

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2132

By: McCall

7
8
9 COMMITTEE SUBSTITUTE

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

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

17 THE PROSPERITY STATES COMPACT

18 THE STATE OF OKLAHOMA ENACTS, ADOPTS AND AGREES TO BE BOUND BY THE
19 FOLLOWING PROSPERITY STATES COMPACT:

20 Article I

21 Findings and Declaration of Policy

22 Whereas every State enacting, adopting and agreeing to be bound
23 by this Prosperity States Compact legislation finds that the
24

1 establishment of Prosperity Districts as provided herein advances
2 their mutual sovereign interests in promoting prosperity;

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

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

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

16 Article II

17 Special Purpose Authority of Prosperity Districts

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

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

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

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

22 (1) Board Membership. The manner of appointment or election of
23 the managing board shall be consistent with the Fourteenth Amendment
24 to the United States Constitution, the guaranty of a republican form

1 of government thereunder, and this Member's Constitution; and it
2 must be specified in the formation petition required by Section 1 of
3 Article IV.

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

21 (3) Official Action. Official action by the managing board
22 shall require a quorum consisting of an absolute majority of the
23 board present physically or electronically and a vote in the
24

1 affirmative of a majority of the board members present at a public
2 hearing.

3 (4) Separation of Powers. Any member of the managing board who
4 had participated in the promulgation of a Regulation shall not
5 subsequently participate in enforcing or adjudicating that
6 Regulation.

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

1 and services, the cost of which must be accounted for and considered
2 during the bidding process. In addition, the Prosperity District's
3 managing board directly or through a designated chief executive
4 officer shall seek an independent audit every two (2) years to
5 evaluate the district's operations and performance audits. All
6 audits shall be made public.

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

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

20 (2) the power to furnish transportation, utility, and
21 transmission infrastructure, Regulation enforcement services, other
22 municipal services specifically authorized by the district bylaws,
23 and internal managerial and administrative operations (including the
24 power to supervise and coordinate the orderly enforcement of any

1 Revenue Covenant among revenue beneficiaries thereof, as well as to
2 collect and disburse revenues from all authorized sources)
3 exclusively through independent contractors, intergovernmental
4 agreements, and public-private partnerships utilizing a process of
5 open competitive bidding specified in the district bylaws only if:
6 (i) no Regulation is promulgated or enforced by the Prosperity
7 District, directly or in combination with other Regulations, that
8 restricts free and open competition in derogation of the Common Law
9 in the provision of such infrastructure and services; (ii) all costs
10 incurred in furnishing such infrastructure and services are to be
11 reimbursed by either (A) uniform, nondiscriminatory user fees paid
12 voluntarily by all users of the respective infrastructure or service
13 or (B) otherwise paid pursuant to a separate contract voluntarily
14 and consensually binding all landowners residing in the Prosperity
15 District during the provision of such infrastructure or service; and
16 (iii) a designated, commensurate revenue source exists for all
17 payment obligations incurred in connection with furnishing such
18 infrastructure and services;

19 (3) the power to organize a municipal court with the
20 concurrence and under the supervision of the highest court of the
21 judicial branch of each Member in which any part of the Prosperity
22 District is located, with original jurisdiction of all civil and
23 criminal causes of action arising within that district, unless
24

1 otherwise agreed by all parties to the cause of action in a contract
2 furnishing an alternative venue or method of dispute resolution;

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

1 any Prosperity District or any other governmental body to violate
2 this Article shall thereby immediately forfeit all right of
3 repayment for any bond issued by that Prosperity District;

4 (5) the power to accept gifts of real or personal property
5 exclusively from landowners and qualified electors residing within a
6 Prosperity District for the sole purpose of defraying the costs of
7 exercising its authorized powers provided that the fiduciary
8 obligations of the managing board are not breached through the
9 acceptance of the gift; and

10 (6) such incidental power as is both specified in the district
11 bylaws and also essential to carrying out the foregoing powers,
12 including the power to open and maintain bank accounts and acquire
13 or lease real or personal property, provided that a Prosperity
14 District may not and shall not under any circumstances, directly or
15 indirectly, principally or incidentally, or for any purpose, enjoy,
16 accept, claim or exercise any power: (i) to levy any Tax; (ii) of
17 eminent domain; (iii) of civil property forfeiture based on actions
18 or omissions that constitute a violation of criminal law unless the
19 owner of such property has been convicted of violating that criminal
20 law; (iv) to furnish any Subsidy to Private Enterprise; (v) to
21 establish or enforce by Regulation or otherwise, directly or
22 indirectly, any monopoly or cartel in the provision of any good or
23 service within its jurisdiction in derogation of the Common Law;
24 (vi) to accept gifts, grants or conditional grants from any

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

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

17 (1) Concurrent Law Enforcement Jurisdiction. All duly
18 constituted law enforcement agencies of this Member or the United
19 States Government that would otherwise have had concurrent
20 jurisdiction to enforce Malum in Se Criminal Law within the
21 boundaries of a Prosperity District in the absence of the formation
22 or expansion of such district may do so within the boundaries of any
23 Prosperity District located in whole or in part within this Member
24 State in accordance with such jurisdiction. As an incident of its

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

1 from objecting to, challenging, disputing or impeding the exercise
2 of jurisdiction by each such agency, branch, department,
3 instrumentality or political subdivision within the boundaries of
4 the district to the extent needed to serve, execute or enforce the
5 same.

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

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

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

1 political subdivision shall be subject to judicial review and
2 alternative dispute resolution in accordance with this Compact.

3 (4) External Eminent Domain. Any person, governmental unit,
4 Member agency or political subdivision which has jurisdiction or
5 authority under general laws to exercise eminent domain in any
6 location contiguous to the boundaries of a Prosperity District may
7 continue to exercise eminent domain for transportation, utility or
8 transmission purposes within the boundaries of that Prosperity
9 District in accordance with generally applicable laws provided that
10 any proposed or consummated taking: (i) shall take place exclusively
11 either (A) with regard to real property within such corridors as are
12 designated by appropriate legal description in the petition required
13 by Article IV, Section 1, or (B) otherwise within such scope as is
14 absolutely necessary to accomplish the asserted public use of the
15 taking; (ii) the targeted property shall not be taken for private
16 use and shall be used exclusively for transportation, utility or
17 transmission purposes on equal terms by all members of the public or
18 otherwise with title held in trust for the benefit of the public;
19 (iii) if the taking occurs within the aforesaid designated
20 corridors, generally applicable statewide laws of the State in which
21 the targeted property is located shall apply to the taking; (iv) if
22 the taking occurs outside of the aforesaid designated corridors, all
23 persons whose vested rights will be condemned, diminished or damaged
24 by the taking shall be made whole by the condemnor as just

1 compensation, which shall include, but is not limited to: (A)
2 compensation consisting of payment of the maximum fair market value
3 of the targeted property as assessed at any point in time up to the
4 consummation of the taking and after the first public statement of
5 any such intent to exercise eminent domain by any political
6 subdivision or agency of the State or any public official thereof,
7 and (B) damages for all injuries and costs incurred which were
8 proximately caused by the proposal, initiation, or consummation of
9 the taking, including but not limited to any loss of prospective
10 economic advantage, legal expenses and attorney fees; (v) any
11 property taken must be dedicated to the public use upon which the
12 taking was premised within five (5) years of the consummation of the
13 taking or it shall revert to the original owner or successor(s) in
14 interest; and (vi) if such taking proceedings are (A) not initiated
15 within two (2) years of the public statement of any such intent to
16 exercise eminent domain by any political subdivision or agency of
17 this Member or any public official thereof, (B) timely initiated but
18 abandoned before consummation, or (C) not consummated within four
19 (4) years of initiation, then the respective political subdivision
20 or agency shall pay to all persons whose vested rights have been
21 thereby diminished or damaged compensation for all injuries and
22 costs incurred which were proximately caused thereby, including, but
23 not limited to, any loss of prospective economic advantage, legal
24 expenses and attorney fees, unless otherwise agreed respectively by

1 each such adversely affected person. If any agency or political
2 subdivision of this or any Member engages in any action or omission
3 that is the functional equivalent of exercising eminent domain
4 within the boundaries of any Prosperity District, any person whose
5 vested rights have been diminished or damaged thereby may bring an
6 action at law or equity to compel institution of proceedings under
7 this subsection. Costs incurred by any agency or political
8 subdivision of this or any Member to exercise the power of eminent
9 domain within the boundaries of a Prosperity District shall not be
10 funded by proceeds from any Revenue Covenant or otherwise charged to
11 any landowner or person domiciled within the district. This
12 subsection may be enforced at law or equity in any venue of
13 competent jurisdiction by any person whose vested rights have been
14 or probably will be taken, diminished or damaged as herein
15 contemplated.

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

23 (e) Exclusive Jurisdiction. Subject to Section 2(d) of this
24 Article and Articles III, V and VI, every Prosperity District shall

1 have exclusive governing jurisdiction within its boundaries, as
2 those boundaries may be established from time to time (except as
3 nongovernmental persons may otherwise agree in adopting a venue
4 selection clause or choice of law provision in a valid contract
5 between them). Accordingly, to the extent of such exclusive
6 jurisdiction, every agency, department, instrumentality, unit or
7 political subdivision of this Member, including any county, city,
8 town, state agency or special district, is prohibited within
9 district boundaries, as they may exist from time to time, from: (1)
10 exercising jurisdiction or superimposing additional governing
11 jurisdictions therein; (2) fining, penalizing, prosecuting,
12 regulating, taxing or otherwise addressing through government action
13 any condition, state of affairs, person, entity, service, property,
14 action or omission located, committed or occurring therein; and (3)
15 annexing lands therein.

16 Section 3. Optimal Regulation. The only legitimate public
17 purpose of Regulation within the boundaries of every Prosperity
18 District, as those boundaries may be established from time to time,
19 is to safeguard public health and safety by protecting the
20 individual right to life, liberty and property, which, as to any
21 competent adult, shall be limited to defending one's freedom to
22 pursue a flourishing and productive existence either in consensual
23 association with others or alone, which requires securing
24 unobstructed action according to one's will, provided that such

1 action does not infringe upon another's like freedom, and resolving
2 conflicting claims to unobstructed action by deferring to or
3 enforcing any governing prior agreement of the claimants or
4 otherwise applying the principle of first in time, first in right to
5 defer to or enforce the claim of the first actor. Accordingly,
6 within six (6) months of formation, and periodically thereafter as
7 determined by official action of the managing board, each Prosperity
8 District shall hold one or more public hearings to decide whether,
9 how and when to promulgate and enforce Regulations within its
10 boundaries to safeguard public health and safety strictly in
11 accordance with the following subsections; further, a Prosperity
12 District's authorized police power shall be exercised in strict
13 conformity with the following subsections.

14 (a) Regulatory Impact Statement. As a precondition of
15 promulgating or initially enforcing any Regulation within any
16 Prosperity District (other than the exercise of police power
17 authorized by Section 2(c)(1)(i) of this Article and adopted
18 pursuant to Section 1(a)(7)(iv) of Article IV, or an exercise of
19 concurrent jurisdiction authorized by Section 2(d) of this Article),
20 including, but not limited to, any Regulation clarifying, modifying
21 or superseding the Common Law in effect within district boundaries,
22 every Prosperity District shall conduct fact-finding at one or more
23 hearings that are open to the public with at least seven (7) days
24 prior notice to assess the extent to which the Regulation would

1 fulfill or, if previously promulgated or enforced prior to repeal,
2 has fulfilled the criteria required for regulatory authority and
3 tailoring under this section, and shall publicly report as soon as
4 practicable exactly how such criteria have been or would be
5 fulfilled by the Regulation in a regulatory impact statement that:
6 (1) articulates the nature and magnitude of the threat to the
7 individual right to life, liberty or property targeted by the
8 Regulation by, at a minimum, characterizing the risk pathways,
9 populations exposed and consequences of exposure and assessing
10 whether the Regulation or similar Regulations have been effective in
11 reducing the targeted risks; (2) articulates a theory of cause and
12 effect, consistent with established economic and scientific
13 theories, that shows how the Regulation could or did produce the
14 desired outcomes and that also explicitly assesses whether the risks
15 addressed by the Regulation are likely to increase, decrease or stay
16 the same in the absence of the Regulation; (3) demonstrates
17 consideration of a wide variety of alternate and less restrictive or
18 burdensome regulatory approaches consistent with the hierarchy of
19 Regulation contemplated by this Article, including, but not limited
20 to, expressly assessing whether the Regulation has a negative effect
21 on competition, whether the Regulation can be modified to reduce its
22 anticompetitive effects, and determining whether and how private
23 voluntary action can reduce the risks addressed by the Regulation;
24 (4) comprehensively assesses the benefits and costs of a wide

1 variety of alternative regulatory approaches or solutions to the
2 asserted threat to individual rights to life, liberty or property,
3 including a showing of how much of the problem the Regulation is
4 likely to solve; (5) considers the foregoing criteria in light of
5 all actual evidence of the Regulation's efficacy or lack thereof
6 from any previous promulgation or enforcement of the same or similar
7 Regulation; and (6) specifies the data utilized to make the
8 assessments shown in the report.

9 (b) Criteria for Authorized Regulation. A Prosperity District
10 has no power to Regulate or otherwise to use or threaten coercion in
11 connection with its governing authority except through: (1) the
12 exercise of police power authorized by Section 2(c)(1)(i) of this
13 Article and adopted pursuant to Section 1(a)(7)(iv) of Article IV;
14 and (2) promulgating and enforcing Regulations that fulfill each of
15 the following criteria: (i) the Regulation governs or protects the
16 individual right to life, liberty or property of either (A) those
17 who are not parties to a contract that furnishes a rule of
18 governance covering the same subject matter as the Regulation; or
19 (B) those who are in breach of a contract covering the same subject
20 matter as the Regulation, provided that the dispute resolution
21 procedures specified in the contract, if any, are not being observed
22 by all parties to the contract, and at least one party to the
23 contract requests such Regulation or enforcement; (ii) the
24 Regulation and its enforcement: (A) accurately codifies or

1 implements the exercise of police power authorized by Section
2 2(c)(1)(i) of this Article and adopted pursuant to Section
3 1(a)(7)(iv) of Article IV, or (B) governs an act, activity,
4 inactivity, occupation, profession, use of property, person, entity,
5 condition or state of affairs that is not ordinarily peaceful,
6 nonviolent and nonfraudulent; (iii) neither the predominant effect
7 of the Regulation considered alone or in the context of the
8 Prosperity District's existing regulatory framework, nor any part of
9 its purpose is to protect any individual, entity, or group from
10 otherwise rightful competition or to restrain competent adults for
11 their own good; and (iv) the act, activity, inactivity, occupation,
12 profession, use of property, person, entity, condition or state of
13 affairs targeted for Regulation has violated, is violating or is an
14 actual threat to individual right to life, liberty or property.

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

1 (3) enable the enforcement of clear, objective legal standards by
2 inspections and enforcement of violations by civil penalty only if
3 the foregoing modes of Regulation will not reasonably reduce the
4 threat to the individual rights of life, liberty or property; (4)
5 enable the enforcement of clear, objective legal standards by
6 permitting, licensing or other regulatory preapproval processes only
7 if the foregoing modes of Regulation will not reasonably reduce the
8 threat to the individual rights of life, liberty or property; or (5)
9 enable the enforcement of clear, objective legal standards by
10 criminal sanctions only if the foregoing modes of Regulation will
11 not reasonably reduce the threat to the individual rights of life,
12 liberty or property.

13 (d) Conforming Enforcement. Before exercising the police power
14 authorized by Section 2(c)(1)(i) of this Article and adopted
15 pursuant to Section 1(a)(7)(iv) of Article IV, and any other
16 Regulation authorized by Section 2(c)(1)(ii) of this Article, each
17 Prosperity District must adopt appropriate internal management and
18 administrative procedures in the district bylaws governing such
19 enforcement, including but not limited to ensuring that (1) the
20 method of enforcement makes it probable that the Regulation will
21 protect the individual right to life, liberty or property, (2) the
22 method of enforcement makes it probable that the Regulation will
23 fulfill the criteria that authorized its promulgation, and (3) that
24

1 reasonable public notice of the Regulation had been furnished to any
2 affected person before the Regulation is enforced.

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

16 Section 4. Eminent Domain, Regulatory and Tax Overreach
17 Defense. It is a complete defense in any venue to the exercise of
18 Eminent Domain or the enforcement of any Regulation or Tax within
19 the boundaries of every Prosperity District, as those boundaries may
20 be established from time to time, that the exercise of Eminent
21 Domain, Regulation or Tax was promulgated or enforced in violation
22 of this Compact. If this defense is raised, the proponent of the
23 taking, regulatory or taxing action has the burden of proving strict
24 compliance with the provisions of this Compact with clear and

1 convincing evidence or with such quantum of proof as otherwise
2 agreed to by all disputants.

3 ARTICLE III

4 AUTHORIZED STATEWIDE TAILORING

5 Under the authority and subject to the provisions of Section 6
6 of Article VIII of this Compact, the following provisions shall
7 clarify, supplement, modify or supersede, as applicable, any
8 relevant or contrary provision of the Compact in Articles I, II, IV,
9 V, VI, and VII solely with respect to this Member:

10 Section 1. Repealer. Subject to Section 2(d) of Article II,
11 this Article and Section 2(d) of Article IV: (a) every Ordinary
12 Member Law of this Member that extends to, applies to, penalizes,
13 prosecutes, taxes, regulates or can otherwise be based on any
14 condition, state of affairs, person, entity, service, property,
15 action or omission located, committed or occurring in a Prosperity
16 District is deemed to conflict with this Compact, and is entirely
17 repealed, superseded and/or held for naught (as applicable to negate
18 any legal effect) within the boundaries of every Prosperity
19 District, as those boundaries may be established from time to time,
20 and shall not thereafter extend to, penalize, prosecute, tax,
21 regulate, apply to or be based on any condition, state of affairs,
22 person, entity, service, property, action or omission located,
23 committed or occurring within the boundaries of any such district
24

(except as nongovernmental persons may otherwise agree in adopting a venue selection clause or choice of law provision in a valid contract between them); and (b) when and to the extent that this Compact becomes an interstate compact that has contractually bound this Member and received the Consent of Congress, every Ordinary Federal Law and every other law, regulation or constitutional provision of this Member not previously repealed, which is capable of being preempted, repealed, superseded or held for naught by such Consent of Congress, that extends to, applies to, penalizes, prosecutes, taxes, regulates or can otherwise be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring in a Prosperity District is deemed to conflict with this Compact and is entirely preempted, repealed, superseded and/or held for naught, as applicable to negate any legal effect, within the boundaries of every Prosperity District, as those boundaries may be established from time to time (except as non-governmental persons may otherwise agree in adopting a venue selection clause or choice of law provision in a valid contract between them).

Section 2. Revenue Covenant Based on Unimproved Land Value. In the case of a new or expanded Prosperity District to be located in this Member, the following Revenue Covenant may be used to fulfill the Revenue Covenant requirements of Section 1(a)(9) of Article IV

1 of this Compact (after following relevant instructions specified in
2 brackets):

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

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

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

1 Value."] Said amounts shall be: (a) assessed by the managing board
2 of the [insert legal name of new or expanded Prosperity District] as
3 a first priority lien against the relevant land and a joint and
4 several debt of each owner in favor of the relevant payee on the
5 first business day of each calendar year after the formation or
6 expansion, as the case may be, of the [insert legal name of
7 Prosperity District] to include the relevant land based on the
8 average of contemporaneous appraisals, formulated in accordance with
9 reasonable and customary appraisal standards, previously submitted
10 to the managing board of the [insert legal name of the new or
11 expanded Prosperity District] by each owner and the State of
12 Oklahoma; and (b) paid to the previously identified recipients of
13 revenues by each owner on the last business day of each calendar
14 year following [the formation or expansion] of the [insert legal
15 name of new or expanded Prosperity District], prorated for any
16 period of any calendar year in which the [insert legal name of new
17 or expanded Prosperity District] was not recognized by State of
18 Oklahoma, provided that no adverse judicial or administrative
19 proceedings involving any owner and State of Oklahoma, or any
20 political subdivision or agency thereof, had been brought by State
21 of Oklahoma or any of its political subdivisions or agencies against
22 any owner (excluding claims subject to the alternative dispute
23 resolution process specified in Article V of the Prosperity States
24 Compact, as enacted by State of Oklahoma and amended from time to

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

17 Section 3. Negotiated Revenue Covenant. To comply with the
18 petition requirement specified in Section 1(a)(9) of Article IV, or
19 subsequently to supplement or revise a Revenue Covenant authorized
20 under Article IV or this Article, the petitioner(s) or their
21 successors in interest may negotiate a Revenue Covenant ("Negotiated
22 Revenue Covenant") with the Governor of this Member or the
23 Governor's nominee ("State Official") in the case of the formation
24 or expansion of a Prosperity District to be located in whole or in

1 part within this Member by giving notice of a demand for such
2 negotiations to the Office of the Governor or a person authorized to
3 accept service of process on behalf of the Governor, whereupon they
4 shall commence negotiations within twenty (20) days. In addition to
5 other relevant provisions, the Negotiated Revenue Covenant shall:
6 (a) only concern the generation, collection and distribution of
7 revenues; (b) be duly signed by petitioner(s) and State Official;
8 (c) define the revenues or revenue sources to which it applies and,
9 if applicable and desired, include terms and provisions to
10 supplement or revise the terms of an existing Default Revenue
11 Covenant, if any, upon recordation; (d) guarantee that the Member
12 and any county or municipality in which any part of a proposed new
13 Prosperity District is to be located receives on an annual basis
14 revenues and distributions of state shared revenues, if any, that
15 are at least equal to the total amount of revenue and distributions
16 of state shared revenues collected or received by that Member and
17 any such county or municipality in the fiscal year immediately
18 preceding the respective formation of the Prosperity District from
19 all activities, inactivities, properties and entities located within
20 the area of the real property to be encompassed by the proposed new
21 Prosperity District, including, but not limited to, all fees, fines,
22 assessments, as well as income, transaction privilege, use, gas,
23 sales and property taxes, if any; (e) guarantee that the Member and
24 any county or municipality in which any part of the proposed

1 expansion area of an existing Prosperity District is to be located
2 receives on an annual basis revenues and distributions of state
3 shared revenues, if any, that are equal to or greater than the total
4 amount of revenue and distributions of state shared revenues
5 collected or received by that Member and any such county or
6 municipality in the expansion area in the fiscal year immediately
7 preceding the proposed expansion of the Prosperity District from all
8 activities, inactivities, properties and entities located within the
9 area of the real property to be encompassed by the proposed
10 expansion area, including, but not limited to, all fees, fines,
11 assessments, as well as income, transaction privilege, use, gas,
12 sales and property taxes, if any; (f) guarantee that the payment of
13 income, transaction privilege, use, gas, sales and property taxes by
14 any Third-Party Beneficiary which are imposed by this Member and any
15 of its political subdivisions on activities, inactivities,
16 properties and entities located within the area of the real property
17 included within the proposed new or expanded Prosperity District, if
18 any, shall be ratably credited against that Third-Party
19 Beneficiary's obligations under any such Negotiated Revenue
20 Covenant; (g) apply and run with title to all real property in the
21 proposed new or expanded Prosperity District upon the formation or
22 expansion of the district, as the case may be, and as long as the
23 encumbered real property is within the jurisdiction of the district;
24 (h) be drafted in general language, without limitation to a closed

1 class of one or more identifiable persons, and with such uniformity
2 as to allow the entire class of landowners located within any other
3 existing or future Prosperity District within the same State to have
4 the option of adopting the Negotiated Revenue Covenant to fulfill
5 the requirements of Section 1(a)(9) of Article IV, or subsequently
6 to supplement or revise an existing Revenue Covenant authorized
7 under Article IV or this Article if such right was reserved; (i) be
8 deemed accepted and ratified by this Member and any political
9 subdivision of this Member benefitted by the Negotiated Revenue
10 Covenant for use by petitioner(s), any other class of petitioner(s)
11 under Section 1 of Article IV, and their successors-in-interest
12 within this Member's jurisdiction when approved by joint resolution
13 of the Legislature of this Member; and (j) if meant to revise or
14 supplement a Revenue Covenant already running with title to real
15 property in an existing Prosperity District, the accepted and
16 ratified Negotiated Revenue Covenant shall be recorded with the
17 county recorder for each county in which the respective Prosperity
18 District is located and with each such other official responsible
19 for the public recordation of interests in real property located
20 within the proposed boundaries of the respective Prosperity
21 District, if any, as the case may be.

22 Section 4. Relationship of Compact to Existing Laws and
23 Jurisdictions. This section shall be effective in this Member
24 notwithstanding the reciprocity otherwise required by Section 5 of

1 Article V. Section 2(e) of Article II, Section 1 of this Article,
2 and Sections 3 and 4 of Article V are herewith clarified, modified
3 and superseded, as applicable, with respect to this Member in regard
4 to the following laws and governmental unit jurisdictions
5 constituted thereby, which shall continue to be effective in any
6 Prosperity District or any portion of any Prosperity District that
7 is located in this Member to the same extent as in any other
8 political subdivision of this Member: (a) all interstate agreements,
9 compacts and laws enforcing or protecting vested contractual or
10 property rights existing in this Member as of the enactment date of
11 the Compact legislation, including but not limited to any interstate
12 agreement or compact concerning water rights and gaming, as well as
13 that which is codified in this Member's Revised Statutes, as well as
14 all government units constituted thereby, shall continue to be
15 effective in any Prosperity District located in this Member to the
16 same extent as before the enactment date of the Compact. Vested
17 contractual or property rights defined by reference to laws in
18 effect in this Member upon vesting shall be construed and enforced
19 in any Prosperity District located in this Member as if such laws
20 were still in effect; (b) all Member laws and laws of the United
21 States Government that concern national security, declared states of
22 emergency, immigration, violent crime, prostitution or the
23 possession, sale, transfer or use of controlled substances,
24 including but not limited to that which is codified this Member's

1 Revised Statutes, and the jurisdictions of all government units to
2 the extent they are constituted thereby, as well as all related
3 ongoing investigations, prosecutions and administrative proceedings;
4 (c) all Member laws and laws of the United States Government
5 governing the management, administration, immunity, discipline and
6 compensation of law enforcement personnel engaged in the exercise of
7 concurrent or original jurisdiction on behalf of this Member or the
8 United States Government within the boundaries of any Prosperity
9 District, as they may exist from time to time, under the authority
10 of this subsection shall be in full force and effect as to such
11 personnel to the same extent as would have been the case in the
12 absence of the formation or expansion of such district; (d) any
13 provision of this Member's constitution requiring the taxation of
14 property or a specific mode of taxation, and any law to implement
15 any such provision, and the jurisdictions of all government units
16 constituted thereby, provided that: (1) the payment of these taxes
17 by any Third-Party Beneficiary shall be ratably credited against any
18 Revenue Covenant obligation imposed on them by this Compact in favor
19 of the Member or any of its political subdivisions; (2) the payment
20 of such taxes shall be credited against any required fee for
21 external services as contemplated in Section 2(d)(3) of Article II
22 to the extent that such revenues are used directly or indirectly to
23 defray the cost of such services; and (3) subsequent reductions in
24 any such applicable tax rate or burden after the enactment date of

1 the Compact shall be effective in all Prosperity Districts; (e) the
2 Uniform Commercial Code, which is codified in this Member's Revised
3 Statutes, and the jurisdictions of all agencies to the extent they
4 are constituted by such laws, which shall be regarded as codifying
5 the corresponding Common Law subject matters applicable within any
6 Prosperity District located within this Member; (f) all laws
7 governing mining, mineral rights, oil and gas extraction rights,
8 which are codified in this Member's Revised Statutes and promulgated
9 in Regulations authorized thereby, and the jurisdictions of all
10 agencies to the extent they are constituted by such laws; (g) all
11 laws governing mechanics liens, which are codified in this Member's
12 Revised Statutes and promulgated in Regulations authorized thereby,
13 and the jurisdictions of all agencies to the extent they are
14 constituted by such laws; (h) all laws governing the licensure and
15 Regulation of medical doctors, which are codified in this Member's
16 Revised Statutes and promulgated in Regulations authorized thereby,
17 and the jurisdictions of all agencies to the extent they are
18 constituted by such laws; (i) all rules governing the licensure and
19 Regulation of attorneys, which are contained in the Oklahoma Rules
20 of Professional Conduct of this Member's Court Rules and
21 Administrative Orders and promulgated in Regulations authorized
22 thereby, and the jurisdictions of all agencies to the extent they
23 are constituted by such laws; (j) all laws governing fraud, which
24 are codified in this Member's Revised Statutes and promulgated in

1 Regulations authorized thereby, and the jurisdictions of all
2 agencies to the extent they are constituted by such laws; (k) all
3 laws governing public records and open meetings, which are codified
4 in this Member's Revised Statutes and promulgated in Regulations
5 authorized thereby, and the jurisdictions of government units
6 constituted thereby; (l) all State and federal laws that concern
7 elections, election qualifications, ballot measures, referenda, and
8 campaign finance and the jurisdictions of all government units
9 constituted by such laws, including, but not limited to, that which
10 is codified in this Member's Revised Statutes, and the jurisdictions
11 of all government units constituted thereby, as well as all related
12 ongoing investigations, prosecutions and administrative proceedings;
13 (m) all State and federal laws governing banking, securities and
14 financial transactions, including, but not limited to, that which is
15 codified in this Member's Revised Statutes, and promulgated in
16 Regulations authorized thereby, as well as all related ongoing
17 investigations, prosecutions and administrative proceedings; and (n)
18 all State and federal laws specifically defining and protecting the
19 individual right to life, liberty or property or otherwise
20 specifically governing the adoption, guardianship, care or
21 representation of minor children, the incompetent, and the disabled,
22 and the jurisdictions of all government units constituted by such
23 laws, including, but not limited to, that which is codified in this
24 Member's Revised Statutes, and promulgated in Regulations authorized

1 thereby, as well as all related ongoing investigations, prosecutions
2 and administrative proceedings.

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

4 This section shall be effective in this Member notwithstanding the
5 reciprocity otherwise required by Section 5 of Article V. This
6 Member may tax income earned by its residents from income-producing
7 activities occurring within a Prosperity District as provided by law
8 if such residents are neither domiciled nor residing in such
9 Prosperity District.

10 Section 6. Federal Primacy, Mandates and Grant Requirements

11 Protected. This section shall be effective in this Member
12 notwithstanding the reciprocity otherwise required by Section 5 of
13 Article V. Until this Compact receives the Consent of Congress in
14 such form as to obviate any need for this Member to comply with
15 otherwise applicable federal mandates and conditions of maintaining
16 or securing federal primacy or federal grants, every Prosperity
17 District located in this Member shall cooperate with this Member in
18 fulfilling the lawful conditions of any federal grant or assumption
19 of federal primacy and complying with any lawful federal mandate,
20 including the adoption of appropriate bylaws and Regulations, in the
21 event that this Member is specifically threatened by the federal
22 government in writing with any sanction, the loss of federal
23 primacy, the loss of any federal grant or if this Member loses
24 federal primacy or a federal grant due to a failure of compliance

1 with a federal mandate or a condition to the maintenance of federal
2 primacy or to the grant caused by the actions or omissions of any
3 Prosperity District. To enforce this cooperation duty, this Member
4 shall give notice of the threat or loss to the managing board of
5 each responsible Prosperity District as soon as possible together
6 with a specification of the sanction or the amount of the grant that
7 has been threatened or lost, as well as a specific demand for the
8 curative action or inaction that the Prosperity District must
9 undertake in order to restore federal primacy, the grant, or prevent
10 the sanction or the loss of federal primacy or the grant. (a) The
11 Prosperity District is authorized and required to respond to the
12 foregoing demand in one or more of the following three ways as
13 needed to ensure that federal primacy is maintained by this Member
14 or this Member is kept or made whole: (1) it shall strictly comply
15 with the demand in a fashion that may supersede any limitation on
16 its regulatory authority as otherwise specified in Article II only
17 to the extent absolutely necessary; (2) it shall post a surety bond
18 in favor of this Member or tender cash to the this Member for the
19 full amount of the grant that has been threatened or lost which
20 shall be payable without delay to this Member or its designated
21 recipient on its demand if the grant is lost (subject to this Member
22 refunding said amount immediately upon the restoration of the
23 grant); or (3) it shall delegate so much of its authority within its
24 boundaries to this Member or its designated agency, instrumentality

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

1 obligation this Member may have to comply with otherwise applicable
2 federal mandates and conditions of maintaining or securing federal
3 primacy or federal grants.

4 Section 7. National Security Modification to Definition of
5 "Eligible Land." This section shall be effective in this Member
6 notwithstanding the reciprocity otherwise required by Section 5 of
7 Article V. The formation and expansion of a Prosperity District in
8 this Member, as well as investment in property located within an
9 existing Prosperity District, shall be subject to the review process
10 for controlling direct foreign investment in the United States for
11 the purpose of protecting national security, which is managed by the
12 multi-agency federal entity known as the Committee on Foreign
13 Investment in the United States ("CFIUS"), in accordance with the
14 Foreign Investment and National Security Act and 31 C.F.R. Part 800.
15 Accordingly, any person wishing to form or expand a Prosperity
16 District or otherwise to invest in property located within an
17 existing Prosperity District should expect that CFIUS will review,
18 and potentially block, direct foreign investment for the purpose of
19 protecting the national security of the United States, but only to
20 the same extent as it does for such investments in all other areas
21 of the United States.

22 Section 8. County Opt-Out. This section shall be effective in
23 this Member notwithstanding the reciprocity otherwise required by
24 Section 5 of Article V. If a county of this Member wishes to

1 exclude land within its jurisdiction and outside of the territorial
2 and extraterritorial jurisdiction of any municipality from being
3 deemed "Eligible Land" under this Compact before the formation or
4 expansion of a Prosperity District upon such land, it may pass a
5 local law declaring such exclusion with a sufficient legal
6 description to identify the excluded land based on such procedures
7 as apply generally to the enactment of local laws by such county
8 notwithstanding any other law of this Member provided that: (a) the
9 local law is enacted and effective within six (6) months of the
10 enactment date of the Compact legislation; (b) a certified copy of
11 the local law is recorded with the county recorder of deeds; (c) the
12 local law shall automatically self-repeal in four (4) years from its
13 enactment date without prejudice to its reenactment; and (d) the
14 local law does not have the purpose or effect of rendering the
15 authority to form, expand or withdraw from a Prosperity District a
16 law, privilege or immunity for a closed class of one or more
17 identifiable persons. Any such local law may be subsequently
18 amended or repealed in accordance with such procedures as apply
19 generally to the enactment of local laws by such county
20 notwithstanding any other law of this Member provided that the
21 amendment or repeal does not have the purpose or effect of rendering
22 the authority to form, expand or withdraw from a Prosperity District
23 a law, privilege or immunity for a closed class of one or more
24 identifiable persons.

1 Section 9. Municipal Opt-In. This section shall be effective
2 in this Member notwithstanding the reciprocity otherwise required by
3 Section 5 of Article V. Any consent required to be given by the
4 governing body of a municipality to deem real property within the
5 territorial or extraterritorial jurisdiction of that municipality
6 "Eligible Land" under this Compact: (a) shall be enacted as a local
7 law based on such procedures as apply generally to the enactment of
8 local laws by such municipality notwithstanding any other law of
9 this Member, including, but not limited to, any law requiring or
10 enforcing any local, regional or Statewide land use plan; (b) shall
11 contractually bind such municipality to recognize the classification
12 of such real property as "Eligible Land" under this Compact; (c) may
13 include further stipulations and conditions superseding, modifying
14 or limiting the text or applicability of provisions of this Compact
15 as authorized by Section 6(j) of Article VIII of this Compact within
16 the territorial or extraterritorial jurisdiction of the consenting
17 municipality; and (d) must provide that any alteration to the
18 applicability of provisions of this Compact that is specified in the
19 aforesaid local law may be repealed by subsequently enacted local
20 law provided that such repeal shall not have the effect of: (1)
21 delegating powers or authorities to any Prosperity District in
22 addition to those expressly delegated to the district by Section
23 2(c) of Article II of this Compact, (2) creating or expanding the
24 jurisdictions of any government unit within the boundaries of any

1 Prosperity District in addition to that which is expressly permitted
2 under section 2(d) of Article II of this Compact; (3) eliminating
3 the text or authority of any Revenue Covenant that otherwise would
4 satisfy the petition requirement under Section 1(a)(9) of Article
5 IV, (4) preventing the formation or expansion of Prosperity
6 Districts or the withdrawal of land from a Prosperity District in
7 that municipality, or (5) disqualifying real property as Eligible
8 Land which would have otherwise qualified as Eligible Land as of the
9 enactment date of the respective Member's original Compact
10 legislation.

11 Section 10. Insurance, Performance and Surety Bonding. This
12 section shall be effective in this Member notwithstanding the
13 reciprocity otherwise required by Section 5 of Article V. This
14 Member and any political subdivision of this Member that has the
15 right to foreclose on a Revenue Covenant lien attached to real
16 property located within a Prosperity District or that may be
17 required by law to assume jurisdiction over lands withdrawn from a
18 Prosperity District, shall have the right to a reasonable
19 performance or surety bond or coverage as a named insured under a
20 reasonable insurance policy from the petitioner(s) seeking district
21 formation, expansion and withdrawal in an amount and with such
22 limits and terms sufficient to cover the reasonably anticipated
23 costs associated with maintenance of structures on such lands as
24 well as to cover the reasonably anticipated costs of enforcing

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

1 contractually enforceable or reasonable based on such evidence, then
2 the serving Member or political subdivision shall be held liable for
3 all legal expenses and attorney's fees incurred by petitioner(s) in
4 defending the action. If petitioner(s) do not comply with the
5 demand after being ordered to do so by the adjudicating authority,
6 then the serving Member or political subdivision may seek a money
7 judgment against the relevant petitioner(s) jointly and severally in
8 the amount of the demanded bond or limits of the demanded insurance
9 policy or appropriate equitable relief reasonably tailored to
10 mitigate the reasonably anticipated costs of enforcing public
11 health, safety and sanitation standards imposed by generally
12 applicable laws within its jurisdiction with regard to such land in
13 the event of such foreclosure or withdrawal. If a written demand
14 for the posting of a bond or furnishing of insurance is not timely
15 served or if an action to compel compliance with the demanded bond
16 or insurance policy is not commenced within six (6) months of the
17 approval of the relevant petition, then the right to demand a bond
18 or insurance policy from petitioner(s) under this section shall be
19 forfeit and forever barred except as may otherwise be provided in
20 any settlement agreement between the disputants.

21 Section 11. Statute of Repose. This section shall be effective
22 in this Member notwithstanding the reciprocity otherwise required by
23 Section 5 of V. Any person claiming a right to challenge the
24 legality of this Compact shall have six (6) months after the

1 enactment date of the Compact legislation to file an action for such
2 declaration of rights in a court of competent jurisdiction or
3 thereafter be forever barred from bringing any such claim or related
4 cause of action. Any person claiming a right to challenge the
5 legality of the formation or expansion of a Prosperity District, or
6 the withdrawal of land from a Prosperity District, shall have six
7 (6) months after the recordation of the petition authorized by
8 Article IV of this Compact to file an action for such declaration of
9 rights in a court of competent jurisdiction or thereafter be forever
10 barred from bringing any such claim or related cause of action.

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

21 Article IV

22 Prosperity District Formation, Expansion and Withdrawal

23 Section 1. Petition to Form or Expand Prosperity District. A
24 Prosperity District is formed or expanded when a petition that is

1 deemed compliant with this section (the "petition") is recorded with
2 the county recorder for each county in which the new or expanded
3 Prosperity District is located and with each such other official
4 responsible for the public recordation of interests in real property
5 located within the proposed boundaries of the new or expanded
6 Prosperity District, if any. Accordingly, to form or expand a
7 Prosperity District, a petition containing the information specified
8 herein shall be signed, served, reviewed, deemed compliant, and
9 recorded as follows: (a) with respect to Eligible Land to be
10 included in the new or expanded Prosperity District, one or more
11 landowners representing one hundred percent (100%) of the surface
12 land ownership interests in such Eligible Land, (the
13 "petitioner(s)") shall sign a petition requesting the formation or
14 expansion of a Prosperity District to include such Eligible Land
15 under the authority of this Compact and further attesting to the
16 accuracy of the following information under oath, which shall also
17 be included in the petition: (1) a statement requesting the
18 formation or expansion of a Prosperity District and avowing that the
19 land to be encompassed by the new district or included in the
20 expanded district is Eligible Land; (2) the name, address, telephone
21 number and e-mail address of each such signing landowner, if any;
22 (3) a statement that one hundred percent (100%) of the qualified
23 electors who are residing on such Eligible Land have consented in
24 writing to the petition or, alternatively, a statement that no

1 qualified electors are then residing on said Eligible Land; (4) the
2 name, address, telephone number and e-mail address of each such
3 resident qualified elector, if any; (5) a legal description of the
4 external boundaries of the proposed new or expanded Prosperity
5 District, as well as of the boundaries of any corridor for the
6 exercise of eminent domain by external agencies pursuant to Section
7 2(d)(4)(i)(A) of Article II and any individual parcels that are
8 internal to such Eligible Land which shall continue to be recognized
9 within the Prosperity District upon formation, expansion and
10 withdrawal; (6) a map and a general description of the area to be
11 included in the proposed new or expanded Prosperity District that is
12 sufficiently detailed to permit a property owner to determine if a
13 particular property is located in the proposed new or expanded
14 Prosperity District; (7) for a new Prosperity District: (i) a unique
15 name to be assigned to the Prosperity District; (ii) the names,
16 addresses, phone numbers and occupations of the proposed members of
17 the Prosperity District's initial managing board; (iii) a statement
18 of the jurisdiction, power and authority of the district under
19 Article II of this Compact; (iv) on behalf of the proposed district
20 and deemed effective within the district upon formation: (A) an
21 express adoption and verbatim specification of the Malum in Se
22 Criminal Law effective within the area to be encompassed by the
23 proposed district; (B) an express adoption of the Common Law
24 effective within the area to be encompassed by the proposed

1 district; (C) the express adoption and verbatim specification of any
2 other Regulation which is desired by petitioner(s) to be enforced by
3 the district after formation pursuant to Sections 2(c)(1)(i) and 3
4 of Article II, provided that such Regulation was effective within
5 the area to be encompassed by the district as of the enactment date
6 of this Member's Compact legislation; and v) initial district bylaws
7 specifying: (A) procedures for the promulgation, amendment and
8 repeal of district bylaws, ordinances, policies, procedures,
9 parliamentary rules, and directives for the governance of the
10 district (including, if desired, establishing additional criteria
11 for withdrawal of lands pursuant to Section 2(a) of this Article),
12 for internal district management and administration (including
13 provisions detailing supervision and coordination of Revenue
14 Covenant enforcement, as well as the collection and disbursement of
15 revenues to which the district is contractually entitled), the
16 formation of committees, subordinate departments and agencies, and
17 the designation and responsibilities of administrative offices and
18 retention of subordinate officials; (B) managing board member
19 appointment, election, removal or succession procedures; (C)
20 municipal bonding terms, issuance and repayment procedures; (D)
21 public hearing and notice procedures; (E) Regulation promulgation
22 and enforcement procedures; (F) the public infrastructure and
23 services to be furnished by the district; and (G) the office,
24 authorities and duties of the district treasurer and secretary; (8)

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

1 include Eligible Land located within that municipality's
2 jurisdiction; and (3) the managing board of each affected Prosperity
3 District at its office or through its authorized service of process
4 recipient if that Prosperity District is to be expanded by the
5 inclusion of the Eligible Land or if a new Prosperity District is to
6 be formed within any part of the jurisdiction of that Prosperity
7 District. (c) Within twenty (20) calendar days after receipt of the
8 petition, each recipient designated in subsection (b) of this
9 section shall review the petition ministerially for compliance with
10 subsection (a) of this section and deny any petition that is not
11 compliant. Notice of the denial of a petition shall be given within
12 said time frame in writing to the petitioner(s) stating the specific
13 nature of any deficiency and without prejudice as to the repeated
14 resubmittal of a corrected petition until all such deficiencies are
15 cured. If the petition is not timely denied by any recipient
16 designated in subsection (b) of this section, the petition shall be
17 deemed compliant with this section for all purposes and it may be
18 recorded by the petitioner(s) with the County Recorder for each
19 County in which the new or expanded Prosperity District is to be
20 located and with each such other official responsible for the public
21 recordation of interests in real property located within the
22 proposed boundaries of the new or expanded Prosperity District, if
23 any. Sworn proof of service by U.S. certified mail, return receipt
24 requested, or equivalently verifiable delivery service shall be

1 sufficient to establish the date the petition was received by a
2 designated recipient or any required notice was given to the
3 petitioner(s).

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

1 petition to form or expand a Prosperity District; (2) state under
2 oath that one hundred percent (100%) of all qualified electors
3 residing on the affected land have given written consent to the
4 withdrawal of the land from the Prosperity District's jurisdiction;
5 (3) include a map and legal description of the proposed withdrawn
6 land; and (4) be served on the same officials as a petition to form
7 or expand a Prosperity District, who must then within twenty (20)
8 calendar days after receipt of the petition, review the petition
9 ministerially for compliance with this section and deny any petition
10 that is not compliant. (c) Notice of the denial of a withdrawal
11 petition shall be given within said twenty (20) calendar day time
12 frame in writing by the same method of notice to the petitioner(s)
13 as applicable to a petition to form or expand a district. If the
14 petition is not timely denied by any petition recipient, the
15 petition shall be deemed approved and compliant with this section
16 for all purposes and it may be recorded by the petitioner(s) with
17 the county recorder for each county in which the withdrawn land is
18 to be located and with each such other official responsible for the
19 public recordation of interests in real property located within the
20 proposed boundaries of the withdrawn land, if any. (d) Upon the
21 approval and recordation of the withdrawal petition, the land
22 specified therein shall immediately revert to the jurisdictional
23 status of land outside of the boundaries of the affected Prosperity
24 District, such that all laws generally applicable outside of the

1 boundaries of that Prosperity District shall govern the area of such
2 land as if the district never encompassed the withdrawn land, and
3 all covenants or servitudes running with title to such land as a
4 consequence of any petition to form or expand that district shall be
5 deemed vacated; but all other encumbrances on title to the withdrawn
6 land, including any lien that has attached to such land to secure
7 the payment of any previously accrued and unpaid Revenue Covenant
8 obligation, shall remain enforceable to the extent consistent with
9 the reverted legal and jurisdictional status of the withdrawn land.

10 (e) Petitioner(s) of an approved and recorded withdrawal petition
11 may not subsequently petition for the expansion of the Prosperity
12 District to include land withdrawn from that district for a period
13 of twelve (12) months without the concurrence of the district's
14 managing board.

15 Article V

16 Compact Formation, Effect and Amendment

17 Section 1. Offer and Acceptance of Interstate Compact. By
18 becoming a Member, each such Member hereby publicly pledges and
19 offers to perform and comply strictly in accordance with this
20 Compact's terms and conditions as a binding interstate compact, and
21 has made such pledge and offer in anticipation and consideration of,
22 and in substantial reliance on, such mutual and reciprocal pledge,
23 performance and compliance by each other Member, if any. This
24 pledge and offer shall be deemed accepted and entry into this

1 Compact complete and contractually binding on a Member as an
2 interstate compact upon that Member's receipt of notice of the
3 attainment of Member status by any other Member; further privity of
4 contract with regard to such interstate compact shall extend to,
5 between and among any Member with notice of the Member status of any
6 other Member. For purposes of this section, notice shall be given
7 to each other Member's Governor, an official authorized to accept
8 service of process on the Governor, and to the Compact
9 Administrator, if any.

10 Section 2. Effect of Compact Formation. On acceptance of the
11 pledge and offer to enter into a compact as specified in Section 1
12 of this Article, this Compact shall be construed and enforced as an
13 interstate compact consisting of a solemn sovereign pledge,
14 agreement and covenant contractually binding the Members in privity
15 to maintain and enforce the provisions of this Compact (as they
16 existed on the date that the Compact became contractually binding)
17 and to refrain from taking any future action that could in any way
18 or to any degree burden, impair or interfere with such provisions of
19 this Compact, except as otherwise expressly authorized by this
20 Compact. Further, upon this Compact attaining the status of a
21 sovereign contract between and among its Members, the maintenance of
22 and strict compliance with all of its terms, including each and
23 every provision of Article I, II, III, IV, V, VI, VII and VIII is
24 required of all Members in privity. Any impairment of performance,

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

23 Section 3. Effect of Existing Consent of Congress. Subject to
24 Article III, and otherwise notwithstanding any law to the contrary,

1 under the authority of the United States Constitution, Article I,
2 Section 10, Article VI, clause 2, and the Tenth Amendment to the
3 United States Constitution, when and to the extent that this Compact
4 becomes an interstate compact, in accordance with the Consent of
5 Congress furnished by 4 United States Code § 112, this Compact
6 shall: (a) have equivalent status to a law of the United States to
7 the extent that it enables cooperative efforts and mutual assistance
8 among the States in the prevention of crime, enforcing criminal laws
9 and policies, and establishing desirable agencies for making
10 effective such cooperative efforts and mutual assistance; (b) every
11 Prosperity District's exclusive jurisdiction under Section 2(e) of
12 Article II shall preclude every agency, branch, department,
13 instrumentality or political subdivision of every Member in privity
14 or the United States Government from exercising jurisdiction or
15 authority or superimposing additional governing jurisdictions within
16 district boundaries, as those boundaries may be established from
17 time to time, for purposes of preventing crime, enforcing criminal
18 laws and policies and establishing desirable agencies for making
19 effective such cooperative efforts and mutual assistance (except as
20 authorized by Section 2(d) of Article II); and (c) any dispute
21 between any Member in privity, the United States Government, and
22 Third-Party Beneficiary regarding cooperative efforts and mutual
23 assistance among the States in the prevention of crime, enforcing
24 criminal laws and policies, and establishing desirable agencies for

1 making effective such cooperative efforts and mutual assistance,
2 shall be subject to alternative dispute resolution pursuant to
3 Section 10 of Article VI.

4 Section 4. Effect of Additional Consent of Congress. Subject
5 to Article III and any stipulation, condition or exception to such
6 additional Consent of Congress, and otherwise notwithstanding any
7 law to the contrary, under the authority of the United States
8 Constitution, Article I, Section 10, Article VI, clause 2, and the
9 Tenth Amendment to the United States Constitution, when and to the
10 extent that this Compact becomes an interstate compact and has
11 received the Consent of Congress in addition to that furnished by 4
12 United States Code § 112: (a) this Compact shall have equivalent
13 status to a law of the United States; (b) every Prosperity
14 District's exclusive jurisdiction under Section 2(e) of Article II
15 shall preclude every agency, branch, department, instrumentality or
16 political subdivision of every Member in privity or the United
17 States Government from exercising jurisdiction or authority or
18 superimposing additional governing jurisdictions within district
19 boundaries or fining, penalizing, prosecuting, regulating, taxing or
20 otherwise addressing through government action any condition, state
21 of affairs, person, entity, service, property, action or omission
22 located, committed or occurring within the boundaries of any
23 Prosperity District, as those boundaries may be established from
24 time to time (except as authorized by Section 2(d) of Article II and

1 as nongovernmental persons may otherwise agree in adopting a venue
2 selection clause or choice of law provision in a valid contract
3 between them); (c) the actions or omissions of any Prosperity
4 District or that of any Third-Party Beneficiary within the
5 boundaries of any Prosperity District as they may be established
6 from time to time shall not prejudice or otherwise adversely affect
7 compliance by any Member in privity with federal mandates or
8 conditions of maintaining or securing federal primacy or federal
9 grants; (d) surface land owned or held in trust by the United States
10 Government, which is outside of the boundaries of National Forests
11 and National Parks existing on the effective date of such Consent of
12 Congress, and outside of any Native American Reservation, shall
13 qualify and be deemed consented-to by the United States Government
14 in its proprietary or trustee capacity, as applicable, as Eligible
15 Land under Section 5 of Article VII of this Compact, and the United
16 States Government in its proprietary or trustee capacity, as
17 applicable, may be regarded as consenting to and joining in any
18 petition required by Article IV for the formation or expansion of,
19 or withdrawal from, a Prosperity District encompassing such real
20 property provided that all other criteria unrelated to the ownership
21 or trustee interest of the United States are fulfilled; (e) the
22 United States Government shall be deemed to consent to the inclusion
23 of any otherwise Eligible Land in any petition to form, expand or
24 withdraw from a Prosperity District under Article IV notwithstanding

1 any encumbrance on such land, such as any lien, gas, mineral or
2 water right it owns or holds in trust; and (f) any dispute between
3 any Member in privity, the United States Government, and Third-Party
4 Beneficiary regarding the foregoing shall be subject to alternative
5 dispute resolution pursuant to Section 10 of Article VI.

6 Section 5. Reciprocity, Freedom of Access, Cross-Border
7 Prosperity Districts. Subject to Article III, upon this Compact
8 attaining the status of an interstate compact, any activity lawfully
9 undertaken and any service lawfully performed within any Prosperity
10 District located within this Member or any other Member in privity
11 shall be reciprocally recognized as lawful within the boundaries of
12 every other Prosperity District located within this Member and any
13 other Member in privity on the same terms unless otherwise
14 prohibited by the enforcement of constitutional provisions,
15 interstate compacts, Malum in Se Criminal Law, Common Law, and any
16 Regulation promulgated or enforced in accordance with Article II of
17 this Compact. Further, every Prosperity District located within
18 this Member or any other Member in privity shall allow direct
19 ingress and egress of any person lawfully allowed ingress to and
20 egress from any other Prosperity District located within this Member
21 or any other Member in privity unless prohibited by the enforcement
22 of existing property or contractual rights. Furthermore, a
23 Prosperity District may be formed and expanded across State lines
24 between Members in privity provided that the petition required by

1 Section 1 of Article IV: (a) specifies the Malum in Se Criminal Law
2 and Common Law that shall be in effect within the district; (b) is
3 served on the Governor(s) of each affected Member at their offices
4 or through their authorized service of process recipient(s) in
5 addition to other petition recipients required by Section 1 of
6 Article IV; and (c) compliance is made with all other terms of
7 Section 1 of Article IV, whereupon the approval process specified
8 therein shall be construed as referencing the Governor(s) of each
9 affected Member in addition to such other officials holding approval
10 power.

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

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

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

1 imposing or enforcing any Tax within that district in addition to
2 that which was authorized by the terms of this Compact as those
3 terms existed upon that district's formation; and (5) authorizing or
4 enforcing any exercise of Eminent Domain within that district in
5 addition to that which was authorized by the terms of this Compact
6 as those terms existed upon that district's formation.

7 Article VI

8 Compact Commission

9 Section 1. Commission. When at least two Members are
10 contractually bound to this Compact as contemplated in Sections 1
11 and 2 of Article V, the Prosperity States Compact Commission
12 ("Commission") shall be thereby established. The Commission
13 initially consists of three unpaid Commissioners each serving solely
14 a single six-year term. It has the power and duty: (a) to designate
15 a location within the jurisdictional boundaries of the United States
16 Court of Appeals for the Fifth Circuit for its principal place of
17 business; (b) to appoint and oversee a Compact Administrator that
18 maintains its principal place of business within the jurisdictional
19 boundaries of the United States Court of Appeals for the Fifth
20 Circuit; (c) to guard against cronyism and special interest capture
21 of this Compact by encouraging new States to adopt this Compact and
22 Congress to consent to the Compact without exceptions, stipulations
23 or limitations through educational efforts; (d) to coordinate the
24 performance of obligations under this Compact, which shall include

1 the issuance of advisory interpretations of this Compact; (e) to
2 oversee and direct the defense and enforcement of the Compact in
3 appropriate legal venues; (f) to request and accept funds from
4 Prosperity Districts and to disburse those funds to support the
5 operations of the Commission and Compact Administrator; (g) to make
6 public and open for inspection or observation by any person at all
7 reasonable times all governing instruments, records, proceedings,
8 and accounts of the Commission and Compact Administrator subject to
9 executive session procedures or privileges specified in the
10 Commission's bylaws, the adoption of which shall be conducted by
11 public hearing and shall supersede any conflicting law or Regulation
12 of any Member; (h) to cooperate with any person that shares a common
13 interest with the Commission and engages in policy research, public
14 interest litigation or lobbying in support of the purposes of the
15 Compact; (i) to establish a process of transparent, open competitive
16 bidding in order to secure an annual contract with one or more
17 reputable outside alternative dispute resolution services, which
18 may, but is not required to include, adjudicative services offered
19 by a judicial branch of a State or the United States Government, to
20 furnish binding arbitration of disputes; (j) to direct the final
21 resolution and settlement of all disputes involving, between or
22 among any Member, Prosperity District, or any agency or department
23 of the United States Government to which the Consent of Congress for
24 this Compact can be ascribed (if such consent has been given), with

1 all sovereign immunities, if any, deemed waived with respect to any
2 such proceeding, final resolution and settlement, through the use of
3 the Commission's contracted outside alternative dispute resolution
4 service, or such other alternative dispute resolution service which
5 all disputants agree to use (which may, but is not required to
6 include, adjudicative services offered by a judicial branch of a
7 State or the United States Government); (k) to exercise only such
8 incidental powers as are essential to carrying out the foregoing
9 express powers and duties (in no event shall the Commission be
10 construed as possessing eminent domain, taxation or police powers,
11 or any other power that is functionally equivalent to the same,
12 whether incidentally or principally); and (l) to adopt and publish
13 corresponding bylaws, policies and procedures.

14 Section 2. Commissioner Appointment. The Commission initially
15 consists of three unpaid Commissioners each serving solely a single
16 six-year term. Commissioner positions shall be assigned to
17 appointees in the order in which their respective appointing State
18 became Members. Once at least one Prosperity District has been
19 formed and exists within its boundaries, and until all Commissioner
20 positions are filled, or whenever there is a vacancy, each Member in
21 the order in which it became a Member may appoint one Commissioner
22 through its Governor by appropriate executive action as determined
23 by the laws of the respective Member, subject to disapproval by
24 official notice of any Prosperity District located within such

1 Member that is received by the Office of its Governor or such person
2 who is authorized to receive service of process on behalf of said
3 Governor within ten (10) calendar days of such appointment. Timely
4 disapproval shall have the effect of requiring a new appointment
5 until such time as a timely disapproval is not received.

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

18 Section 4. Commission Action. The Commission shall meet at
19 least once a year, and may meet more frequently. Each Commissioner
20 is entitled to one vote. The Commission shall not act unless a
21 majority of its appointed Commissioners is present, and no action
22 shall be binding unless approved by a majority of the appointed
23 Commissioners. However, two-thirds (2/3) of all Prosperity
24 Districts may override and nullify any action of the Commission,

1 including a direction to use alternative dispute resolution, by
2 official notice given to the Commission or the Compact Administrator
3 within thirty (30) calendar days after such action.

4 Section 5. First Order of Business. The Commission shall at
5 the earliest possible time elect from among its Membership a
6 chairperson, determine a principal place of doing business within
7 the jurisdictional boundaries of the United States Court of Appeals
8 for the Fifth Circuit and appoint a Compact Administrator.

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

1 gross revenue in the immediately preceding fiscal year; and (e) if
2 there is a funding shortfall, the Compact Administrator shall
3 request further funding from every Prosperity District until the
4 shortfall is closed or the Commission shall adjust its authorized
5 budget to the level of the available funding.

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

1 Section 8. Notice of Key Events. On the occurrence of each of
2 the following described events, or otherwise as soon as possible,
3 the Compact Administrator shall immediately send the following
4 notices to the Governor of each Member and the managing boards of
5 each Prosperity District, if any, together with certified conforming
6 copies of the chaptered version of this Compact as maintained in the
7 statutes of each Member: (a) whenever any State becomes a Member,
8 notice of that fact shall be given; (b) whenever any Prosperity
9 District is formed or expanded, notice of that fact shall be given;
10 (c) once Congress consents to this Compact as contemplated herein,
11 notice of that fact shall be given; and (d) whenever any portion of
12 this Compact is proposed to be amended or is actually amended,
13 notice of that fact shall be given.

14 Section 9. Cooperation. The Commission, Members, Prosperity
15 Districts and the Compact Administrator shall cooperate with each
16 other and give each other mutual assistance in enforcing this
17 Compact.

18 Section 10. Alternative Dispute Resolution Procedure. As soon
19 as practicable after receipt of a notice of a demand for alternative
20 dispute resolution by a Member, Prosperity District, Third-Party
21 Beneficiary, or the United States Government (if the requisite
22 Consent of Congress has been given), the Commission shall
23 consolidate all such demands which relate to the same transaction or
24 operative facts and direct the identified disputants to reach a

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

1 requisite Consent of Congress has been given), including preliminary
2 injunctive relief, pending the outcome of an arbitration proceeding,
3 or (b) permanent injunctive relief against any such disputant to
4 enforce an arbitration award. Alternative dispute resolution awards
5 shall not be precedential.

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

22 Article VII

23 Definitions

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

3 Section 1. "Common Law" is a descriptive term used for
4 convenience to reference English judge-made law (including such acts
5 of parliament as overrode judge-made law) administered by the King's
6 courts and the English courts of chancery, which purports to be
7 derived from ancient custom and usage, as adopted or adapted and
8 deemed precedential by this Member and pronounced as governing law
9 through its judiciary through adjudications of specific disputes and
10 fact patterns so as to furnish rules for dispute resolution in the
11 categories of agency, business associations, conflict of laws,
12 contracts, contracts for deeds, judgments, land sales, property,
13 restitution, security, torts, trusts, equity and remedies. The term
14 also includes: (a) the judge-made law of other States in the
15 foregoing categories which this Member has adopted or adapted and
16 deemed precedential through pronouncements of its judiciary; (b)
17 statutory law as of the enactment date of this Member's Compact
18 legislation to the extent (1) the ascertainment of a rule of
19 governance in the foregoing categories is intelligible only by such
20 reference, (2) this Member has adopted tribal law, Roman, Spanish or
21 French civil law or otherwise not adopted or adapted English judge-
22 made law in the foregoing categories, or (3) this Member has
23 codified English judge-made law in the foregoing categories; and (c)
24 interstitial common law arising from the adjudication of Malum in Se

1 Criminal Law or any Regulation adopted pursuant to Section
2 1(a)(7)(iv)(A) and (C) of Article IV, and effective provisions of
3 this Member's constitution and the United States Constitution.
4 However, it does not otherwise include statutory law, administrative
5 law, executive orders, ecclesiastical law, nor the body of
6 decisional law developed by the federal judiciary of the United
7 States Government. Where not inconsistent with the precedential
8 adjudications of this Member as of the enactment date of this
9 Member's Compact legislation, the term may be construed as
10 incorporating the relevant governing rules published in the First
11 Restatement of the Law of Agency, Conflict of Laws, Contracts,
12 Judgments, Property, Restitution, Security, Torts, and Trusts, as
13 approved by the American Law Institute in May 1942.

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

20 Section 3. "Consent of Congress" means any act of the Congress
21 of the United States or any action of the United States Government
22 which was authorized by Congress, including any statute,
23 appropriation, joint resolution, concurrent resolution,
24 administrative rule, or Regulation, that expressly or impliedly

1 consents to this Compact before or after it becomes an interstate
2 compact such that the Compact attains equivalent status to a Law of
3 the United States when it becomes an interstate compact. An act or
4 action giving such consent to this Compact shall be regarded as the
5 Consent of Congress even if it includes stipulations, conditions and
6 exceptions that limit the extent to which Ordinary Federal Law is
7 repealed or held for naught under the terms of this Compact; and all
8 such stipulations, conditions and exceptions, if any, shall be
9 honored by the Member governed thereby until and unless they are
10 repealed or amended.

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

19 Section 5. "Eligible Land" means land that fulfills the
20 following criteria: (a) it either consists of at least one (1)
21 square mile of contiguous land or consists of any quantity of
22 contiguous land adjacent to an existing Prosperity District to
23 expand that district (including any quantity of land that is
24 contiguous to land that is adjacent to the district to be expanded

1 and included in the same expansion petition) (the "land"); (b) title
2 to the land is held either (1) free from any recorded valid and
3 enforceable security interests, rights of way, easements, or
4 restrictive covenants (collectively "Encumbrance Interests"), or (2)
5 subject to Encumbrance Interests provided that all nongovernmental
6 persons holding any such Encumbrance Interest (or the right to
7 enforce such Encumbrance Interests), who are identifiable in the
8 chain of title to the land, consent in writing to the classification
9 of the land as Eligible Land under this Compact; (c) the land either
10 is (1) outside of the jurisdiction of an existing Prosperity
11 District or (2) otherwise within the jurisdiction of an existing
12 Prosperity District provided that the following entities consent in
13 writing to the classification of the real property as Eligible Land
14 under this Compact: (i) all bondholders of each such existing
15 Prosperity District; and (ii) any other person or entity holding a
16 valid and enforceable security interest secured by the existing
17 Prosperity District's rights under an existing Revenue Covenant; (d)
18 the land either is (1) outside of the jurisdiction of a special
19 taxing district as of the enactment date of this Member's Compact
20 legislation, or (2) otherwise within the jurisdiction of a special
21 taxing district provided that the following entities consent in
22 writing to the classification of the real property as Eligible Land:
23 (i) all bondholders of the respective special taxing district; and
24 (ii) any other person or entity holding a valid and enforceable

1 security interest secured by the district's taxing authority; (e)
2 the land either is (1) outside of the territorial and
3 extraterritorial jurisdiction (provided that such extraterritorial
4 jurisdiction does not span more than six (6) miles from the boundary
5 of the territorial jurisdiction) of a municipality as of the
6 enactment date of this Member's Compact legislation, or (2)
7 otherwise within such territorial and extraterritorial jurisdiction
8 of a municipality provided that the governing body of the
9 municipality consents by local law to the classification of the real
10 property as Eligible Land under this Compact; and (f) the land was
11 not acquired by any landowner in its chain of title within the five
12 (5) years preceding the inclusion of the land in any petition to
13 form or expand a Prosperity District through the exercise of eminent
14 domain or civil forfeiture for alleged criminal acts and omissions
15 that did not result in a conviction.

16 Section 6. "Landowner" means the owner of the freehold estate
17 (also known as fee simple estate), as appears by the deed record,
18 and shall not include reversioners, remaindermen, trustees (other
19 than persons owning the freehold estate as of deed record) or
20 mortgagees.

21 Section 7. "Malum in Se Criminal Law" means those laws that
22 prohibit under penalty of imprisonment or punitive fines acts or
23 omissions that injure or threaten injury to another person or
24 another person's property by a person who possesses evil intent,

1 such as laws against assault, burglary, child abuse, fraud,
2 kidnapping, murder, rape, robbery, and theft.

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

23 Section 9. "Municipality" means a political subdivision of a
24 State which has general local governing authority and an elected

1 governing body, such as a city or town; the term does not include
2 special taxing districts or Prosperity Districts.

3 Section 10. "Ordinary Federal Law" means any treaty, statute,
4 agreement, Regulation or executive order, as well as any other
5 similar act or action that has the force of law or the effect of
6 substantively changing the status of legal rights and obligations,
7 that is lawfully and constitutionally ratified, enacted, adopted,
8 consented to or otherwise promulgated by the government of the
9 United States, or any of its agencies, instrumentalities, or
10 political subdivisions, that is under the authority of, and
11 subordinate to, the United States Constitution and that is subject
12 to amendment, repudiation or repeal by a legislative act or
13 resolution that has the same ultimate passage requirements as the
14 legislation or resolution giving Consent of Congress to this
15 Compact, if any; excepting only: a) any act or action that furnishes
16 Consent of Congress for all or any portion of this Compact; and b)
17 any treaty, statute, Regulation, ordinance or executive order that
18 is essential to enforcing, strictly performing or complying with
19 this Compact or the Consent of Congress in accordance with its
20 terms.

21 Section 11. "Ordinary Member Law" means any measure, statute,
22 Regulation, ordinance or executive order, as well as any other
23 similar act that has the force of law, that is enacted, adopted or
24 otherwise promulgated by the government of this Member or any of its

1 agencies, instrumentalities or political subdivisions, that is under
2 the authority of, and subordinate to, the United States Constitution
3 and the constitution of this Member, and that is subject to
4 amendment or repeal by a legislative act that has the same ultimate
5 passage requirements as the respective Member's Compact legislation;
6 excepting only: a) the Compact legislation; b) any measure, statute,
7 Regulation, ordinance or executive order that is essential to
8 enforcing, strictly performing or complying with this Compact in
9 accordance with its terms; c) the Malum in Se Criminal Law of this
10 Member; and d) the Common Law of this Member.

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

14 Section 13. "Prosperity District" means a governing unit and
15 political subdivision of this Member that is formed pursuant to
16 Article IV of this Compact and strictly limited to the powers and
17 authorities specified in this Compact.

18 Section 14. "Regulation" means a rule of governance for the
19 general public within the jurisdiction of the regulator that is
20 compulsory and enforceable through legal sanction, liability,
21 penalty, direct or indirect physical coercion or violence (or under
22 the threat of such) without the actual and concurrent express
23 consent of the person against whom the rule is applied. The term
24 includes both civil and criminal rules of governance; however, the

1 term excludes the district bylaws, directives, policies or
2 procedures that limit the power and jurisdiction of a Prosperity
3 District's managing board or otherwise that are applicable to the
4 internal management and administration of the district's authorized
5 powers and authorities by its managing board, contractors and
6 employees, if any, in their capacity as agents or servants of the
7 Prosperity District rather than as members of the general public.

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

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

17 Section 17. "Subsidy to Private Enterprise" means an economic
18 benefit, direct or indirect, granted by a governmental unit or an
19 instrumentality or agency of a governmental unit with the primary
20 purpose or predominate effect of encouraging or maintaining
21 particular or specific classes of ventures, in which private persons
22 have a substantial financial or ownership interest; including, but
23 not limited to, cash, cash-equivalents, goods, property or services
24 given or contributed to or invested in such ventures for less than

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

21 Section 18. "Tax" refers to any compulsory contribution to the
22 revenue, property, goods or services received by any governmental
23 unit (or any other recipient designated by any governmental unit)
24 directly or indirectly from any person, and any obligation to make

1 any such compulsory contribution (including, but not limited to, any
2 excise, impost, duty or tariff) directly or indirectly imposed on
3 any person, which is collected, demanded, levied or imposed by any
4 governmental unit (or at the direction of any governmental unit) on
5 any property or source of revenue, goods or services, and which is
6 enforceable through legal sanction, liability, penalties, direct or
7 indirect physical coercion or violence (or under the threat of
8 such). The term does not include any obligation or contribution
9 made pursuant to an agreement, enforceable contract or covenant
10 entered into voluntarily or otherwise voluntarily assumed or
11 undertaken with the actual consent of the person against whom the
12 obligation is imposed or the contribution is to be exacted, such as
13 a Revenue Covenant.

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

21 Article VIII

22 Miscellaneous

23 Section 1. Nature of Enactment and Effective Date. Articles I,
24 II, III, Article IV, Section 1 of Article V, Article VII and

1 Sections 1 through 7 of Article VIII of this Compact shall have the
2 effect and authority of statute law in this Member upon passage of
3 its Compact legislation regardless of whether at such time a
4 conforming interstate compact has been formed embracing this Member
5 as contemplated by Section 1 of Article V; and their effective date
6 as such is the earliest date permitted by law, subject to their
7 express terms, which effectiveness is not to be delayed until the
8 formation of an interstate compact embracing them. The effective
9 date of Sections 2 through 6 of Article V and Article VI of this
10 Compact is the earliest date permitted by law, subject to their
11 express terms, upon the formation of an interstate compact embracing
12 this Member as contemplated in Section 1 of Article V. Any
13 violation of any effective provision of this Compact is void ab
14 initio.

15 Section 2. Legislative Drafting. This Compact shall be
16 liberally construed so as to effectuate its purposes. To the extent
17 that the effectiveness of this Compact or any of its provisions
18 requires the alteration of local legislative rules, legislative
19 drafting policies or statutes, or parliamentary procedure to be
20 effective, the enactment of Compact legislation shall be deemed to
21 waive, repeal, supersede or otherwise amend and conform all such
22 rules, policies, statutes or procedures to allow for the
23 effectiveness of all provisions of this Compact according to their
24 terms and conditions to the fullest extent permitted by the

1 constitution of any affected Member, consistent with the prohibition
2 on states impairing the obligation of contract under the United
3 States Constitution, Article I, Section 10, clause 1.

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

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

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

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

17 Section 6. Authorized Statewide Tailoring. Article III of this
18 Compact may only include provisions that clarify, modify, supplement
19 or supersede provisions of this Compact in the following categories:
20 (a) conforming the Compact to a Member's respective local political
21 structure, usage and style; (b) modifying the definition of
22 "Eligible Land" with respect to the respectively enacting Member
23 provided that such modifications do not have the purpose or effect
24 of rendering the authority to form or expand or withdraw from a

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

1 receipt of federal grants as to the respectively enacting Member;
2 (h) limiting or modifying reciprocity with respect to the
3 recognition of activities deemed lawful in Prosperity Districts
4 located within the respectively enacting Member; (i) requiring
5 insurance, performance bonding or sureties to indemnify the Member
6 and any political subdivision, in which any part of a proposed new
7 or expanded Prosperity District is to be located, from damages,
8 liabilities and costs incurred by them as a result of: (1) any
9 District Externality; (2) a default under a Revenue Covenant
10 applicable to lands within the new or expanded district; (3)
11 structure maintenance costs or costs incurred from enforcement of
12 external public health, safety and sanitation laws in foreclosed or
13 withdrawn district lands; or (4) the abandonment of the district;
14 (j) furnishing authority for political subdivisions (other than
15 Prosperity Districts) within the respectively enacting Member to
16 further modify, limit and condition the terms of this Compact by
17 local law with such provisions as fall within the categories of
18 Sections 6(a), (b), (c), (e), (g) and (i) of this Article with
19 respect to Prosperity Districts formed or expanded within their
20 territorial and extraterritorial jurisdictions (provided that such
21 extraterritorial jurisdiction does not span more than six (6) miles
22 from the boundary of the territorial jurisdiction) provided that any
23 such local law: (1) shall be uniform for each Prosperity District to
24 be formed or expanded within each respective jurisdiction; (2) may

1 not impose unique conditions or requirements for the formation or
2 expansion of any particular Prosperity District; and (3) does not
3 have the purpose or effect of rendering the authority to form,
4 expand or withdraw from a Prosperity District a law, privilege or
5 immunity for a closed class of one or more identifiable persons; (k)
6 including national security, international travel, regulatory,
7 taxing, interstate commerce, international commerce and immigration
8 policies governing Prosperity Districts within the respectively
9 enacting Member that shall have effect upon the Compact becoming an
10 interstate compact and receiving the Consent of Congress; (l)
11 modifying the definitions used in the Compact to allow a Native
12 American community located within the respectively enacting Member
13 and recognized as sovereign by the government of the United States
14 to qualify as a Member under this Compact on the Compact becoming an
15 interstate compact and receiving Consent of Congress, if necessary;
16 (m) specifying terms and conditions under which the enacting Member
17 may terminate or withdraw from this Compact; (n) specifying terms
18 and conditions under which the Governor of each Member or his
19 nominee may negotiate and enter into separate contractual
20 arrangements to protect the investment-backed expectations of any
21 Third-party Beneficiary that Prosperity Districts, once formed,
22 shall operate as herein contemplated; (o) specifying uniform rules
23 of construction and limitations on the subject matter, duration or
24 enforceability of any servitude burdening title or restrictive

1 covenant running with title to land within the jurisdiction of
2 Prosperity District located within the enacting Member; (p)
3 authorizing specific continuing appropriations for statewide tax
4 relief or expenditures from revenues received pursuant to any
5 Revenue Covenant; and (q) specifying a statute of repose or
6 limitations for any claim or cause of action arising from the
7 passage of this Compact or Prosperity District formation, expansion
8 and withdrawal.

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

1 be recognized as contractually binding the trustees, owners,
2 officers, managers, agents, beneficiaries and employees, as the case
3 may be, of such foreign artificial person within the boundaries of a
4 Prosperity District. However, an artificial person shall otherwise
5 be governed by the law and Regulations, if any, existing within the
6 boundaries of a Prosperity District.

7
8 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS, COMMERCE AND TOURISM,
9 dated 03/02/2017 - DO PASS, As Amended.
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24