expanded district,
- 7 c. structure maintenance costs or costs incurred from
8 enforcement of external public health, safety and
9 sanitation laws in foreclosed or withdrawn district
10 lands, or
- 11 d. the abandonment of the district;

12 10. Furnishing authority for political subdivisions, other than
13 Prosperity Districts, within the respectively enacting Member to
14 further modify, limit and condition the terms of this Compact by
15 local law with such provisions as fall within the categories of
16 paragraphs 1, 2, 3, 4, 5, 7 and 9 of subsection F of this Article
17 with respect to Prosperity Districts formed or expanded within their
18 territorial and extraterritorial jurisdictions, provided that such
19 extraterritorial jurisdiction does not span more than six (6) miles
20 from the boundary of the territorial jurisdiction, provided that any
21 such local law:

- 22 a. shall be uniform for each Prosperity District to be
23 formed or expanded within each respective
24 jurisdiction,

1 b. may not impose unique conditions or requirements for
2 the formation or expansion of any particular
3 Prosperity District, and

4 c. does not have the purpose or effect of rendering the
5 authority to form, expand or withdraw from a
6 Prosperity District a law, privilege or immunity for a
7 closed class of one or more identifiable persons;

8 11. Including national security, international travel,
9 regulatory, taxing, interstate commerce, international commerce and
10 immigration policies governing Prosperity Districts within the
11 respectively enacting Member that shall have effect upon the Compact
12 becoming an interstate compact and receiving the Consent of
13 Congress;

14 12. Modifying the definitions used in the Compact to allow a
15 Native American community located within the respectively enacting
16 Member and recognized as sovereign by the government of the United
17 States to qualify as a Member under this Compact on the Compact
18 becoming an interstate compact and receiving Consent of Congress, if
19 necessary;

20 13. Specifying terms and conditions under which the enacting
21 Member may terminate or withdraw from this Compact;

22 14. Specifying terms and conditions under which the Governor of
23 each Member or his nominee may negotiate and enter into separate
24 contractual arrangements to protect the investment-backed

1 expectations of any Third Party Beneficiary that Prosperity
2 Districts, once formed, shall operate as herein contemplated;

3 15. Specifying uniform rules of construction and limitations on
4 the subject matter, duration or enforceability of any servitude
5 burdening title or restrictive covenant running with title to land
6 within the jurisdiction of Prosperity District located within the
7 enacting Member;

8 16. Authorizing specific continuing appropriations for
9 statewide tax relief or expenditures from revenues received pursuant
10 to any Revenue Covenant; and

11 17. Specifying a statute of repose or limitations for any claim
12 or cause of action arising from the passage of this Compact or
13 Prosperity District formation, expansion and withdrawal.

14 G. Preservation of Person Status for Artificial Persons. A
15 corporation, trust, company, association, organization or other non-
16 natural person entity, "artificial person", that enjoys or is
17 capable of enjoying certain duties, rights and powers of a natural
18 person under law existing outside of the boundaries of a Prosperity
19 District, such as the right to sue or be sued, contract or own
20 property in its own name, shall be recognized as enjoying the
21 corresponding duties, rights and powers, if any, of a natural person
22 within the boundaries of a Prosperity District upon giving notice in
23 such form and with such content as may be specified in the
24 district's bylaws to the managing board of the district of its

1 intent to conduct operations, do business or establish a place of
2 business or domicile within the Prosperity District. Further, the
3 articles of incorporation, certificate of formation, articles of
4 organization, charter, bylaws, operating agreement or equivalent
5 governing instrument of a foreign artificial person, if any, shall
6 be recognized as contractually binding the trustees, owners,
7 officers, managers, agents, beneficiaries and employees, as the case
8 may be, of such foreign artificial person within the boundaries of a
9 Prosperity District. However, an artificial person shall otherwise
10 be governed by the law and Regulations, if any, existing within the
11 boundaries of a Prosperity District.

12 SECTION 3. This act shall become effective November 1, 2017.

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