

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2132

By: McCall

COMMITTEE SUBSTITUTE

An Act relating to prosperity districts; making legislative findings; providing for creation of Prosperity Districts; prescribing procedures related to the formation and operation of Prosperity Districts; and providing for compact and compact approval.

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

THE PROSPERITY STATES COMPACT

THE STATE OF OKLAHOMA ENACTS, ADOPTS AND AGREES TO BE BOUND BY THE

FOLLOWING PROSPERITY STATES COMPACT:

Article I

Findings and Declaration of Policy

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

1 Whereas this legislation is intended, among other things, to
2 form an interstate compact in accordance with the Consent of
3 Congress under 4 U.S.C., Section 112;

4 Whereas each Member seeks to secure the additional Consent of
5 Congress so that the entirety of this legislation achieves the
6 status of a law of the United States when an interstate compact is
7 formed embracing its terms and conditions;

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

14 Article II

15 Special Purpose Authority of Prosperity Districts

16 Section 1. Special Purpose Authority. The special purpose
17 authority of every Prosperity District is exclusively to furnish
18 consenting communities with a local jurisdiction that is streamlined
19 to maximize prosperity through a stable public policy environment
20 consisting of optimal regulatory and fiscal policy. No power or
21 authority of any Prosperity District shall serve any other purpose.

22 Section 2. District Governance. Subject to Article III, a
23 Prosperity District formed within any Member under the authority of
24 this Compact shall be a governmental unit and political subdivision

1 of that Member with the following structure, authority and
2 jurisdiction:

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

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

19 (1) Board Membership. The manner of appointment or election of
20 the managing board shall be consistent with the Fourteenth Amendment
21 to the United States Constitution, the guaranty of a republican form
22 of government thereunder, and this Member's Constitution; and it
23 must be specified in the formation petition required by Section 1 of
24 Article IV.

1 (2) Supervisory and Operational Authority. The managing board
2 is authorized to promulgate all necessary district bylaws,
3 ordinances, policies, procedures, parliamentary rules, and
4 directives which shall be subordinate to and in conformity with this
5 Compact for the Prosperity District's exercise of its limited
6 authorized powers and authorities under this Article and, if
7 desired, establishing additional criteria for withdrawal of lands
8 pursuant to Section 2(a) of Article IV, for its internal management
9 and administration (including the collection and disbursement of
10 revenues to which the district is contractually entitled), the
11 formation of committees, subordinate departments and agencies, as
12 well as the designation and responsibilities of administrative
13 offices and retention of subordinate officials, and, if desired; (i)
14 further limiting the power, authority and jurisdiction of the
15 Prosperity District and its managing board, departments and
16 agencies, if any and (ii) establishing additional criteria for
17 withdrawal of lands pursuant to Section 2(a) of Article IV.

18 (3) Official Action. Official action by the managing board
19 shall require a quorum consisting of an absolute majority of the
20 board present physically or electronically and a vote in the
21 affirmative of a majority of the board members present at a public
22 hearing.

23 (4) Separation of Powers. Any member of the managing board who
24 had participated in the promulgation of a Regulation shall not

1 subsequently participate in enforcing or adjudicating that
2 Regulation.

3 (5) Transparency. Subject to executive session procedures or
4 privileges which shall be specified in the district bylaws and
5 adopted after a public hearing, all governing instruments, records,
6 proceedings, and accounts of the Prosperity District shall be public
7 and open for inspection or observation by any person at all
8 reasonable times. Detailed minutes or verbatim recordings of all
9 official actions and public hearings shall be maintained by the
10 managing board. The Prosperity District shall fully comply with any
11 written public records request within the compliance deadline
12 specified in the request, or otherwise the Prosperity District
13 shall, within the deadline specified in the request, if one is
14 specified, furnish a written statement to the requestor detailing
15 the reasons for the partial compliance, noncompliance, or a
16 requested compliance deadline extension, which specifies a
17 reasonable alternative deadline, with specific reference to each
18 records request. Further, the Prosperity District's managing board
19 directly or through a designated chief executive officer shall be
20 required to produce annual performance audits for contracted goods
21 and services, the cost of which must be accounted for and considered
22 during the bidding process. In addition, the Prosperity District's
23 managing board directly or through a designated chief executive
24 officer shall seek an independent audit every two (2) years to

1 evaluate the district's operations and performance audits. All
2 audits shall be made public.

3 (c) Governing Authority. The governing authority of every
4 Prosperity District is strictly limited to the following powers,
5 which shall be exclusive of the exercise of the same or like powers
6 by any other governmental unit within the district's boundaries, as
7 they exist from time to time, and no other governmental unit shall
8 within such boundaries exercise the same or like powers as are
9 granted to the district under this subsection, except as expressly
10 contemplated in this Compact:

11 (1) police power consisting solely of: (i) enforcing the Malum
12 in Se Criminal Law, Common Law and Regulation adopted in its
13 formation petition as contemplated in Section 1(a)(7)(iv) of Article
14 IV; and (ii) promulgating and enforcing Regulation in strict
15 conformity with Section 3 of this Article;

16 (2) the power to furnish transportation, utility, and
17 transmission infrastructure, Regulation enforcement services, other
18 municipal services specifically authorized by the district bylaws,
19 and internal managerial and administrative operations (including the
20 power to supervise and coordinate the orderly enforcement of any
21 Revenue Covenant among revenue beneficiaries thereof, as well as to
22 collect and disburse revenues from all authorized sources)
23 exclusively through independent contractors, intergovernmental
24 agreements, and public-private partnerships utilizing a process of

1 open competitive bidding specified in the district bylaws only if:
2 (i) no Regulation is promulgated or enforced by the Prosperity
3 District, directly or in combination with other Regulations, that
4 restricts free and open competition in derogation of the Common Law
5 in the provision of such infrastructure and services; (ii) all costs
6 incurred in furnishing such infrastructure and services are to be
7 reimbursed by either (A) uniform, nondiscriminatory user fees paid
8 voluntarily by all users of the respective infrastructure or service
9 or (B) otherwise paid pursuant to a separate contract voluntarily
10 and consensually binding all landowners residing in the Prosperity
11 District during the provision of such infrastructure or service; and
12 (iii) a designated, commensurate revenue source exists for all
13 payment obligations incurred in connection with furnishing such
14 infrastructure and services;

15 (3) the power to organize a municipal court with the
16 concurrence and under the supervision of the highest court of the
17 judicial branch of each Member in which any part of the Prosperity
18 District is located, with original jurisdiction of all civil and
19 criminal causes of action arising within that district, unless
20 otherwise agreed by all parties to the cause of action in a contract
21 furnishing an alternative venue or method of dispute resolution;

22 (4) the power to borrow exclusively by issuing bonds in
23 accordance with such procedures as may be specified in its bylaws
24 for the sole purpose of financing the exercise of its authorized

1 powers provided that: (i) the total outstanding principal of all
2 bonds issued under the authority of this section together with the
3 sum of all other liabilities owed by the respective Prosperity
4 District shall never exceed the fair market value of all assets held
5 in the name of that district; (ii) the obligation of such bonds
6 shall be secured solely and exclusively by the respective Prosperity
7 District's receipts from Revenue Covenants running with the land in
8 the district, by authorized gifts, or by receipts received pursuant
9 to contract, if any; (iii) neither the United States Government nor
10 any State nor any other government body or agency shall pay,
11 guarantee or be liable for the obligation of any bond issued under
12 this section (with the sole exception of any liability that may be
13 incurred by the Member where the Prosperity District is located, if
14 the Member were to violate its pledge herewith to all future
15 bondholders of any Prosperity District that it shall refrain from
16 any action or omission that would infringe on the district's
17 jurisdiction, power and authority under this Article); and (iv) the
18 terms of such borrowing shall provide that any holder of a bond
19 issued by a Prosperity District who induces or attempts to induce
20 any Prosperity District or any other governmental body to violate
21 this Article shall thereby immediately forfeit all right of
22 repayment for any bond issued by that Prosperity District;

23 (5) the power to accept gifts of real or personal property
24 exclusively from landowners and qualified electors residing within a

1 Prosperity District for the sole purpose of defraying the costs of
2 exercising its authorized powers provided that the fiduciary
3 obligations of the managing board are not breached through the
4 acceptance of the gift; and

5 (6) such incidental power as is both specified in the district
6 bylaws and also essential to carrying out the foregoing powers,
7 including the power to open and maintain bank accounts and acquire
8 or lease real or personal property, provided that a Prosperity
9 District may not and shall not under any circumstances, directly or
10 indirectly, principally or incidentally, or for any purpose, enjoy,
11 accept, claim or exercise any power: (i) to levy any Tax; (ii) of
12 eminent domain; (iii) of civil property forfeiture based on actions
13 or omissions that constitute a violation of criminal law unless the
14 owner of such property has been convicted of violating that criminal
15 law; (iv) to furnish any Subsidy to Private Enterprise; (v) to
16 establish or enforce by Regulation or otherwise, directly or
17 indirectly, any monopoly or cartel in the provision of any good or
18 service within its jurisdiction in derogation of the Common Law;
19 (vi) to accept gifts, grants or conditional grants from any
20 governmental unit, including, but not limited to, any state, county,
21 municipality or the United States Government, which are sourced from
22 taxes, government-imposed fees or fines, or borrowing which is
23 secured or to be repaid by taxes or government-imposed fees or
24 fines; (vii) to delegate all or any portion of its governing

1 authority to any other entity or to accept the delegation of
2 governing authority in addition to that expressly delegated by this
3 Compact from any other governmental unit; or (viii) to permit any
4 other governmental unit to exercise governing authority or
5 jurisdiction within its boundaries (except as authorized by Section
6 2(d) of Article II or as nongovernmental persons may otherwise agree
7 in adopting a venue selection clause or choice of law provision in a
8 valid contract between them).

9 (d) External Relations. Every Prosperity District shall
10 maintain comity with this Member and the United States Government as
11 provided in this subsection.

12 (1) Concurrent Law Enforcement Jurisdiction. All duly
13 constituted law enforcement agencies of this Member or the United
14 States Government that would otherwise have had concurrent
15 jurisdiction to enforce Malum in Se Criminal Law within the
16 boundaries of a Prosperity District in the absence of the formation
17 or expansion of such district may do so within the boundaries of any
18 Prosperity District located in whole or in part within this Member
19 State in accordance with such jurisdiction. As an incident of its
20 power and authority under Section 2(c) of this Article, each
21 Prosperity District may enter into intergovernmental agreements with
22 any duly constituted law enforcement agency of this Member or the
23 United States Government to provide specific procedures for the
24 exercise of such concurrent jurisdiction, as well as to contract

1 with any such agency to exercise original jurisdiction over any
2 other criminal law in effect within the district's boundaries.
3 Moreover, when in hot pursuit of a suspect, arrestee or convict in
4 relation to a violation of law occurring outside of the boundaries
5 of a Prosperity District, law enforcement authorities of any Member
6 or the United States Government may exercise jurisdiction within the
7 boundaries of any Prosperity District. Further, upon notice to the
8 managing board of the relevant Prosperity District furnishing
9 evidence of a valid summons, subpoena, judgment, supplementary
10 order, garnishment, warrant, extradition request or other legal
11 process by any agency, branch, department, instrumentality or
12 political subdivision of any Member or the United States Government
13 having jurisdiction over the matter, which concerns any person or
14 property within the boundaries of that district and arises from a
15 cause of action that accrued outside of the boundaries of that
16 district, the Prosperity District shall either: (i) serve, execute
17 or enforce the same to the reasonable satisfaction of each such
18 agency, branch, department, instrumentality or political subdivision
19 in accordance with this Article; or (ii) cooperate by refraining
20 from objecting to, challenging, disputing or impeding the exercise
21 of jurisdiction by each such agency, branch, department,
22 instrumentality or political subdivision within the boundaries of
23 the district to the extent needed to serve, execute or enforce the
24 same.

1 (2) Hold Harmless for District Externalities. Upon notice
2 furnishing evidence of a probable District Externality to the
3 managing board of the relevant Prosperity District by any agency,
4 branch, department, instrumentality or political subdivision of any
5 Member or the United States Government having jurisdiction over the
6 matter, the Prosperity District shall either: (i) remedy within the
7 limits of its power and authority the District Externality to the
8 reasonable satisfaction of each such agency, branch, department,
9 instrumentality or political subdivision in accordance with this
10 Article; or (ii) cooperate by refraining from objecting to,
11 challenging, disputing or impeding the exercise of jurisdiction by
12 each such agency, branch, department, instrumentality or political
13 subdivision within the boundaries of the district to the extent
14 needed to remedy that District Externality. However, each Member is
15 prohibited from discriminating against or otherwise interfering with
16 the free transmission, transportation, ingress or egress of goods,
17 persons, services, activities, capital or entities to or from any
18 Prosperity District on terms not generally applicable to all similar
19 goods, persons, services, activities, capital or entities;
20 accordingly, a Prosperity District's duty to remedy or cooperate as
21 aforesaid shall not apply to facilitate any such prohibited
22 discriminatory action.

23 (3) Hold Harmless for External Services. Any person domiciled
24 within any Prosperity District that voluntarily uses governmental

1 services or infrastructure furnished by any branch, agency or
2 political subdivision of any Member State (other than what that
3 Prosperity District furnishes) shall be liable for the proportionate
4 cost of such services and infrastructure usage to the extent that
5 such cost is not defrayed by funds distributed to such branch,
6 agency or political subdivision from the Revenue Covenant running
7 with title to the real property in the Prosperity District or by any
8 other revenues paid directly or indirectly by such person to the
9 respective branch, agency or political subdivision. In order to
10 recover such liability, all branches, agencies or political
11 subdivisions that desire reimbursement of such costs shall first
12 annually determine and publicly post a reasonable fee for such
13 services and infrastructure based on uniform criteria that must be
14 paid by persons domiciled within any such Prosperity District in
15 order to use such services and infrastructure; the reasonableness of
16 the fee in relation to the proportionate cost of such services and
17 infrastructure usage and all other revenues paid directly or
18 indirectly by such person to the respective branch, agency or
19 political subdivision shall be subject to judicial review and
20 alternative dispute resolution in accordance with this Compact.

21 (4) External Eminent Domain. Any person, governmental unit,
22 Member agency or political subdivision which has jurisdiction or
23 authority under general laws to exercise eminent domain in any
24 location contiguous to the boundaries of a Prosperity District may

1 continue to exercise eminent domain for transportation, utility or
2 transmission purposes within the boundaries of that Prosperity
3 District in accordance with generally applicable laws provided that
4 any proposed or consummated taking: (i) shall take place exclusively
5 either (A) with regard to real property within such corridors as are
6 designated by appropriate legal description in the petition required
7 by Article IV, Section 1, or (B) otherwise within such scope as is
8 absolutely necessary to accomplish the asserted public use of the
9 taking; (ii) the targeted property shall not be taken for private
10 use and shall be used exclusively for transportation, utility or
11 transmission purposes on equal terms by all members of the public or
12 otherwise with title held in trust for the benefit of the public;
13 (iii) if the taking occurs within the aforesaid designated
14 corridors, generally applicable statewide laws of the State in which
15 the targeted property is located shall apply to the taking; (iv) if
16 the taking occurs outside of the aforesaid designated corridors, all
17 persons whose vested rights will be condemned, diminished or damaged
18 by the taking shall be made whole by the condemnor as just
19 compensation, which shall include, but is not limited to: (A)
20 compensation consisting of payment of the maximum fair market value
21 of the targeted property as assessed at any point in time up to the
22 consummation of the taking and after the first public statement of
23 any such intent to exercise eminent domain by any political
24 subdivision or agency of the State or any public official thereof,

1 and (B) damages for all injuries and costs incurred which were
2 proximately caused by the proposal, initiation, or consummation of
3 the taking, including but not limited to any loss of prospective
4 economic advantage, legal expenses and attorney fees; (v) any
5 property taken must be dedicated to the public use upon which the
6 taking was premised within five (5) years of the consummation of the
7 taking or it shall revert to the original owner or successor(s) in
8 interest; and (vi) if such taking proceedings are (A) not initiated
9 within two (2) years of the public statement of any such intent to
10 exercise eminent domain by any political subdivision or agency of
11 this Member or any public official thereof, (B) timely initiated but
12 abandoned before consummation, or (C) not consummated within four
13 (4) years of initiation, then the respective political subdivision
14 or agency shall pay to all persons whose vested rights have been
15 thereby diminished or damaged compensation for all injuries and
16 costs incurred which were proximately caused thereby, including, but
17 not limited to, any loss of prospective economic advantage, legal
18 expenses and attorney fees, unless otherwise agreed respectively by
19 each such adversely affected person. If any agency or political
20 subdivision of this or any Member engages in any action or omission
21 that is the functional equivalent of exercising eminent domain
22 within the boundaries of any Prosperity District, any person whose
23 vested rights have been diminished or damaged thereby may bring an
24 action at law or equity to compel institution of proceedings under

1 this subsection. Costs incurred by any agency or political
2 subdivision of this or any Member to exercise the power of eminent
3 domain within the boundaries of a Prosperity District shall not be
4 funded by proceeds from any Revenue Covenant or otherwise charged to
5 any landowner or person domiciled within the district. This
6 subsection may be enforced at law or equity in any venue of
7 competent jurisdiction by any person whose vested rights have been
8 or probably will be taken, diminished or damaged as herein
9 contemplated.

10 (5) Judicial Forum. Subject to Section 2(c)(3) of this
11 Article, Articles III, V and VI, and Section 1 of Article VIII of
12 this Compact, the judicial branch of this Member State shall have
13 jurisdiction over all cognizable causes of action arising within any
14 Prosperity District located in this Member State, unless otherwise
15 agreed by all parties to the cause of action in a contract
16 furnishing an alternative venue or method of dispute resolution.

17 (e) Exclusive Jurisdiction. Subject to Section 2(d) of this
18 Article and Articles III, V and VI, every Prosperity District shall
19 have exclusive governing jurisdiction within its boundaries, as
20 those boundaries may be established from time to time (except as
21 nongovernmental persons may otherwise agree in adopting a venue
22 selection clause or choice of law provision in a valid contract
23 between them). Accordingly, to the extent of such exclusive
24 jurisdiction, every agency, department, instrumentality, unit or

1 political subdivision of this Member, including any county, city,
2 town, state agency or special district, is prohibited within
3 district boundaries, as they may exist from time to time, from: (1)
4 exercising jurisdiction or superimposing additional governing
5 jurisdictions therein; (2) fining, penalizing, prosecuting,
6 regulating, taxing or otherwise addressing through government action
7 any condition, state of affairs, person, entity, service, property,
8 action or omission located, committed or occurring therein; and (3)
9 annexing lands therein.

10 Section 3. Optimal Regulation. The only legitimate public
11 purpose of Regulation within the boundaries of every Prosperity
12 District, as those boundaries may be established from time to time,
13 is to safeguard public health and safety by protecting the
14 individual right to life, liberty and property, which, as to any
15 competent adult, shall be limited to defending one's freedom to
16 pursue a flourishing and productive existence either in consensual
17 association with others or alone, which requires securing
18 unobstructed action according to one's will, provided that such
19 action does not infringe upon another's like freedom, and resolving
20 conflicting claims to unobstructed action by deferring to or
21 enforcing any governing prior agreement of the claimants or
22 otherwise applying the principle of first in time, first in right to
23 defer to or enforce the claim of the first actor. Accordingly,
24 within six (6) months of formation, and periodically thereafter as

1 determined by official action of the managing board, each Prosperity
2 District shall hold one or more public hearings to decide whether,
3 how and when to promulgate and enforce Regulations within its
4 boundaries to safeguard public health and safety strictly in
5 accordance with the following subsections; further, a Prosperity
6 District's authorized police power shall be exercised in strict
7 conformity with the following subsections.

8 (a) Regulatory Impact Statement. As a precondition of
9 promulgating or initially enforcing any Regulation within any
10 Prosperity District (other than the exercise of police power
11 authorized by Section 2(c)(1)(i) of this Article and adopted
12 pursuant to Section 1(a)(7)(iv) of Article IV, or an exercise of
13 concurrent jurisdiction authorized by Section 2(d) of this Article),
14 including, but not limited to, any Regulation clarifying, modifying
15 or superseding the Common Law in effect within district boundaries,
16 every Prosperity District shall conduct fact-finding at one or more
17 hearings that are open to the public with at least seven (7) days
18 prior notice to assess the extent to which the Regulation would
19 fulfill or, if previously promulgated or enforced prior to repeal,
20 has fulfilled the criteria required for regulatory authority and
21 tailoring under this section, and shall publicly report as soon as
22 practicable exactly how such criteria have been or would be
23 fulfilled by the Regulation in a regulatory impact statement that:
24 (1) articulates the nature and magnitude of the threat to the

1 individual right to life, liberty or property targeted by the
2 Regulation by, at a minimum, characterizing the risk pathways,
3 populations exposed and consequences of exposure and assessing
4 whether the Regulation or similar Regulations have been effective in
5 reducing the targeted risks; (2) articulates a theory of cause and
6 effect, consistent with established economic and scientific
7 theories, that shows how the Regulation could or did produce the
8 desired outcomes and that also explicitly assesses whether the risks
9 addressed by the Regulation are likely to increase, decrease or stay
10 the same in the absence of the Regulation; (3) demonstrates
11 consideration of a wide variety of alternate and less restrictive or
12 burdensome regulatory approaches consistent with the hierarchy of
13 Regulation contemplated by this Article, including, but not limited
14 to, expressly assessing whether the Regulation has a negative effect
15 on competition, whether the Regulation can be modified to reduce its
16 anticompetitive effects, and determining whether and how private
17 voluntary action can reduce the risks addressed by the Regulation;
18 (4) comprehensively assesses the benefits and costs of a wide
19 variety of alternative regulatory approaches or solutions to the
20 asserted threat to individual rights to life, liberty or property,
21 including a showing of how much of the problem the Regulation is
22 likely to solve; (5) considers the foregoing criteria in light of
23 all actual evidence of the Regulation's efficacy or lack thereof
24 from any previous promulgation or enforcement of the same or similar

1 Regulation; and (6) specifies the data utilized to make the
2 assessments shown in the report.

3 (b) Criteria for Authorized Regulation. A Prosperity District
4 has no power to Regulate or otherwise to use or threaten coercion in
5 connection with its governing authority except through: (1) the
6 exercise of police power authorized by Section 2(c)(1)(i) of this
7 Article and adopted pursuant to Section 1(a)(7)(iv) of Article IV;
8 and (2) promulgating and enforcing Regulations that fulfill each of
9 the following criteria: (i) the Regulation governs or protects the
10 individual right to life, liberty or property of either (A) those
11 who are not parties to a contract that furnishes a rule of
12 governance covering the same subject matter as the Regulation; or
13 (B) those who are in breach of a contract covering the same subject
14 matter as the Regulation, provided that the dispute resolution
15 procedures specified in the contract, if any, are not being observed
16 by all parties to the contract, and at least one party to the
17 contract requests such Regulation or enforcement; (ii) the
18 Regulation and its enforcement: (A) accurately codifies or
19 implements the exercise of police power authorized by Section
20 2(c)(1)(i) of this Article and adopted pursuant to Section
21 1(a)(7)(iv) of Article IV, or (B) governs an act, activity,
22 inactivity, occupation, profession, use of property, person, entity,
23 condition or state of affairs that is not ordinarily peaceful,
24 nonviolent and nonfraudulent; (iii) neither the predominant effect

1 of the Regulation considered alone or in the context of the
2 Prosperity District's existing regulatory framework, nor any part of
3 its purpose is to protect any individual, entity, or group from
4 otherwise rightful competition or to restrain competent adults for
5 their own good; and (iv) the act, activity, inactivity, occupation,
6 profession, use of property, person, entity, condition or state of
7 affairs targeted for Regulation has violated, is violating or is an
8 actual threat to individual right to life, liberty or property.

9 (c) Targeted Regulation. To the extent that a Prosperity
10 District is authorized to promulgate or enforce Regulations under
11 Section 2(c)(1)(ii) of this Article, the Regulation may only: (1)
12 furnish modified, additional or augmented civil remedies to render
13 the exercise of police power authorized by Section 2(c)(1)(i) of
14 this Article and adopted pursuant to Section 1(a)(7)(iv) of Article
15 IV more effective in protecting the individual rights of life,
16 liberty or property; (2) impose clear, objective legal standards
17 only if the foregoing mode of Regulation will not reasonably reduce
18 the threat to the individual rights of life, liberty or property;
19 (3) enable the enforcement of clear, objective legal standards by
20 inspections and enforcement of violations by civil penalty only if
21 the foregoing modes of Regulation will not reasonably reduce the
22 threat to the individual rights of life, liberty or property; (4)
23 enable the enforcement of clear, objective legal standards by
24 permitting, licensing or other regulatory preapproval processes only

1 if the foregoing modes of Regulation will not reasonably reduce the
2 threat to the individual rights of life, liberty or property; or (5)
3 enable the enforcement of clear, objective legal standards by
4 criminal sanctions only if the foregoing modes of Regulation will
5 not reasonably reduce the threat to the individual rights of life,
6 liberty or property.

7 (d) Conforming Enforcement. Before exercising the police power
8 authorized by Section 2(c)(1)(i) of this Article and adopted
9 pursuant to Section 1(a)(7)(iv) of Article IV, and any other
10 Regulation authorized by Section 2(c)(1)(ii) of this Article, each
11 Prosperity District must adopt appropriate internal management and
12 administrative procedures in the district bylaws governing such
13 enforcement, including but not limited to ensuring that (1) the
14 method of enforcement makes it probable that the Regulation will
15 protect the individual right to life, liberty or property, (2) the
16 method of enforcement makes it probable that the Regulation will
17 fulfill the criteria that authorized its promulgation, and (3) that
18 reasonable public notice of the Regulation had been furnished to any
19 affected person before the Regulation is enforced.

20 (e) Automatic Sunset. Every Regulation adopted pursuant to
21 Section 1(a)(7)(iv)(C) of Article IV or promulgated pursuant to
22 Section 2(c)(1)(ii) of this Article shall be automatically repealed
23 and held for naught five (5) years from its effective date, if one
24 is specified, and otherwise from their adoption or enactment date,

1 as the case may be, and may only be promulgated again thereafter as
2 provided in Section 3(a) through (c) of this Article (with any
3 Regulation previously adopted pursuant to Section 1(a)(7)(iv)(C) of
4 Article IV to be reinstated only through exercising the authority
5 furnished by Section 2(c)(1)(ii) of this Article). The Prosperity
6 District may commence proceedings to consider reinstating such
7 Regulation as provided in Section 3(a) through (c) of this Article
8 as early as two (2) years prior to their automatic repeal date.

9 Section 4. Eminent Domain, Regulatory and Tax Overreach
10 Defense. It is a complete defense in any venue to the exercise of
11 Eminent Domain or the enforcement of any Regulation or Tax within
12 the boundaries of every Prosperity District, as those boundaries may
13 be established from time to time, that the exercise of Eminent
14 Domain, Regulation or Tax was promulgated or enforced in violation
15 of this Compact. If this defense is raised, the proponent of the
16 taking, regulatory or taxing action has the burden of proving strict
17 compliance with the provisions of this Compact with clear and
18 convincing evidence or with such quantum of proof as otherwise
19 agreed to by all disputants.

20 ARTICLE III

21 AUTHORIZED STATEWIDE TAILORING

22 Under the authority and subject to the provisions of Section 6
23 of Article VIII of this Compact, the following provisions shall
24

1 clarify, supplement, modify or supersede, as applicable, any
2 relevant or contrary provision of the Compact in Articles I, II, IV,
3 V, VI, and VII solely with respect to this Member:

4 Section 1. Repealer. Subject to Section 2(d) of Article II,
5 this Article and Section 2(d) of Article IV: (a) every Ordinary
6 Member Law of this Member that extends to, applies to, penalizes,
7 prosecutes, taxes, regulates or can otherwise be based on any
8 condition, state of affairs, person, entity, service, property,
9 action or omission located, committed or occurring in a Prosperity
10 District is deemed to conflict with this Compact, and is entirely
11 repealed, superseded and/or held for naught (as applicable to negate
12 any legal effect) within the boundaries of every Prosperity
13 District, as those boundaries may be established from time to time,
14 and shall not thereafter extend to, penalize, prosecute, tax,
15 regulate, apply to or be based on any condition, state of affairs,
16 person, entity, service, property, action or omission located,
17 committed or occurring within the boundaries of any such district
18 (except as nongovernmental persons may otherwise agree in adopting a
19 venue selection clause or choice of law provision in a valid
20 contract between them); and (b) when and to the extent that this
21 Compact becomes an interstate compact that has contractually bound
22 this Member and received the Consent of Congress, every Ordinary
23 Federal Law and every other law, regulation or constitutional
24 provision of this Member not previously repealed, which is capable

1 of being preempted, repealed, superseded or held for naught by such
2 Consent of Congress, that extends to, applies to, penalizes,
3 prosecutes, taxes, regulates or can otherwise be based on any
4 condition, state of affairs, person, entity, service, property,
5 action or omission located, committed or occurring in a Prosperity
6 District is deemed to conflict with this Compact and is entirely
7 preempted, repealed, superseded and/or held for naught, as
8 applicable to negate any legal effect, within the boundaries of
9 every Prosperity District, as those boundaries may be established
10 from time to time (except as non-governmental persons may otherwise
11 agree in adopting a venue selection clause or choice of law
12 provision in a valid contract between them).

13 Section 2. Revenue Covenant Based on Unimproved Land Value. In
14 the case of a new or expanded Prosperity District to be located in
15 this Member, the following Revenue Covenant may be used to fulfill
16 the Revenue Covenant requirements of Section 1(a)(9) of Article IV
17 of this Compact (after following relevant instructions specified in
18 brackets):

19 "Each landowner and each successor, assign and heir of such
20 landowner of the land encompassed by the [insert legal name of new
21 or expanded Prosperity District] (hereinafter collectively "owner")
22 shall pay, on an annual basis: (a) to State of Oklahoma an annual
23 amount equal to the greater of: (1) the product of (i) [insert
24 number] (___%) of the fair market unimproved value of the land

1 encompassed by the [insert legal name of new or expanded Prosperity
2 District] (hereinafter "Prosperity District Land Value") and (ii)
3 the ratio of the fair market unimproved value of that owner's
4 respective ownership interest in such land (hereinafter "Ownership
5 Interest Land Value") over the Prosperity District Land Value; or
6 (2) the product of (i) the total amount of revenue collected
7 directly by the State of Oklahoma in the fiscal year immediately
8 preceding [the formation or expansion] of the [insert legal name of
9 new or expanded Prosperity District] from all activities,
10 inactivities, properties and entities located within the area of the
11 land within the boundaries of [insert name of new or expanded
12 Prosperity District], including, but not limited to, all fees,
13 fines, assessments, as well as income, sales and property taxes, if
14 any, and (ii) the ratio of that owner's Ownership Interest Land
15 Value over the Prosperity District Land Value; (b) to [insert legal
16 name of each county in which the new or expanded Prosperity District
17 will be located] respectively an annual amount equal to the greater
18 of: (1) the product of (i) [insert number] (____%) of the fair market
19 unimproved value of the land encompassed by the [insert legal name
20 of new or expanded Prosperity District] (hereinafter "Prosperity
21 District Land Value") and (ii) the ratio of the fair market
22 unimproved value of that owner's respective ownership interest in
23 such land (hereinafter "Ownership Interest Land Value") over the
24 Prosperity District Land Value; or (2) the product of (i) the total

1 amount of revenue collected directly by [insert legal name of each
2 county in which the new or expanded Prosperity District will be
3 located] in the fiscal year immediately preceding [the formation or
4 expansion] of the [insert legal name of new or expanded Prosperity
5 District] from all activities, inactivities, properties and entities
6 located within the area of the land within the boundaries of [insert
7 name of new or expanded Prosperity District], including, but not
8 limited to, all fees, fines, assessments, as well as income,
9 transaction, sales and property taxes, if any, and (ii) the ratio of
10 that owner's Ownership Interest Land Value over the Prosperity
11 District Land Value; (c) to [insert legal name of new or expanded
12 Prosperity District] an annual amount equal to the product of (1)
13 [insert number] (___%) of the fair market unimproved value of the
14 land encompassed by the [insert legal name of new or expanded
15 Prosperity District] (hereinafter "Prosperity District Land Value")
16 and (2) the ratio of the fair market unimproved value of that
17 owner's respective ownership interest in such land (hereinafter
18 "Ownership Interest Land Value") over the Prosperity District Land
19 Value. [insert the following if any part of a new or expanded
20 Prosperity District is located within the jurisdiction of any
21 municipality: (d) to [insert legal name of each municipality in
22 which the new or expanded Prosperity District will be located]
23 respectively an annual amount equal to the greater of: (1) the
24 product of (i) [insert number] (___%) of the fair market unimproved

1 value of the land encompassed by the [insert legal name of new or
2 expanded Prosperity District] (hereinafter "Prosperity District Land
3 Value") and (ii) the ratio of the fair market unimproved value of
4 that owner's respective ownership interest in such land (hereinafter
5 "Ownership Interest Land Value") over the Prosperity District Land
6 Value; or (2) the product of (i) the total amount of revenue
7 collected directly by [insert legal name of each municipality in
8 which the new or expanded Prosperity District will be located] in
9 the fiscal year immediately preceding [the formation or expansion]
10 of the [insert legal name of new or expanded Prosperity District]
11 from all activities, inactivities, properties and entities located
12 within the area of the land within the boundaries of [insert name of
13 new or expanded Prosperity District], including, but not limited to,
14 all fees, fines, assessments, as well as income, transaction, sales
15 and property taxes, if any, and (ii) the ratio of that owner's
16 Ownership Interest Land Value over the Prosperity District Land
17 Value."] Said amounts shall be: (a) assessed by the managing board
18 of the [insert legal name of new or expanded Prosperity District] as
19 a first priority lien against the relevant land and a joint and
20 several debt of each owner in favor of the relevant payee on the
21 first business day of each calendar year after the formation or
22 expansion, as the case may be, of the [insert legal name of
23 Prosperity District] to include the relevant land based on the
24 average of contemporaneous appraisals, formulated in accordance with

1 reasonable and customary appraisal standards, previously submitted
2 to the managing board of the [insert legal name of the new or
3 expanded Prosperity District] by each owner and the State of
4 Oklahoma; and (b) paid to the previously identified recipients of
5 revenues by each owner on the last business day of each calendar
6 year following [the formation or expansion] of the [insert legal
7 name of new or expanded Prosperity District], prorated for any
8 period of any calendar year in which the [insert legal name of new
9 or expanded Prosperity District] was not recognized by State of
10 Oklahoma, provided that no adverse judicial or administrative
11 proceedings involving any owner and State of Oklahoma, or any
12 political subdivision or agency thereof, had been brought by State
13 of Oklahoma or any of its political subdivisions or agencies against
14 any owner (excluding claims subject to the alternative dispute
15 resolution process specified in Article V of the Prosperity States
16 Compact, as enacted by State of Oklahoma and amended from time to
17 time) in the preceding twelve (12) months. Upon such payment, the
18 lien specified above shall be deemed released. subject to
19 modification by written agreement of all affected parties, laws
20 generally applicable to the foreclosure of real property liens in
21 the State of Oklahoma shall determine available procedures and
22 remedies in the event of nonpayment or untimely payment of the
23 assessment hereunder due. The foregoing Revenue Covenant is a
24 covenant running with the land encompassed by the [insert legal name

1 of new or expanded Prosperity District] for the benefit of the
2 previously identified recipients of revenues. [insert the following
3 if it is desired for the provisions of this Revenue Covenant to be
4 modified or superseded by a Negotiated Revenue Covenant: "This
5 Revenue Covenant is subject to modification or supersession by a
6 Negotiated Revenue Covenant pursuant to Article III of the
7 Prosperity States Compact, as enacted by the State of Oklahoma and
8 amended from time to time."]"

9 Section 3. Negotiated Revenue Covenant. To comply with the
10 petition requirement specified in Section 1(a)(9) of Article IV, or
11 subsequently to supplement or revise a Revenue Covenant authorized
12 under Article IV or this Article, the petitioner(s) or their
13 successors in interest may negotiate a Revenue Covenant ("Negotiated
14 Revenue Covenant") with the Governor of this Member or the
15 Governor's nominee ("State Official") in the case of the formation
16 or expansion of a Prosperity District to be located in whole or in
17 part within this Member by giving notice of a demand for such
18 negotiations to the Office of the Governor or a person authorized to
19 accept service of process on behalf of the Governor, whereupon they
20 shall commence negotiations within twenty (20) days. In addition to
21 other relevant provisions, the Negotiated Revenue Covenant shall:
22 (a) only concern the generation, collection and distribution of
23 revenues; (b) be duly signed by petitioner(s) and State Official;
24 (c) define the revenues or revenue sources to which it applies and,

1 if applicable and desired, include terms and provisions to
2 supplement or revise the terms of an existing Default Revenue
3 Covenant, if any, upon recordation; (d) guarantee that the Member
4 and any county or municipality in which any part of a proposed new
5 Prosperity District is to be located receives on an annual basis
6 revenues and distributions of state shared revenues, if any, that
7 are at least equal to the total amount of revenue and distributions
8 of state shared revenues collected or received by that Member and
9 any such county or municipality in the fiscal year immediately
10 preceding the respective formation of the Prosperity District from
11 all activities, inactivities, properties and entities located within
12 the area of the real property to be encompassed by the proposed new
13 Prosperity District, including, but not limited to, all fees, fines,
14 assessments, as well as income, transaction privilege, use, gas,
15 sales and property taxes, if any; (e) guarantee that the Member and
16 any county or municipality in which any part of the proposed
17 expansion area of an existing Prosperity District is to be located
18 receives on an annual basis revenues and distributions of state
19 shared revenues, if any, that are equal to or greater than the total
20 amount of revenue and distributions of state shared revenues
21 collected or received by that Member and any such county or
22 municipality in the expansion area in the fiscal year immediately
23 preceding the proposed expansion of the Prosperity District from all
24 activities, inactivities, properties and entities located within the

1 area of the real property to be encompassed by the proposed
2 expansion area, including, but not limited to, all fees, fines,
3 assessments, as well as income, transaction privilege, use, gas,
4 sales and property taxes, if any; (f) guarantee that the payment of
5 income, transaction privilege, use, gas, sales and property taxes by
6 any Third-Party Beneficiary which are imposed by this Member and any
7 of its political subdivisions on activities, inactivities,
8 properties and entities located within the area of the real property
9 included within the proposed new or expanded Prosperity District, if
10 any, shall be ratably credited against that Third-Party
11 Beneficiary's obligations under any such Negotiated Revenue
12 Covenant; (g) apply and run with title to all real property in the
13 proposed new or expanded Prosperity District upon the formation or
14 expansion of the district, as the case may be, and as long as the
15 encumbered real property is within the jurisdiction of the district;
16 (h) be drafted in general language, without limitation to a closed
17 class of one or more identifiable persons, and with such uniformity
18 as to allow the entire class of landowners located within any other
19 existing or future Prosperity District within the same State to have
20 the option of adopting the Negotiated Revenue Covenant to fulfill
21 the requirements of Section 1(a)(9) of Article IV, or subsequently
22 to supplement or revise an existing Revenue Covenant authorized
23 under Article IV or this Article if such right was reserved; (i) be
24 deemed accepted and ratified by this Member and any political

1 subdivision of this Member benefitted by the Negotiated Revenue
2 Covenant for use by petitioner(s), any other class of petitioner(s)
3 under Section 1 of Article IV, and their successors-in-interest
4 within this Member's jurisdiction when approved by joint resolution
5 of the Legislature of this Member; and (j) if meant to revise or
6 supplement a Revenue Covenant already running with title to real
7 property in an existing Prosperity District, the accepted and
8 ratified Negotiated Revenue Covenant shall be recorded with the
9 county recorder for each county in which the respective Prosperity
10 District is located and with each such other official responsible
11 for the public recordation of interests in real property located
12 within the proposed boundaries of the respective Prosperity
13 District, if any, as the case may be.

14 Section 4. Relationship of Compact to Existing Laws and
15 Jurisdictions. This section shall be effective in this Member
16 notwithstanding the reciprocity otherwise required by Section 5 of
17 Article V. Section 2(e) of Article II, Section 1 of this Article,
18 and Sections 3 and 4 of Article V are herewith clarified, modified
19 and superseded, as applicable, with respect to this Member in regard
20 to the following laws and governmental unit jurisdictions
21 constituted thereby, which shall continue to be effective in any
22 Prosperity District or any portion of any Prosperity District that
23 is located in this Member to the same extent as in any other
24 political subdivision of this Member: (a) all interstate agreements,

1 compacts and laws enforcing or protecting vested contractual or
2 property rights existing in this Member as of the enactment date of
3 the Compact legislation, including but not limited to any interstate
4 agreement or compact concerning water rights and gaming, as well as
5 that which is codified in this Member's Revised Statutes, as well as
6 all government units constituted thereby, shall continue to be
7 effective in any Prosperity District located in this Member to the
8 same extent as before the enactment date of the Compact. Vested
9 contractual or property rights defined by reference to laws in
10 effect in this Member upon vesting shall be construed and enforced
11 in any Prosperity District located in this Member as if such laws
12 were still in effect; (b) all Member laws and laws of the United
13 States Government that concern national security, declared states of
14 emergency, immigration, violent crime, prostitution or the
15 possession, sale, transfer or use of controlled substances,
16 including but not limited to that which is codified this Member's
17 Revised Statutes, and the jurisdictions of all government units to
18 the extent they are constituted thereby, as well as all related
19 ongoing investigations, prosecutions and administrative proceedings;
20 (c) all Member laws and laws of the United States Government
21 governing the management, administration, immunity, discipline and
22 compensation of law enforcement personnel engaged in the exercise of
23 concurrent or original jurisdiction on behalf of this Member or the
24 United States Government within the boundaries of any Prosperity

1 District, as they may exist from time to time, under the authority
2 of this subsection shall be in full force and effect as to such
3 personnel to the same extent as would have been the case in the
4 absence of the formation or expansion of such district; (d) any
5 provision of this Member's constitution requiring the taxation of
6 property or a specific mode of taxation, and any law to implement
7 any such provision, and the jurisdictions of all government units
8 constituted thereby, provided that: (1) the payment of these taxes
9 by any Third-Party Beneficiary shall be ratably credited against any
10 Revenue Covenant obligation imposed on them by this Compact in favor
11 of the Member or any of its political subdivisions; (2) the payment
12 of such taxes shall be credited against any required fee for
13 external services as contemplated in Section 2(d)(3) of Article II
14 to the extent that such revenues are used directly or indirectly to
15 defray the cost of such services; and (3) subsequent reductions in
16 any such applicable tax rate or burden after the enactment date of
17 the Compact shall be effective in all Prosperity Districts; (e) the
18 Uniform Commercial Code, which is codified in this Member's Revised
19 Statutes, and the jurisdictions of all agencies to the extent they
20 are constituted by such laws, which shall be regarded as codifying
21 the corresponding Common Law subject matters applicable within any
22 Prosperity District located within this Member; (f) all laws
23 governing mining, mineral rights, oil and gas extraction rights,
24 which are codified in this Member's Revised Statutes and promulgated

1 in Regulations authorized thereby, and the jurisdictions of all
2 agencies to the extent they are constituted by such laws; (g) all
3 laws governing mechanics liens, which are codified in this Member's
4 Revised Statutes and promulgated in Regulations authorized thereby,
5 and the jurisdictions of all agencies to the extent they are
6 constituted by such laws; (h) all laws governing the licensure and
7 Regulation of medical doctors, which are codified in this Member's
8 Revised Statutes and promulgated in Regulations authorized thereby,
9 and the jurisdictions of all agencies to the extent they are
10 constituted by such laws; (i) all rules governing the licensure and
11 Regulation of attorneys, which are contained in the Oklahoma Rules
12 of Professional Conduct of this Member's Court Rules and
13 Administrative Orders and promulgated in Regulations authorized
14 thereby, and the jurisdictions of all agencies to the extent they
15 are constituted by such laws; (j) all laws governing fraud, which
16 are codified in this Member's Revised Statutes and promulgated in
17 Regulations authorized thereby, and the jurisdictions of all
18 agencies to the extent they are constituted by such laws; (k) all
19 laws governing public records and open meetings, which are codified
20 in this Member's Revised Statutes and promulgated in Regulations
21 authorized thereby, and the jurisdictions of government units
22 constituted thereby; (l) all State and federal laws that concern
23 elections, election qualifications, ballot measures, referenda, and
24 campaign finance and the jurisdictions of all government units

1 constituted by such laws, including, but not limited to, that which
2 is codified in this Member's Revised Statutes, and the jurisdictions
3 of all government units constituted thereby, as well as all related
4 ongoing investigations, prosecutions and administrative proceedings;
5 (m) all State and federal laws governing banking, securities and
6 financial transactions, including, but not limited to, that which is
7 codified in this Member's Revised Statutes, and promulgated in
8 Regulations authorized thereby, as well as all related ongoing
9 investigations, prosecutions and administrative proceedings; and (n)
10 all State and federal laws specifically defining and protecting the
11 individual right to life, liberty or property or otherwise
12 specifically governing the adoption, guardianship, care or
13 representation of minor children, the incompetent, and the disabled,
14 and the jurisdictions of all government units constituted by such
15 laws, including, but not limited to, that which is codified in this
16 Member's Revised Statutes, and promulgated in Regulations authorized
17 thereby, as well as all related ongoing investigations, prosecutions
18 and administrative proceedings.

19 Section 5. Income of Residents Doing Business in District.

20 This section shall be effective in this Member notwithstanding the
21 reciprocity otherwise required by Section 5 of Article V. This
22 Member may tax income earned by its residents from income-producing
23 activities occurring within a Prosperity District as provided by law
24

1 if such residents are neither domiciled nor residing in such
2 Prosperity District.

3 Section 6. Federal Primacy, Mandates and Grant Requirements
4 Protected. This section shall be effective in this Member
5 notwithstanding the reciprocity otherwise required by Section 5 of
6 Article V. Until this Compact receives the Consent of Congress in
7 such form as to obviate any need for this Member to comply with
8 otherwise applicable federal mandates and conditions of maintaining
9 or securing federal primacy or federal grants, every Prosperity
10 District located in this Member shall cooperate with this Member in
11 fulfilling the lawful conditions of any federal grant or assumption
12 of federal primacy and complying with any lawful federal mandate,
13 including the adoption of appropriate bylaws and Regulations, in the
14 event that this Member is specifically threatened by the federal
15 government in writing with any sanction, the loss of federal
16 primacy, the loss of any federal grant or if this Member loses
17 federal primacy or a federal grant due to a failure of compliance
18 with a federal mandate or a condition to the maintenance of federal
19 primacy or to the grant caused by the actions or omissions of any
20 Prosperity District. To enforce this cooperation duty, this Member
21 shall give notice of the threat or loss to the managing board of
22 each responsible Prosperity District as soon as possible together
23 with a specification of the sanction or the amount of the grant that
24 has been threatened or lost, as well as a specific demand for the

1 curative action or inaction that the Prosperity District must
2 undertake in order to restore federal primacy, the grant, or prevent
3 the sanction or the loss of federal primacy or the grant. (a) The
4 Prosperity District is authorized and required to respond to the
5 foregoing demand in one or more of the following three ways as
6 needed to ensure that federal primacy is maintained by this Member
7 or this Member is kept or made whole: (1) it shall strictly comply
8 with the demand in a fashion that may supersede any limitation on
9 its regulatory authority as otherwise specified in Article II only
10 to the extent absolutely necessary; (2) it shall post a surety bond
11 in favor of this Member or tender cash to the this Member for the
12 full amount of the grant that has been threatened or lost which
13 shall be payable without delay to this Member or its designated
14 recipient on its demand if the grant is lost (subject to this Member
15 refunding said amount immediately upon the restoration of the
16 grant); or (3) it shall delegate so much of its authority within its
17 boundaries to this Member or its designated agency, instrumentality
18 or political subdivision to hold and exercise in receivership as is
19 absolutely necessary to fulfill the federal mandate or the
20 conditions of the threatened or lost federal primacy or federal
21 grant until such time as the threatened sanction is retracted or
22 lifted, or the federal primacy or grant is restored and no longer
23 specifically threatened by the federal government. (b) If the
24 Prosperity District fails to respond to the foregoing demand as

1 aforesaid, this Member shall have the right to commence a special
2 action in State court to appoint a receiver to hold and exercise all
3 power of the Prosperity District as necessary to comply with the
4 federal mandate or to fulfill the conditions of the threatened or
5 lost federal primacy or federal grant until such time as the
6 threatened sanction is retracted or lifted, or the federal primacy
7 or grant is restored and no longer specifically threatened by the
8 federal government, and each Prosperity District causing this Member
9 to fail to fulfill the conditions of any such federal primacy or
10 federal grant shall be jointly and severally liable for tendering
11 the full amount of any federal monies that are denied to this Member
12 as a result of the failure of cooperation within thirty (30)
13 calendar days after submission of a proof of claim by this Member to
14 each Prosperity District for the replacement funding. (c) This
15 section shall self-repeal upon this Compact receiving the Consent of
16 Congress in such form and substance as to declare or render the
17 actions or omissions of a Prosperity District nonprejudicial to any
18 obligation this Member may have to comply with otherwise applicable
19 federal mandates and conditions of maintaining or securing federal
20 primacy or federal grants.

21 Section 7. National Security Modification to Definition of
22 "Eligible Land." This section shall be effective in this Member
23 notwithstanding the reciprocity otherwise required by Section 5 of
24 Article V. The formation and expansion of a Prosperity District in

1 this Member, as well as investment in property located within an
2 existing Prosperity District, shall be subject to the review process
3 for controlling direct foreign investment in the United States for
4 the purpose of protecting national security, which is managed by the
5 multi-agency federal entity known as the Committee on Foreign
6 Investment in the United States ("CFIUS"), in accordance with the
7 Foreign Investment and National Security Act and 31 C.F.R. Part 800.
8 Accordingly, any person wishing to form or expand a Prosperity
9 District or otherwise to invest in property located within an
10 existing Prosperity District should expect that CFIUS will review,
11 and potentially block, direct foreign investment for the purpose of
12 protecting the national security of the United States, but only to
13 the same extent as it does for such investments in all other areas
14 of the United States.

15 Section 8. County Opt-Out. This section shall be effective in
16 this Member notwithstanding the reciprocity otherwise required by
17 Section 5 of Article V. If a county of this Member wishes to
18 exclude land within its jurisdiction and outside of the territorial
19 and extraterritorial jurisdiction of any municipality from being
20 deemed "Eligible Land" under this Compact before the formation or
21 expansion of a Prosperity District upon such land, it may pass a
22 local law declaring such exclusion with a sufficient legal
23 description to identify the excluded land based on such procedures
24 as apply generally to the enactment of local laws by such county

1 notwithstanding any other law of this Member provided that: (a) the
2 local law is enacted and effective within six (6) months of the
3 enactment date of the Compact legislation; (b) a certified copy of
4 the local law is recorded with the county recorder of deeds; (c) the
5 local law shall automatically self-repeal in four (4) years from its
6 enactment date without prejudice to its reenactment; and (d) the
7 local law does not have the purpose or effect of rendering the
8 authority to form, expand or withdraw from a Prosperity District a
9 law, privilege or immunity for a closed class of one or more
10 identifiable persons. Any such local law may be subsequently
11 amended or repealed in accordance with such procedures as apply
12 generally to the enactment of local laws by such county
13 notwithstanding any other law of this Member provided that the
14 amendment or repeal does not have the purpose or effect of rendering
15 the authority to form, expand or withdraw from a Prosperity District
16 a law, privilege or immunity for a closed class of one or more
17 identifiable persons.

18 Section 9. Municipal Opt-In. This section shall be effective
19 in this Member notwithstanding the reciprocity otherwise required by
20 Section 5 of Article V. Any consent required to be given by the
21 governing body of a municipality to deem real property within the
22 territorial or extraterritorial jurisdiction of that municipality
23 "Eligible Land" under this Compact: (a) shall be enacted as a local
24 law based on such procedures as apply generally to the enactment of

1 local laws by such municipality notwithstanding any other law of
2 this Member, including, but not limited to, any law requiring or
3 enforcing any local, regional or Statewide land use plan; (b) shall
4 contractually bind such municipality to recognize the classification
5 of such real property as "Eligible Land" under this Compact; (c) may
6 include further stipulations and conditions superseding, modifying
7 or limiting the text or applicability of provisions of this Compact
8 as authorized by Section 6(j) of Article VIII of this Compact within
9 the territorial or extraterritorial jurisdiction of the consenting
10 municipality; and (d) must provide that any alteration to the
11 applicability of provisions of this Compact that is specified in the
12 aforesaid local law may be repealed by subsequently enacted local
13 law provided that such repeal shall not have the effect of: (1)
14 delegating powers or authorities to any Prosperity District in
15 addition to those expressly delegated to the district by Section
16 2(c) of Article II of this Compact, (2) creating or expanding the
17 jurisdictions of any government unit within the boundaries of any
18 Prosperity District in addition to that which is expressly permitted
19 under section 2(d) of Article II of this Compact; (3) eliminating
20 the text or authority of any Revenue Covenant that otherwise would
21 satisfy the petition requirement under Section 1(a)(9) of Article
22 IV, (4) preventing the formation or expansion of Prosperity
23 Districts or the withdrawal of land from a Prosperity District in
24 that municipality, or (5) disqualifying real property as Eligible

1 Land which would have otherwise qualified as Eligible Land as of the
2 enactment date of the respective Member's original Compact
3 legislation.

4 Section 10. Insurance, Performance and Surety Bonding. This
5 section shall be effective in this Member notwithstanding the
6 reciprocity otherwise required by Section 5 of Article V. This
7 Member and any political subdivision of this Member that has the
8 right to foreclose on a Revenue Covenant lien attached to real
9 property located within a Prosperity District or that may be
10 required by law to assume jurisdiction over lands withdrawn from a
11 Prosperity District, shall have the right to a reasonable
12 performance or surety bond or coverage as a named insured under a
13 reasonable insurance policy from the petitioner(s) seeking district
14 formation, expansion and withdrawal in an amount and with such
15 limits and terms sufficient to cover the reasonably anticipated
16 costs associated with maintenance of structures on such lands as
17 well as to cover the reasonably anticipated costs of enforcing
18 public health, safety and sanitation standards imposed by generally
19 applicable laws within its jurisdiction with regard to such land in
20 the event of such foreclosure or withdrawal. A detailed written
21 demand for the furnishing of such insurance or the posting of such a
22 bond specifying required terms and conditions of the bond or
23 insurance shall be interposed against the relevant petitioner(s) by
24 service of the demand upon each petitioner and all required

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

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

14 Section 11. Statute of Repose. This section shall be effective
15 in this Member notwithstanding the reciprocity otherwise required by
16 Section 5 of V. Any person claiming a right to challenge the
17 legality of this Compact shall have six (6) months after the
18 enactment date of the Compact legislation to file an action for such
19 declaration of rights in a court of competent jurisdiction or
20 thereafter be forever barred from bringing any such claim or related
21 cause of action. Any person claiming a right to challenge the
22 legality of the formation or expansion of a Prosperity District, or
23 the withdrawal of land from a Prosperity District, shall have six
24 (6) months after the recordation of the petition authorized by

1 Article IV of this Compact to file an action for such declaration of
2 rights in a court of competent jurisdiction or thereafter be forever
3 barred from bringing any such claim or related cause of action.

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

14 Article IV

15 Prosperity District Formation, Expansion and Withdrawal

16 Section 1. Petition to Form or Expand Prosperity District. A
17 Prosperity District is formed or expanded when a petition that is
18 deemed compliant with this section (the "petition") is recorded with
19 the county recorder for each county in which the new or expanded
20 Prosperity District is located and with each such other official
21 responsible for the public recordation of interests in real property
22 located within the proposed boundaries of the new or expanded
23 Prosperity District, if any. Accordingly, to form or expand a
24 Prosperity District, a petition containing the information specified

1 herein shall be signed, served, reviewed, deemed compliant, and
2 recorded as follows: (a) with respect to Eligible Land to be
3 included in the new or expanded Prosperity District, one or more
4 landowners representing one hundred percent (100%) of the surface
5 land ownership interests in such Eligible Land, (the
6 "petitioner(s)") shall sign a petition requesting the formation or
7 expansion of a Prosperity District to include such Eligible Land
8 under the authority of this Compact and further attesting to the
9 accuracy of the following information under oath, which shall also
10 be included in the petition: (1) a statement requesting the
11 formation or expansion of a Prosperity District and avowing that the
12 land to be encompassed by the new district or included in the
13 expanded district is Eligible Land; (2) the name, address, telephone
14 number and e-mail address of each such signing landowner, if any;
15 (3) a statement that one hundred percent (100%) of the qualified
16 electors who are residing on such Eligible Land have consented in
17 writing to the petition or, alternatively, a statement that no
18 qualified electors are then residing on said Eligible Land; (4) the
19 name, address, telephone number and e-mail address of each such
20 resident qualified elector, if any; (5) a legal description of the
21 external boundaries of the proposed new or expanded Prosperity
22 District, as well as of the boundaries of any corridor for the
23 exercise of eminent domain by external agencies pursuant to Section
24 2(d)(4)(i)(A) of Article II and any individual parcels that are

1 internal to such Eligible Land which shall continue to be recognized
2 within the Prosperity District upon formation, expansion and
3 withdrawal; (6) a map and a general description of the area to be
4 included in the proposed new or expanded Prosperity District that is
5 sufficiently detailed to permit a property owner to determine if a
6 particular property is located in the proposed new or expanded
7 Prosperity District; (7) for a new Prosperity District: (i) a unique
8 name to be assigned to the Prosperity District; (ii) the names,
9 addresses, phone numbers and occupations of the proposed members of
10 the Prosperity District's initial managing board; (iii) a statement
11 of the jurisdiction, power and authority of the district under
12 Article II of this Compact; (iv) on behalf of the proposed district
13 and deemed effective within the district upon formation: (A) an
14 express adoption and verbatim specification of the Malum in Se
15 Criminal Law effective within the area to be encompassed by the
16 proposed district; (B) an express adoption of the Common Law
17 effective within the area to be encompassed by the proposed
18 district; (C) the express adoption and verbatim specification of any
19 other Regulation which is desired by petitioner(s) to be enforced by
20 the district after formation pursuant to Sections 2(c)(1)(i) and 3
21 of Article II, provided that such Regulation was effective within
22 the area to be encompassed by the district as of the enactment date
23 of this Member's Compact legislation; and v) initial district bylaws
24 specifying: (A) procedures for the promulgation, amendment and

1 repeal of district bylaws, ordinances, policies, procedures,
2 parliamentary rules, and directives for the governance of the
3 district (including, if desired, establishing additional criteria
4 for withdrawal of lands pursuant to Section 2(a) of this Article),
5 for internal district management and administration (including
6 provisions detailing supervision and coordination of Revenue
7 Covenant enforcement, as well as the collection and disbursement of
8 revenues to which the district is contractually entitled), the
9 formation of committees, subordinate departments and agencies, and
10 the designation and responsibilities of administrative offices and
11 retention of subordinate officials; (B) managing board member
12 appointment, election, removal or succession procedures; (C)
13 municipal bonding terms, issuance and repayment procedures; (D)
14 public hearing and notice procedures; (E) Regulation promulgation
15 and enforcement procedures; (F) the public infrastructure and
16 services to be furnished by the district; and (G) the office,
17 authorities and duties of the district treasurer and secretary; (8)
18 for an expansion of an existing Prosperity District, the name of the
19 Prosperity District to be expanded and the names, addresses, and
20 phone numbers of the members of that district's managing board; (9)
21 for a new Prosperity District, a recordable Revenue Covenant to
22 burden the Eligible Land, which is the subject of the petition, as
23 specified or described in Article III of this Compact; (10) for an
24 expansion of an existing Prosperity District, a recordable Revenue

1 Covenant to burden the Eligible Land to be included in the existing
2 Prosperity District that mirrors the Revenue Covenant then-running
3 with title to the land in that existing district; and (11) a
4 recordable restrictive covenant to burden the Eligible Land, which
5 is the subject of the petition, prohibiting each landowner and any
6 successor in interest from taking any action to preclude, hinder or
7 obstruct the expansion of the district to adjacent lands that are
8 outside of the district, if any, or the withdrawal of lands from the
9 district as contemplated in this Article (or pursuant to such
10 additional criteria as specified in the district bylaws for
11 withdrawal of lands). (b) The petition shall be served on each of
12 the following recipients as applicable: (1) each member of the Board
13 of Supervisors of each County in which any portion of the new or
14 expanded district is to be located at their offices or through their
15 authorized service of process recipient; (2) the governing body of
16 each affected municipality at its office or through its authorized
17 service of process recipient if the new or expanded district is to
18 include Eligible Land located within that municipality's
19 jurisdiction; and (3) the managing board of each affected Prosperity
20 District at its office or through its authorized service of process
21 recipient if that Prosperity District is to be expanded by the
22 inclusion of the Eligible Land or if a new Prosperity District is to
23 be formed within any part of the jurisdiction of that Prosperity
24 District. (c) Within twenty (20) calendar days after receipt of the

petition, each recipient designated in subsection (b) of this section shall review the petition ministerially for compliance with subsection (a) of this section and deny any petition that is not compliant. Notice of the denial of a petition shall be given within said time frame in writing to the petitioner(s) stating the specific nature of any deficiency and without prejudice as to the repeated resubmittal of a corrected petition until all such deficiencies are cured. If the petition is not timely denied by any recipient designated in subsection (b) of this section, the petition shall be deemed compliant with this section for all purposes and it may be recorded by the petitioner(s) with the County Recorder for each County in which the new or expanded Prosperity District is to be located and with each such other official responsible for the public recordation of interests in real property located within the proposed boundaries of the new or expanded Prosperity District, if any. Sworn proof of service by U.S. certified mail, return receipt requested, or equivalently verifiable delivery service shall be sufficient to establish the date the petition was received by a designated recipient or any required notice was given to the petitioner(s).

Section 2. Petition to Withdraw. A petition may be brought to withdraw land from a Prosperity District's jurisdiction as provided in this section. (a) The land that is the subject of the withdrawal petition must: (1) be contiguous to land that is outside of the

1 boundaries of the affected district; (2) be contiguous to land
2 included in the same petition that is contiguous to land that is
3 outside of the boundaries of the affected district; (3) be at least
4 one (1) square mile of contiguous land; (4) be the subject of an
5 enforceable contract governing all landowners and qualified electors
6 residing in the affected district that gives consent to the
7 withdrawal of such land from the district under such terms and
8 conditions as may be specified in that contract; or (5) qualify for
9 withdrawal under criteria otherwise specified in the bylaws of the
10 affected district provided that such criteria are uniform for all
11 persons domiciled in the district and they do not have the purpose
12 or effect of rendering such withdrawal authority a law, privilege or
13 immunity for a closed class of one or more identifiable persons. (b)
14 The withdrawal petition must: (1) state under oath that the
15 petitioner(s) represent one hundred percent (100%) of the surface
16 land ownership interests in title to the proposed withdrawn land,
17 including the same contact information for petitioners as with a
18 petition to form or expand a Prosperity District; (2) state under
19 oath that one hundred percent (100%) of all qualified electors
20 residing on the affected land have given written consent to the
21 withdrawal of the land from the Prosperity District's jurisdiction;
22 (3) include a map and legal description of the proposed withdrawn
23 land; and (4) be served on the same officials as a petition to form
24 or expand a Prosperity District, who must then within twenty (20)

1 calendar days after receipt of the petition, review the petition
2 ministerially for compliance with this section and deny any petition
3 that is not compliant. (c) Notice of the denial of a withdrawal
4 petition shall be given within said twenty (20) calendar day time
5 frame in writing by the same method of notice to the petitioner(s)
6 as applicable to a petition to form or expand a district. If the
7 petition is not timely denied by any petition recipient, the
8 petition shall be deemed approved and compliant with this section
9 for all purposes and it may be recorded by the petitioner(s) with
10 the county recorder for each county in which the withdrawn land is
11 to be located and with each such other official responsible for the
12 public recordation of interests in real property located within the
13 proposed boundaries of the withdrawn land, if any. (d) Upon the
14 approval and recordation of the withdrawal petition, the land
15 specified therein shall immediately revert to the jurisdictional
16 status of land outside of the boundaries of the affected Prosperity
17 District, such that all laws generally applicable outside of the
18 boundaries of that Prosperity District shall govern the area of such
19 land as if the district never encompassed the withdrawn land, and
20 all covenants or servitudes running with title to such land as a
21 consequence of any petition to form or expand that district shall be
22 deemed vacated; but all other encumbrances on title to the withdrawn
23 land, including any lien that has attached to such land to secure
24 the payment of any previously accrued and unpaid Revenue Covenant

1 obligation, shall remain enforceable to the extent consistent with
2 the reverted legal and jurisdictional status of the withdrawn land.
3 (e) Petitioner(s) of an approved and recorded withdrawal petition
4 may not subsequently petition for the expansion of the Prosperity
5 District to include land withdrawn from that district for a period
6 of twelve (12) months without the concurrence of the district's
7 managing board.

8 Article V

9 Compact Formation, Effect and Amendment

10 Section 1. Offer and Acceptance of Interstate Compact. By
11 becoming a Member, each such Member hereby publicly pledges and
12 offers to perform and comply strictly in accordance with this
13 Compact's terms and conditions as a binding interstate compact, and
14 has made such pledge and offer in anticipation and consideration of,
15 and in substantial reliance on, such mutual and reciprocal pledge,
16 performance and compliance by each other Member, if any. This
17 pledge and offer shall be deemed accepted and entry into this
18 Compact complete and contractually binding on a Member as an
19 interstate compact upon that Member's receipt of notice of the
20 attainment of Member status by any other Member; further privity of
21 contract with regard to such interstate compact shall extend to,
22 between and among any Member with notice of the Member status of any
23 other Member. For purposes of this section, notice shall be given
24 to each other Member's Governor, an official authorized to accept

1 service of process on the Governor, and to the Compact
2 Administrator, if any.

3 Section 2. Effect of Compact Formation. On acceptance of the
4 pledge and offer to enter into a compact as specified in Section 1
5 of this Article, this Compact shall be construed and enforced as an
6 interstate compact consisting of a solemn sovereign pledge,
7 agreement and covenant contractually binding the Members in privity
8 to maintain and enforce the provisions of this Compact (as they
9 existed on the date that the Compact became contractually binding)
10 and to refrain from taking any future action that could in any way
11 or to any degree burden, impair or interfere with such provisions of
12 this Compact, except as otherwise expressly authorized by this
13 Compact. Further, upon this Compact attaining the status of a
14 sovereign contract between and among its Members, the maintenance of
15 and strict compliance with all of its terms, including each and
16 every provision of Article I, II, III, IV, V, VI, VII and VIII is
17 required of all Members in privity. Any impairment of performance,
18 burden on performance, impediment to performance, nonperformance,
19 suspension, deviation from, disregard of, or violation of the terms
20 of this Compact of any magnitude imposed by any Member in privity is
21 prohibited, including, but not limited to, the passage of parallel
22 legislation that directly or indirectly causes costs or imposes
23 mandates not contemplated by this Compact to be incurred by any
24 Member or Third-Party Beneficiary as a result of compliance with,

1 performance under, or the enjoyment of the terms of this Compact.
2 Any violation of this prohibition of any magnitude or duration is
3 and shall be regarded by all Members in privity as a substantial
4 impairment of the obligation of a solemn contract between
5 sovereigns, and is and shall be regarded as a material breach of a
6 solemn sovereign contract, as well as ultra vires and void under
7 United States Constitution, Article I, Section 10, clause 1, and,
8 with respect to terms receiving the Consent of Congress, under
9 United States Constitution, Article VI, clause 2. Every Member in
10 privity and Third-Party Beneficiary has the right to the remedy of
11 specific performance of the terms of this Compact or injunctive
12 relief to prohibit any deviation from strict compliance with the
13 terms of this Compact, subject to the alternative dispute resolution
14 process and venue provisions of Sections 1(j), 10 and 11 of Article
15 VI.

16 Section 3. Effect of Existing Consent of Congress. Subject to
17 Article III, and otherwise notwithstanding any law to the contrary,
18 under the authority of the United States Constitution, Article I,
19 Section 10, Article VI, clause 2, and the Tenth Amendment to the
20 United States Constitution, when and to the extent that this Compact
21 becomes an interstate compact, in accordance with the Consent of
22 Congress furnished by 4 United States Code § 112, this Compact
23 shall: (a) have equivalent status to a law of the United States to
24 the extent that it enables cooperative efforts and mutual assistance

1 among the States in the prevention of crime, enforcing criminal laws
2 and policies, and establishing desirable agencies for making
3 effective such cooperative efforts and mutual assistance; (b) every
4 Prosperity District's exclusive jurisdiction under Section 2(e) of
5 Article II shall preclude every agency, branch, department,
6 instrumentality or political subdivision of every Member in privity
7 or the United States Government from exercising jurisdiction or
8 authority or superimposing additional governing jurisdictions within
9 district boundaries, as those boundaries may be established from
10 time to time, for purposes of preventing crime, enforcing criminal
11 laws and policies and establishing desirable agencies for making
12 effective such cooperative efforts and mutual assistance (except as
13 authorized by Section 2(d) of Article II); and (c) any dispute
14 between any Member in privity, the United States Government, and
15 Third-Party Beneficiary regarding cooperative efforts and mutual
16 assistance among the States in the prevention of crime, enforcing
17 criminal laws and policies, and establishing desirable agencies for
18 making effective such cooperative efforts and mutual assistance,
19 shall be subject to alternative dispute resolution pursuant to
20 Section 10 of Article VI.

21 Section 4. Effect of Additional Consent of Congress. Subject
22 to Article III and any stipulation, condition or exception to such
23 additional Consent of Congress, and otherwise notwithstanding any
24 law to the contrary, under the authority of the United States

1 Constitution, Article I, Section 10, Article VI, clause 2, and the
2 Tenth Amendment to the United States Constitution, when and to the
3 extent that this Compact becomes an interstate compact and has
4 received the Consent of Congress in addition to that furnished by 4
5 United States Code § 112: (a) this Compact shall have equivalent
6 status to a law of the United States; (b) every Prosperity
7 District's exclusive jurisdiction under Section 2(e) of Article II
8 shall preclude every agency, branch, department, instrumentality or
9 political subdivision of every Member in privity or the United
10 States Government from exercising jurisdiction or authority or
11 superimposing additional governing jurisdictions within district
12 boundaries or fining, penalizing, prosecuting, regulating, taxing or
13 otherwise addressing through government action any condition, state
14 of affairs, person, entity, service, property, action or omission
15 located, committed or occurring within the boundaries of any
16 Prosperity District, as those boundaries may be established from
17 time to time (except as authorized by Section 2(d) of Article II and
18 as nongovernmental persons may otherwise agree in adopting a venue
19 selection clause or choice of law provision in a valid contract
20 between them); (c) the actions or omissions of any Prosperity
21 District or that of any Third-Party Beneficiary within the
22 boundaries of any Prosperity District as they may be established
23 from time to time shall not prejudice or otherwise adversely affect
24 compliance by any Member in privity with federal mandates or

1 conditions of maintaining or securing federal primacy or federal
2 grants; (d) surface land owned or held in trust by the United States
3 Government, which is outside of the boundaries of National Forests
4 and National Parks existing on the effective date of such Consent of
5 Congress, and outside of any Native American Reservation, shall
6 qualify and be deemed consented-to by the United States Government
7 in its proprietary or trustee capacity, as applicable, as Eligible
8 Land under Section 5 of Article VII of this Compact, and the United
9 States Government in its proprietary or trustee capacity, as
10 applicable, may be regarded as consenting to and joining in any
11 petition required by Article IV for the formation or expansion of,
12 or withdrawal from, a Prosperity District encompassing such real
13 property provided that all other criteria unrelated to the ownership
14 or trustee interest of the United States are fulfilled; (e) the
15 United States Government shall be deemed to consent to the inclusion
16 of any otherwise Eligible Land in any petition to form, expand or
17 withdraw from a Prosperity District under Article IV notwithstanding
18 any encumbrance on such land, such as any lien, gas, mineral or
19 water right it owns or holds in trust; and (f) any dispute between
20 any Member in privity, the United States Government, and Third-Party
21 Beneficiary regarding the foregoing shall be subject to alternative
22 dispute resolution pursuant to Section 10 of Article VI.

23 Section 5. Reciprocity, Freedom of Access, Cross-Border
24 Prosperity Districts. Subject to Article III, upon this Compact

1 attaining the status of an interstate compact, any activity lawfully
2 undertaken and any service lawfully performed within any Prosperity
3 District located within this Member or any other Member in privity
4 shall be reciprocally recognized as lawful within the boundaries of
5 every other Prosperity District located within this Member and any
6 other Member in privity on the same terms unless otherwise
7 prohibited by the enforcement of constitutional provisions,
8 interstate compacts, Malum in Se Criminal Law, Common Law, and any
9 Regulation promulgated or enforced in accordance with Article II of
10 this Compact. Further, every Prosperity District located within
11 this Member or any other Member in privity shall allow direct
12 ingress and egress of any person lawfully allowed ingress to and
13 egress from any other Prosperity District located within this Member
14 or any other Member in privity unless prohibited by the enforcement
15 of existing property or contractual rights. Furthermore, a
16 Prosperity District may be formed and expanded across State lines
17 between Members in privity provided that the petition required by
18 Section 1 of Article IV: (a) specifies the Malum in Se Criminal Law
19 and Common Law that shall be in effect within the district; (b) is
20 served on the Governor(s) of each affected Member at their offices
21 or through their authorized service of process recipient(s) in
22 addition to other petition recipients required by Section 1 of
23 Article IV; and (c) compliance is made with all other terms of
24 Section 1 of Article IV, whereupon the approval process specified

1 therein shall be construed as referencing the Governor(s) of each
2 affected Member in addition to such other officials holding approval
3 power.

4 Section 6. Amendment. After this Compact becomes an interstate
5 compact, each Member in privity reserves the right to amend this
6 Compact exclusively by repealing all or any part of the provisions
7 set forth in Article III of this Compact which that Member included
8 in its original Compact legislation, or by amending such provisions
9 of Article III with such additional terms or provisions respecting
10 that Member as are consistent with Section 6 of Article VIII of this
11 Compact and prospective in effect, at any time through ordinary
12 legislation, provided that such repeal or amendment shall not have
13 the purpose or effect of: (a) delegating powers or authorities to
14 any Prosperity District (in addition to those expressly delegated to
15 the district by Section 2(c) of Article II of this Compact as
16 specified in that Member's original Compact legislation and as
17 modified, if at all, by the terms of Article III as they existed
18 immediately prior to this Compact becoming an interstate compact);
19 (b) creating or expanding the jurisdictions of any government unit
20 within the boundaries of any Prosperity District (in addition to
21 that which is expressly permitted under Section 2(d) of Article II
22 of this Compact as specified in that Member's original Compact
23 legislation and as modified, if at all, by the terms of Article III
24 as they existed immediately prior to this Compact becoming an

1 interstate compact); (c) eliminating the text or authority of any
2 Revenue Covenant that otherwise would satisfy the petition
3 requirement under Section 1(a)(9) of Article IV (as specified in
4 that Member's original Compact legislation and as modified, if at
5 all, by the terms of Article III as they existed immediately prior
6 to this Compact becoming an interstate compact); (d) disqualifying
7 real property as Eligible Land which would have otherwise qualified
8 as Eligible Land (as specified in that Member's original Compact
9 legislation and as modified, if at all, by the terms of Article III
10 as they existed immediately prior to this Compact becoming an
11 interstate compact); (e) impairing the legitimate investment-backed
12 expectations of any Third-Party Beneficiary which are founded on
13 vested property or contractual rights; or (f) with respect to any
14 Prosperity District formed prior to the effective date of the
15 respective repeal or amendment: (1) preventing the expansion of that
16 Prosperity District in accordance with the terms of this Compact as
17 they existed upon that district's formation; (2) preventing the
18 withdrawal of land from that Prosperity District in accordance with
19 the terms of this Compact as they existed upon that district's
20 formation; (3) directly or indirectly promulgating or enforcing any
21 Regulation within that Prosperity District in addition to that which
22 was authorized by the terms of this Compact as those terms existed
23 upon that district's formation unless such Regulation: (i) is
24 subject to the defense afforded by Section 4 of Article II (in

1 accordance with the original terms of that Member's Compact
2 legislation and as modified, if at all, by the terms of Article III
3 as they existed immediately prior to this Compact becoming an
4 interstate compact); and (ii) either (A) is not effective until it
5 is promulgated and enforced within that district in strict
6 compliance with Section 3 of Article II (in accordance with the
7 original terms of that Member's Compact legislation and as modified,
8 if at all, by the terms of Article III as they existed immediately
9 prior to this Compact becoming an interstate compact); or (B)
10 replaces or modifies Regulation previously authorized by Article III
11 of this Compact such that the resulting overall framework of
12 Regulation within the affected Prosperity District is less
13 restrictive and less burdensome on the exercise of the individual
14 rights to life, liberty, and property, and more likely to protect
15 the exercise of the individual rights to life, liberty and property,
16 without impeding any activity or market competition that would
17 otherwise be lawful within the district; (4) authorizing, levying,
18 imposing or enforcing any Tax within that district in addition to
19 that which was authorized by the terms of this Compact as those
20 terms existed upon that district's formation; and (5) authorizing or
21 enforcing any exercise of Eminent Domain within that district in
22 addition to that which was authorized by the terms of this Compact
23 as those terms existed upon that district's formation.

Article VI

Compact Commission

Section 1. Commission. When at least two Members are contractually bound to this Compact as contemplated in Sections 1 and 2 of Article V, the Prosperity States Compact Commission ("Commission") shall be thereby established. The Commission initially consists of three unpaid Commissioners each serving solely a single six-year term. It has the power and duty: (a) to designate a location within the jurisdictional boundaries of the United States Court of Appeals for the Fifth Circuit for its principal place of business; (b) to appoint and oversee a Compact Administrator that maintains its principal place of business within the jurisdictional boundaries of the United States Court of Appeals for the Fifth Circuit; (c) to guard against cronyism and special interest capture of this Compact by encouraging new States to adopt this Compact and Congress to consent to the Compact without exceptions, stipulations or limitations through educational efforts; (d) to coordinate the performance of obligations under this Compact, which shall include the issuance of advisory interpretations of this Compact; (e) to oversee and direct the defense and enforcement of the Compact in appropriate legal venues; (f) to request and accept funds from Prosperity Districts and to disburse those funds to support the operations of the Commission and Compact Administrator; (g) to make public and open for inspection or observation by any person at all reasonable times all governing instruments, records, proceedings,

1 and accounts of the Commission and Compact Administrator subject to
2 executive session procedures or privileges specified in the
3 Commission's bylaws, the adoption of which shall be conducted by
4 public hearing and shall supersede any conflicting law or Regulation
5 of any Member; (h) to cooperate with any person that shares a common
6 interest with the Commission and engages in policy research, public
7 interest litigation or lobbying in support of the purposes of the
8 Compact; (i) to establish a process of transparent, open competitive
9 bidding in order to secure an annual contract with one or more
10 reputable outside alternative dispute resolution services, which
11 may, but is not required to include, adjudicative services offered
12 by a judicial branch of a State or the United States Government, to
13 furnish binding arbitration of disputes; (j) to direct the final
14 resolution and settlement of all disputes involving, between or
15 among any Member, Prosperity District, or any agency or department
16 of the United States Government to which the Consent of Congress for
17 this Compact can be ascribed (if such consent has been given), with
18 all sovereign immunities, if any, deemed waived with respect to any
19 such proceeding, final resolution and settlement, through the use of
20 the Commission's contracted outside alternative dispute resolution
21 service, or such other alternative dispute resolution service which
22 all disputants agree to use (which may, but is not required to
23 include, adjudicative services offered by a judicial branch of a
24 State or the United States Government); (k) to exercise only such

1 incidental powers as are essential to carrying out the foregoing
2 express powers and duties (in no event shall the Commission be
3 construed as possessing eminent domain, taxation or police powers,
4 or any other power that is functionally equivalent to the same,
5 whether incidentally or principally); and (1) to adopt and publish
6 corresponding bylaws, policies and procedures.

7 Section 2. Commissioner Appointment. The Commission initially
8 consists of three unpaid Commissioners each serving solely a single
9 six-year term. Commissioner positions shall be assigned to
10 appointees in the order in which their respective appointing State
11 became Members. Once at least one Prosperity District has been
12 formed and exists within its boundaries, and until all Commissioner
13 positions are filled, or whenever there is a vacancy, each Member in
14 the order in which it became a Member may appoint one Commissioner
15 through its Governor by appropriate executive action as determined
16 by the laws of the respective Member, subject to disapproval by
17 official notice of any Prosperity District located within such
18 Member that is received by the Office of its Governor or such person
19 who is authorized to receive service of process on behalf of said
20 Governor within ten (10) calendar days of such appointment. Timely
21 disapproval shall have the effect of requiring a new appointment
22 until such time as a timely disapproval is not received.

23 Section 3. Commissioner Removal. A Commissioner representing a
24 given Member may be removed from his position at any time and for

1 any reason by the official action of at least two-thirds (2/3) of
2 the governing boards of all Prosperity Districts located within the
3 jurisdiction of that Member. Any Commissioner representing any
4 Member shall be removed from his position at any time by the
5 official action of at least two-thirds (2/3) of all Prosperity
6 Districts. To be effective, notice of the foregoing official action
7 of removal must be received by the Office of the Governor of the
8 appointing Member or such person as is authorized to receive service
9 of process on behalf of said Governor. Upon removal, the vacant
10 position shall be filled as provided in Section 2 of this Article.

11 Section 4. Commission Action. The Commission shall meet at
12 least once a year, and may meet more frequently. Each Commissioner
13 is entitled to one vote. The Commission shall not act unless a
14 majority of its appointed Commissioners is present, and no action
15 shall be binding unless approved by a majority of the appointed
16 Commissioners. However, two-thirds (2/3) of all Prosperity
17 Districts may override and nullify any action of the Commission,
18 including a direction to use alternative dispute resolution, by
19 official notice given to the Commission or the Compact Administrator
20 within thirty (30) calendar days after such action.

21 Section 5. First Order of Business. The Commission shall at
22 the earliest possible time elect from among its Membership a
23 chairperson, determine a principal place of doing business within
24

1 the jurisdictional boundaries of the United States Court of Appeals
2 for the Fifth Circuit and appoint a Compact Administrator.

3 Section 6. Funding. The Commission and the Compact
4 Administrator's activities shall be funded, if at all, exclusively
5 by Prosperity Districts, on an annual basis as follows: (a) the
6 Commission shall propose an annual budget in accordance with its
7 bylaws; (b) two-thirds (2/3) of all Prosperity Districts must
8 approve the Commission's annual budget by official notice given to
9 the Compact Administrator in order for the Commission's budget to
10 become authorized; (c) if and when the Commission's budget is
11 authorized, the Compact Administrator shall establish and/or
12 maintain an account to receive and disburse funding for the
13 Commission and shall also periodically request by notice given to
14 all Prosperity Districts a specific total amount of money needed to
15 fund the Commission's operations under the authorized budget; (d)
16 upon receipt of such notice, every Prosperity District shall pay
17 into the Commission account the lesser amount of an equal share of
18 the Compact Administrator's funding request or one percent (1%) of
19 gross revenue in the immediately preceding fiscal year; and (e) if
20 there is a funding shortfall, the Compact Administrator shall
21 request further funding from every Prosperity District until the
22 shortfall is closed or the Commission shall adjust its authorized
23 budget to the level of the available funding.

1 Section 7. Compact Administrator. The Compact Administrator
2 serves at the pleasure of the Commission and must keep the
3 Commission seasonably apprised of the performance or nonperformance
4 of the terms and conditions of this Compact. Any notice sent by a
5 Member to the Compact Administrator concerning this Compact shall be
6 adequate notice to each other Member provided that a copy of said
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: (a) to organize and
10 direct the logistical operations of the Commission; (b) to maintain
11 an accurate list of all Members, including contact information; (c)
12 to formulate, transmit and maintain all official notices, records
13 and communications relating to this Compact; and (d) such incidental
14 powers as are essential to carrying out the foregoing express powers
15 and duties (in no event shall the Compact Administrator be construed
16 as possessing eminent domain, taxation or police powers, or any
17 other power that is functionally equivalent to the same, whether
18 incidentally or principally).

19 Section 8. Notice of Key Events. On the occurrence of each of
20 the following described events, or otherwise as soon as possible,
21 the Compact Administrator shall immediately send the following
22 notices to the Governor of each Member and the managing boards of
23 each Prosperity District, if any, together with certified conforming
24 copies of the chaptered version of this Compact as maintained in the

1 statutes of each Member: (a) whenever any State becomes a Member,
2 notice of that fact shall be given; (b) whenever any Prosperity
3 District is formed or expanded, notice of that fact shall be given;
4 (c) once Congress consents to this Compact as contemplated herein,
5 notice of that fact shall be given; and (d) whenever any portion of
6 this Compact is proposed to be amended or is actually amended,
7 notice of that fact shall be given.

8 Section 9. Cooperation. The Commission, Members, Prosperity
9 Districts and the Compact Administrator shall cooperate with each
10 other and give each other mutual assistance in enforcing this
11 Compact.

12 Section 10. Alternative Dispute Resolution Procedure. As soon
13 as practicable after receipt of a notice of a demand for alternative
14 dispute resolution by a Member, Prosperity District, Third-Party
15 Beneficiary, or the United States Government (if the requisite
16 Consent of Congress has been given), the Commission shall
17 consolidate all such demands which relate to the same transaction or
18 operative facts and direct the identified disputants to reach a
19 final resolution and settlement on all of the related causes of
20 action, defenses and issues using alternative dispute resolution as
21 contemplated in Section 1(j) of this Article, whereupon each Member,
22 Prosperity District, and the United States Government (if the
23 requisite Consent of Congress has been given), if applicable, shall
24 comply with such direction unless it is first nullified as provided

1 in Section 4 of this Article. The Commission's direction to use
2 alternative dispute resolution as aforesaid may be enforced by any
3 disputant Third-Party Beneficiary, Member, Prosperity District, or
4 the United States Government (if the requisite Consent of Congress
5 has been given) against any other such disputant (except that a
6 Third-party Beneficiary cannot be compelled to use alternative
7 dispute resolution as aforesaid) in a court of competent
8 jurisdiction, with all litigation expenses to be assessed jointly
9 and severally against each such noncompliant disputant. In the case
10 of any dispute over the existence of a District Externality, the
11 burden of proof by clear and convincing evidence shall be on the
12 disputant asserting the existence of the District Externality. An
13 arbitration award may include equitable remedies, such as specific
14 performance and injunctive relief, and a judgment on any arbitration
15 award may be entered in a court having competent jurisdiction. A
16 disputant may also seek in a court of competent jurisdiction (a)
17 provisional or ancillary remedies against any disputant Member,
18 Prosperity District, or the United States Government (if the
19 requisite Consent of Congress has been given), including preliminary
20 injunctive relief, pending the outcome of an arbitration proceeding,
21 or (b) permanent injunctive relief against any such disputant to
22 enforce an arbitration award. Alternative dispute resolution awards
23 shall not be precedential.

1 Section 11. Venue. Subject to strict compliance with the
2 alternative dispute resolution process required by Section 10 of
3 this Article and the exercise of such original or appellate
4 jurisdiction of the United States Supreme Court that is required by
5 the United States Constitution, upon the designation of the Compact
6 Administrator, any legal action concerning or implicating the
7 legality of this Compact shall only be conducted: (a) as to original
8 proceedings either in: (1) the municipal court, if any, established
9 pursuant to Section 2(c)(3) of Article II within the jurisdiction of
10 any Prosperity District in which a substantial part of the cause of
11 action arose; or (2) a court of competent jurisdiction located in
12 the same State in which the principal place of business of either
13 the Commission or the Compact Administrator is located; or (b)
14 otherwise within the jurisdiction of the United States Court of
15 Appeals for the Circuit in which the principal place of business of
16 either the Commission or the Compact Administrator is located.

17 Article VII

18 Definitions

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

21 Section 1. "Common Law" is a descriptive term used for
22 convenience to reference English judge-made law (including such acts
23 of parliament as overrode judge-made law) administered by the King's
24 courts and the English courts of chancery, which purports to be

1 derived from ancient custom and usage, as adopted or adapted and
2 deemed precedential by this Member and pronounced as governing law
3 through its judiciary through adjudications of specific disputes and
4 fact patterns so as to furnish rules for dispute resolution in the
5 categories of agency, business associations, conflict of laws,
6 contracts, contracts for deeds, judgments, land sales, property,
7 restitution, security, torts, trusts, equity and remedies. The term
8 also includes: (a) the judge-made law of other States in the
9 foregoing categories which this Member has adopted or adapted and
10 deemed precedential through pronouncements of its judiciary; (b)
11 statutory law as of the enactment date of this Member's Compact
12 legislation to the extent (1) the ascertainment of a rule of
13 governance in the foregoing categories is intelligible only by such
14 reference, (2) this Member has adopted tribal law, Roman, Spanish or
15 French civil law or otherwise not adopted or adapted English judge-
16 made law in the foregoing categories, or (3) this Member has
17 codified English judge-made law in the foregoing categories; and (c)
18 interstitial common law arising from the adjudication of Malum in Se
19 Criminal Law or any Regulation adopted pursuant to Section
20 1(a)(7)(iv)(A) and (C) of Article IV, and effective provisions of
21 this Member's constitution and the United States Constitution.
22 However, it does not otherwise include statutory law, administrative
23 law, executive orders, ecclesiastical law, nor the body of
24 decisional law developed by the federal judiciary of the United

1 States Government. Where not inconsistent with the precedential
2 adjudications of this Member as of the enactment date of this
3 Member's Compact legislation, the term may be construed as
4 incorporating the relevant governing rules published in the First
5 Restatement of the Law of Agency, Conflict of Laws, Contracts,
6 Judgments, Property, Restitution, Security, Torts, and Trusts, as
7 approved by the American Law Institute in May 1942.

8 Section 2. "Compact" is a descriptive term used for convenience
9 to reference the entirety of the text of the Prosperity States
10 Compact advanced hereby, including all of its sections and Articles
11 regardless of whether they initially only have the status of statute
12 law, serve to manifest an intent to enter into an interstate
13 compact, or furnish the terms of a binding interstate compact.

14 Section 3. "Consent of Congress" means any act of the Congress
15 of the United States or any action of the United States Government
16 which was authorized by Congress, including any statute,
17 appropriation, joint resolution, concurrent resolution,
18 administrative rule, or Regulation, that expressly or impliedly
19 consents to this Compact before or after it becomes an interstate
20 compact such that the Compact attains equivalent status to a Law of
21 the United States when it becomes an interstate compact. An act or
22 action giving such consent to this Compact shall be regarded as the
23 Consent of Congress even if it includes stipulations, conditions and
24 exceptions that limit the extent to which Ordinary Federal Law is

1 repealed or held for naught under the terms of this Compact; and all
2 such stipulations, conditions and exceptions, if any, shall be
3 honored by the Member governed thereby until and unless they are
4 repealed or amended.

5 Section 4. "District Externality" means any condition, state of
6 affairs, action or omission occurring outside of the boundaries of a
7 Prosperity District that violates Ordinary Member Law, Ordinary
8 Federal Law, Malum in Se Criminal Law, or the Common Law in effect
9 outside of the boundaries of the district, which was proximately
10 caused by a condition, state of affairs, person, entity, service,
11 property, action or omission located, committed or occurring within
12 the boundaries of a Prosperity District.

13 Section 5. "Eligible Land" means land that fulfills the
14 following criteria: (a) it either consists of at least one (1)
15 square mile of contiguous land or consists of any quantity of
16 contiguous land adjacent to an existing Prosperity District to
17 expand that district (including any quantity of land that is
18 contiguous to land that is adjacent to the district to be expanded
19 and included in the same expansion petition) (the "land"); (b) title
20 to the land is held either (1) free from any recorded valid and
21 enforceable security interests, rights of way, easements, or
22 restrictive covenants (collectively "Encumbrance Interests"), or (2)
23 subject to Encumbrance Interests provided that all nongovernmental
24 persons holding any such Encumbrance Interest (or the right to

1 enforce such Encumbrance Interests), who are identifiable in the
2 chain of title to the land, consent in writing to the classification
3 of the land as Eligible Land under this Compact; (c) the land either
4 is (1) outside of the jurisdiction of an existing Prosperity
5 District or (2) otherwise within the jurisdiction of an existing
6 Prosperity District provided that the following entities consent in
7 writing to the classification of the real property as Eligible Land
8 under this Compact: (i) all bondholders of each such existing
9 Prosperity District; and (ii) any other person or entity holding a
10 valid and enforceable security interest secured by the existing
11 Prosperity District's rights under an existing Revenue Covenant; (d)
12 the land either is (1) outside of the jurisdiction of a special
13 taxing district as of the enactment date of this Member's Compact
14 legislation, or (2) otherwise within the jurisdiction of a special
15 taxing district provided that the following entities consent in
16 writing to the classification of the real property as Eligible Land:
17 (i) all bondholders of the respective special taxing district; and
18 (ii) any other person or entity holding a valid and enforceable
19 security interest secured by the district's taxing authority; (e)
20 the land either is (1) outside of the territorial and
21 extraterritorial jurisdiction (provided that such extraterritorial
22 jurisdiction does not span more than six (6) miles from the boundary
23 of the territorial jurisdiction) of a municipality as of the
24 enactment date of this Member's Compact legislation, or (2)

1 otherwise within such territorial and extraterritorial jurisdiction
2 of a municipality provided that the governing body of the
3 municipality consents by local law to the classification of the real
4 property as Eligible Land under this Compact; and (f) the land was
5 not acquired by any landowner in its chain of title within the five
6 (5) years preceding the inclusion of the land in any petition to
7 form or expand a Prosperity District through the exercise of eminent
8 domain or civil forfeiture for alleged criminal acts and omissions
9 that did not result in a conviction.

10 Section 6. "Landowner" means the owner of the freehold estate
11 (also known as fee simple estate), as appears by the deed record,
12 and shall not include reversioners, remaindermen, trustees (other
13 than persons owning the freehold estate as of deed record) or
14 mortgagees.

15 Section 7. "Malum in Se Criminal Law" means those laws that
16 prohibit under penalty of imprisonment or punitive fines acts or
17 omissions that injure or threaten injury to another person or
18 another person's property by a person who possesses evil intent,
19 such as laws against assault, burglary, child abuse, fraud,
20 kidnapping, murder, rape, robbery, and theft.

21 Section 8. "Member" means a State that has passed legislation
22 that enacts, adopts and agrees to be bound to this Compact or in
23 which a measure having the same force and effect as such legislation
24 has been passed by popular ballot initiative (collectively "Compact

1 legislation"). For any State to be regarded as a Member in privity
2 with regard to any other State, each such State must have passed
3 substantively identical Compact legislation as aforesaid and
4 manifested mutual consent to be bound by this Compact as provided in
5 Section 1 of Article V of this Compact. Such legislation shall be
6 deemed substantively identical notwithstanding material differences
7 among such States in regard to terms or provisions set forth in
8 Article III of this Compact within the categories authorized by
9 Section 6 of Article VIII of this Compact ("Authorized Statewide
10 Tailoring"), provided that all other terms of such legislation are
11 substantively identical. Terms or provisions set forth in Article
12 III of this Compact which are not categories of Authorized Statewide
13 Tailoring are void ab initio, shall be held for naught, and shall
14 not obstruct the formation of an interstate compact between the
15 respectively enacting Member and any other Member, provided that all
16 other terms of the Compact legislation are substantively identical.

17 Section 9. "Municipality" means a political subdivision of a
18 State which has general local governing authority and an elected
19 governing body, such as a city or town; the term does not include
20 special taxing districts or Prosperity Districts.

21 Section 10. "Ordinary Federal Law" means any treaty, statute,
22 agreement, Regulation or executive order, as well as any other
23 similar act or action that has the force of law or the effect of
24 substantively changing the status of legal rights and obligations,

1 that is lawfully and constitutionally ratified, enacted, adopted,
2 consented to or otherwise promulgated by the government of the
3 United States, or any of its agencies, instrumentalities, or
4 political subdivisions, that is under the authority of, and
5 subordinate to, the United States Constitution and that is subject
6 to amendment, repudiation or repeal by a legislative act or
7 resolution that has the same ultimate passage requirements as the
8 legislation or resolution giving Consent of Congress to this
9 Compact, if any; excepting only: a) any act or action that furnishes
10 Consent of Congress for all or any portion of this Compact; and b)
11 any treaty, statute, Regulation, ordinance or executive order that
12 is essential to enforcing, strictly performing or complying with
13 this Compact or the Consent of Congress in accordance with its
14 terms.

15 Section 11. "Ordinary Member Law" means any measure, statute,
16 Regulation, ordinance or executive order, as well as any other
17 similar act that has the force of law, that is enacted, adopted or
18 otherwise promulgated by the government of this Member or any of its
19 agencies, instrumentalities or political subdivisions, that is under
20 the authority of, and subordinate to, the United States Constitution
21 and the constitution of this Member, and that is subject to
22 amendment or repeal by a legislative act that has the same ultimate
23 passage requirements as the respective Member's Compact legislation;
24 excepting only: a) the Compact legislation; b) any measure, statute,

1 Regulation, ordinance or executive order that is essential to
2 enforcing, strictly performing or complying with this Compact in
3 accordance with its terms; c) the Malum in Se Criminal Law of this
4 Member; and d) the Common Law of this Member.

5 Section 12. "Person" means a natural person and any entity,
6 organization, or association that possesses some or all of the
7 rights and powers of a natural person.

8 Section 13. "Prosperity District" means a governing unit and
9 political subdivision of this Member that is formed pursuant to
10 Article IV of this Compact and strictly limited to the powers and
11 authorities specified in this Compact.

12 Section 14. "Regulation" means a rule of governance for the
13 general public within the jurisdiction of the regulator that is
14 compulsory and enforceable through legal sanction, liability,
15 penalty, direct or indirect physical coercion or violence (or under
16 the threat of such) without the actual and concurrent express
17 consent of the person against whom the rule is applied. The term
18 includes both civil and criminal rules of governance; however, the
19 term excludes the district bylaws, directives, policies or
20 procedures that limit the power and jurisdiction of a Prosperity
21 District's managing board or otherwise that are applicable to the
22 internal management and administration of the district's authorized
23 powers and authorities by its managing board, contractors and
24

1 employees, if any, in their capacity as agents or servants of the
2 Prosperity District rather than as members of the general public.

3 Section 15. "Revenue Covenant" means an agreement entered to
4 pay certain specified revenues to one or more designated recipients
5 that encumbers title to identified land as a covenant and passes
6 with title to such land from owner to owner so that the land cannot
7 be conveyed to a new owner without the covenant.

8 Section 16. "State" means one of the several States of the
9 United States and includes all of the State's branches, departments,
10 agencies, instrumentalities, political subdivisions and officers,
11 employees and representatives acting in their official capacity.

12 Section 17. "Subsidy to Private Enterprise" means an economic
13 benefit, direct or indirect, granted by a governmental unit or an
14 instrumentality or agency of a governmental unit with the primary
15 purpose or predominate effect of encouraging or maintaining
16 particular or specific classes of ventures, in which private persons
17 have a substantial financial or ownership interest; including, but
18 not limited to, cash, cash-equivalents, goods, property or services
19 given or contributed to or invested in such ventures for less than
20 equivalent fair market value in exchange, gratuitous bail-outs of
21 actual or anticipated economic losses sustained by such ventures,
22 gratuitous loan or liability guarantees benefitting such ventures,
23 insurance at below-market rates or terms against investment losses
24 by such ventures, loans or extensions of credit given to such

1 ventures at below-market rates or terms or without recourse,
2 gratuitous forgiveness of debts or liabilities owed by such
3 ventures, compensation in excess of fair market value for goods,
4 services or property furnished by such ventures, and the
5 promulgation or enforcement of Regulations or fees that restrict
6 competition directly or indirectly to the benefit of such ventures.
7 Economic benefits to private enterprise from the following shall not
8 be considered a subsidy to private enterprise: (a) the Prosperity
9 District's performance of any authorized municipal service in
10 compliance with Article II; (b) the retention of private enterprise
11 to perform any authorized municipal service in compliance with
12 Article II for fair market value; (c) the procurement of supplies
13 and services from private enterprise for the Prosperity District's
14 internal management and administrative operations for fair market
15 value; and (d) the relaxation or repeal of Regulations.

16 Section 18. "Tax" refers to any compulsory contribution to the
17 revenue, property, goods or services received by any governmental
18 unit (or any other recipient designated by any governmental unit)
19 directly or indirectly from any person, and any obligation to make
20 any such compulsory contribution (including, but not limited to, any
21 excise, impost, duty or tariff) directly or indirectly imposed on
22 any person, which is collected, demanded, levied or imposed by any
23 governmental unit (or at the direction of any governmental unit) on
24 any property or source of revenue, goods or services, and which is

1 enforceable through legal sanction, liability, penalties, direct or
2 indirect physical coercion or violence (or under the threat of
3 such). The term does not include any obligation or contribution
4 made pursuant to an agreement, enforceable contract or covenant
5 entered into voluntarily or otherwise voluntarily assumed or
6 undertaken with the actual consent of the person against whom the
7 obligation is imposed or the contribution is to be exacted, such as
8 a Revenue Covenant.

9 Section 19. "Third-Party Beneficiary" means any nongovernmental
10 person petitioning for the formation or expansion of a Prosperity
11 District, petitioning for withdrawal of land from a Prosperity
12 District, contributing real property to, residing or domiciled
13 within, owning real property within, or lawfully doing business
14 within a Prosperity District, either on formation of the district or
15 after formation or expansion.

16 Article VIII

17 Miscellaneous

18 Section 1. Nature of Enactment and Effective Date. Articles I,
19 II, III, Article IV, Section 1 of Article V, Article VII and
20 Sections 1 through 7 of Article VIII of this Compact shall have the
21 effect and authority of statute law in this Member upon passage of
22 its Compact legislation regardless of whether at such time a
23 conforming interstate compact has been formed embracing this Member
24 as contemplated by Section 1 of Article V; and their effective date

1 as such is the earliest date permitted by law, subject to their
2 express terms, which effectiveness is not to be delayed until the
3 formation of an interstate compact embracing them. The effective
4 date of Sections 2 through 6 of Article V and Article VI of this
5 Compact is the earliest date permitted by law, subject to their
6 express terms, upon the formation of an interstate compact embracing
7 this Member as contemplated in Section 1 of Article V. Any
8 violation of any effective provision of this Compact is void ab
9 initio.

10 Section 2. Legislative Drafting. This Compact shall be
11 liberally construed so as to effectuate its purposes. To the extent
12 that the effectiveness of this Compact or any of its provisions
13 requires the alteration of local legislative rules, legislative
14 drafting policies or statutes, or parliamentary procedure to be
15 effective, the enactment of Compact legislation shall be deemed to
16 waive, repeal, supersede or otherwise amend and conform all such
17 rules, policies, statutes or procedures to allow for the
18 effectiveness of all provisions of this Compact according to their
19 terms and conditions to the fullest extent permitted by the
20 constitution of any affected Member, consistent with the prohibition
21 on states impairing the obligation of contract under the United
22 States Constitution, Article I, Section 10, clause 1.

23 Section 3. Severance. If any phrase, clause, sentence or
24 provision of this Compact, or the applicability of any phrase,

1 clause, sentence or provision of this Compact to any government,
2 agency, person or circumstance, is declared in a final judgment by a
3 court of competent jurisdiction to be contrary to the United States
4 Constitution, contrary to the state constitution of any Member,
5 subject to the prohibition on states impairing the obligation of
6 contract under the United States Constitution, Article I, Section
7 10, clause 1, or is otherwise held invalid by a court of competent
8 jurisdiction, such phrase, clause, sentence or provision shall be
9 severed and held for naught, and the validity of the remainder of
10 this Compact and the applicability of the remainder of this Compact
11 to any government, agency, person or circumstance shall not be
12 affected. Furthermore, if this Compact is declared in a final
13 judgment by a court of competent jurisdiction to be entirely
14 contrary to the state constitution of any Member, violative of the
15 prohibition on States impairing the obligation of contract under the
16 United States Constitution, Article I, Section 10, clause 1, or
17 otherwise entirely invalid as to any Member, such Member shall be
18 deemed to have withdrawn from the Compact, and the Compact shall
19 remain in full force and effect as to any remaining Member.
20 Finally, if this Compact or any amendment thereto is declared in a
21 final judgment by a court of competent jurisdiction to be wholly or
22 substantially in violation of Article I, Section 10, clause 3, of
23 the United States Constitution (the "Compact Clause"), then it shall
24 be construed and enforced solely as reciprocal legislation enacted

1 by each of the affected Members with none of the provisions of
2 Articles V and VI of this Compact being in effect until such time as
3 the legal deficiency prompting such judgment is cured.

4 Section 4. Notice. All notices required by this Compact shall
5 be by United States certified mail, return receipt requested, or an
6 equivalent or superior form of notice, such as personal delivery
7 documented by evidence of actual receipt.

8 Section 5. Third-Party Beneficiary and Vested Rights. Every
9 Third-Party Beneficiary has a vested property right to strict
10 compliance with this Compact's provisions by all government units
11 that are governed by it.

12 Section 6. Authorized Statewide Tailoring. Article III of this
13 Compact may only include provisions that clarify, modify, supplement
14 or supersede provisions of this Compact in the following categories:

15 (a) conforming the Compact to a Member's respective local political
16 structure, usage and style; (b) modifying the definition of
17 "Eligible Land" with respect to the respectively enacting Member
18 provided that such modifications do not have the purpose or effect
19 of rendering the authority to form or expand or withdraw from a
20 Prosperity District a law, privilege or immunity for a closed class
21 of one or more identifiable persons; (c) modifying the petition
22 process for the formation or expansion of or withdrawal from
23 Prosperity Districts provided that such modifications do not: (1)
24 include land within the boundaries of a Prosperity District or

1 impose a covenant on any land without the voluntary and written
2 consent of each affected landowner; and (2) have the purpose or
3 effect of rendering the authority to form or expand or withdraw from
4 a Prosperity District a law, privilege or immunity for a closed
5 class of one or more identifiable persons; (d) furnishing authority
6 for one or more Revenue Covenants with respect to the respectively
7 enacting Member; (e) specifying existing interstate compacts,
8 constitutional provisions, laws (statutory, common and civil),
9 Regulations or policies, or prosecution or administrative or
10 enforcement actions or agency, political subdivision or
11 instrumentality jurisdictions that will or will not continue to
12 exist, have effect or the force of law in a Prosperity District
13 within the respectively enacting Member and to what extent; (f)
14 limiting or modifying the effect of any provision of this Compact as
15 necessary to furnish greater due process of law, transparency in
16 government, or to enforce the respectively enacting Member's
17 constitution or the United States Constitution; (g) limiting or
18 modifying the effect of any provision of this Compact as necessary
19 to enforce federal primacy, federal mandates or conditions on the
20 receipt of federal grants as to the respectively enacting Member;
21 (h) limiting or modifying reciprocity with respect to the
22 recognition of activities deemed lawful in Prosperity Districts
23 located within the respectively enacting Member; (i) requiring
24 insurance, performance bonding or sureties to indemnify the Member

1 and any political subdivision, in which any part of a proposed new
2 or expanded Prosperity District is to be located, from damages,
3 liabilities and costs incurred by them as a result of: (1) any
4 District Externality; (2) a default under a Revenue Covenant
5 applicable to lands within the new or expanded district; (3)
6 structure maintenance costs or costs incurred from enforcement of
7 external public health, safety and sanitation laws in foreclosed or
8 withdrawn district lands; or (4) the abandonment of the district;
9 (j) furnishing authority for political subdivisions (other than
10 Prosperity Districts) within the respectively enacting Member to
11 further modify, limit and condition the terms of this Compact by
12 local law with such provisions as fall within the categories of
13 Sections 6(a), (b), (c), (e), (g) and (i) of this Article with
14 respect to Prosperity Districts formed or expanded within their
15 territorial and extraterritorial jurisdictions (provided that such
16 extraterritorial jurisdiction does not span more than six (6) miles
17 from the boundary of the territorial jurisdiction) provided that any
18 such local law: (1) shall be uniform for each Prosperity District to
19 be formed or expanded within each respective jurisdiction; (2) may
20 not impose unique conditions or requirements for the formation or
21 expansion of any particular Prosperity District; and (3) does not
22 have the purpose or effect of rendering the authority to form,
23 expand or withdraw from a Prosperity District a law, privilege or
24 immunity for a closed class of one or more identifiable persons; (k)

1 including national security, international travel, regulatory,
2 taxing, interstate commerce, international commerce and immigration
3 policies governing Prosperity Districts within the respectively
4 enacting Member that shall have effect upon the Compact becoming an
5 interstate compact and receiving the Consent of Congress; (l)
6 modifying the definitions used in the Compact to allow a Native
7 American community located within the respectively enacting Member
8 and recognized as sovereign by the government of the United States
9 to qualify as a Member under this Compact on the Compact becoming an
10 interstate compact and receiving Consent of Congress, if necessary;
11 (m) specifying terms and conditions under which the enacting Member
12 may terminate or withdraw from this Compact; (n) specifying terms
13 and conditions under which the Governor of each Member or his
14 nominee may negotiate and enter into separate contractual
15 arrangements to protect the investment-backed expectations of any
16 Third-party Beneficiary that Prosperity Districts, once formed,
17 shall operate as herein contemplated; (o) specifying uniform rules
18 of construction and limitations on the subject matter, duration or
19 enforceability of any servitude burdening title or restrictive
20 covenant running with title to land within the jurisdiction of
21 Prosperity District located within the enacting Member; (p)
22 authorizing specific continuing appropriations for statewide tax
23 relief or expenditures from revenues received pursuant to any
24 Revenue Covenant; and (q) specifying a statute of repose or

1 limitations for any claim or cause of action arising from the
2 passage of this Compact or Prosperity District formation, expansion
3 and withdrawal.

4 Section 7. Preservation of Person Status for Artificial
5 Persons. A corporation, trust, company, association, organization
6 or other non-natural-person entity ("artificial person") that enjoys
7 or is capable of enjoying certain duties, rights and powers of a
8 natural person under law existing outside of the boundaries of a
9 Prosperity District, such as the right to sue or be sued, contract
10 or own property in its own name, shall be recognized as enjoying the
11 corresponding duties, rights and powers, if any, of a natural person
12 within the boundaries of a Prosperity District upon giving notice in
13 such form and with such content as may be specified in the
14 district's bylaws to the managing board of the district of its
15 intent to conduct operations, do business or establish a place of
16 business or domicile within the Prosperity District. Further, the
17 articles of incorporation, certificate of formation, articles of
18 organization, charter, bylaws, operating agreement or equivalent
19 governing instrument of a foreign artificial person, if any, shall
20 be recognized as contractually binding the trustees, owners,
21 officers, managers, agents, beneficiaries and employees, as the case
22 may be, of such foreign artificial person within the boundaries of a
23 Prosperity District. However, an artificial person shall otherwise
24

1 be governed by the law and Regulations, if any, existing within the
2 boundaries of a Prosperity District.

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