

FIRST REGULAR SESSION

SENATE BILL NO. 466

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR EMERY.

Read 1st time February 23, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1198S.02I

AN ACT

To amend chapter 67, RSMo, by adding thereto one new section relating to the prosperity states compact.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 67, RSMo, is amended by adding thereto one new
2 section, to be known as section 67.690, to read as follows:

**67.690. The State of Missouri enacts, adopts, and agrees to be
2 bound by the following Prosperity States Compact:**

3 **Article I**

4 **Findings and Declaration of Policy**

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

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

12 **Whereas each Member seeks to secure the additional Consent of**
13 **Congress so that the entirety of this legislation achieves the status of**
14 **a law of the United States when an interstate compact is formed**
15 **embracing its terms and conditions;**

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

22

Article II

23

Special Purpose Authority of Prosperity Districts

24

25 **Section 1. Special Purpose Authority.** The special purpose
26 authority of every Prosperity District is exclusively to furnish
27 consenting communities with a local jurisdiction that is streamlined to
28 maximize prosperity through a stable public policy environment
29 consisting of optimal regulatory and fiscal policy. No power or
30 authority of any Prosperity District shall serve any other purpose.

31

32 **Section 2. District Governance.** Subject to Article III, a
33 Prosperity District formed within any Member under the authority of
34 this Compact shall be a governmental unit and political subdivision of
35 that Member with the following structure, authority and jurisdiction:

36

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

43

44 **(b) Governing Structure.** Supervisory and operational authority
45 over the limited governing, management and administrative power of
46 every Prosperity District shall be vested upon formation in a managing
47 board consisting of seven (7) natural persons who are qualified electors
48 under the general laws of this Member, each of whom shall serve for a
49 term of four (4) years (with commencement and termination dates as
50 specified in the district bylaws) during which each shall hold such
51 authority in trust and exercise it as a fiduciary for every law-abiding
52 landowner, resident and person rightfully within the district
53 ("managing board").

54

55 **(1) Board Membership.** The manner of appointment or election
56 of the managing board shall be consistent with the Fourteenth
57 Amendment to the United States Constitution, the guaranty of a
58 republican form of government thereunder, and this Member's
59 Constitution; and it must be specified in the formation petition
60 required by section 1 of Article IV.

61

62 **(2) Supervisory and Operational Authority.** The managing board
63 is authorized to promulgate all necessary district bylaws, ordinances,
64 policies, procedures, parliamentary rules and directives, which shall be

59 subordinate to and in conformity with this Compact for the Prosperity
60 District's exercise of its limited authorized powers and authorities
61 under this Article for its internal management and administration
62 (including the collection and disbursement of revenues to which the
63 district is contractually entitled), the formation of committees,
64 subordinate departments and agencies, as well as the designation and
65 responsibilities of administrative offices and retention of subordinate
66 officials, and, if desired, (i) further limiting the power, authority and
67 jurisdiction of the Prosperity District and its managing board,
68 departments and agencies, if any, and (ii) establishing additional
69 criteria for withdrawal of lands pursuant to section 2(a) of Article IV.

70 (3) Official Action. Official action by the managing board shall
71 require a quorum consisting of an absolute majority of the board
72 present physically or electronically and a vote in the affirmative of a
73 majority of the board members present at a public hearing.

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

77 (5) Transparency. Subject to executive session procedures or
78 privileges which shall be specified in the district bylaws and adopted
79 after a public hearing, all governing instruments, records, proceedings,
80 and accounts of the Prosperity District shall be public and open for
81 inspection or observation by any person at all reasonable
82 times. Detailed minutes or verbatim recordings of all official actions
83 and public hearings shall be maintained by the managing board. The
84 Prosperity District shall fully comply with any written public records
85 request within the compliance deadline specified in the request, or
86 otherwise the Prosperity District shall, within the deadline specified
87 in the request, if one is specified, furnish a written statement to the
88 requestor detailing the reasons for the partial compliance,
89 noncompliance, or a requested compliance deadline extension, which
90 specifies a reasonable alternative deadline, with specific reference to
91 each records request. Further, the Prosperity District's managing
92 board directly or through a designated chief executive officer shall be
93 required to produce annual performance audits for contracted goods
94 and services, the cost of which must be accounted for and considered
95 during the bidding process. In addition, the Prosperity District's

96 managing board directly or through a designated chief executive officer
97 shall seek an independent audit every two (2) years to evaluate the
98 district's operations and performance audits. All audits shall be made
99 public.

100 (c) Governing Authority. The governing authority of every
101 Prosperity District is strictly limited to the following powers, which
102 shall be exclusive of the exercise of the same or like powers by any
103 other governmental unit within the district's boundaries, as they exist
104 from time to time, and no other governmental unit shall within such
105 boundaries exercise the same or like powers as are granted to the
106 district under this subsection, except as expressly contemplated in this
107 Compact:

108 (1) police power consisting solely of: (i) enforcing the Malum in
109 Se Criminal Law, Common Law and Regulation adopted in its formation
110 petition as contemplated in section 1(a)(7)(iv) of Article IV; and (ii)
111 promulgating and enforcing Regulation in strict conformity with
112 section 3 of this Article;

113 (2) the power to furnish transportation, utility, and transmission
114 infrastructure, Regulation enforcement services, other municipal
115 services specifically authorized by the district bylaws, and internal
116 managerial and administrative operations (including the power to
117 supervise and coordinate the orderly enforcement of any Revenue
118 Covenant among revenue beneficiaries thereof, as well as to collect and
119 disburse revenues from all authorized sources) exclusively through
120 independent contractors, intergovernmental agreements, and public-
121 private partnerships utilizing a process of open competitive bidding
122 specified in the district bylaws only if: (i) no Regulation is promulgated
123 or enforced by the Prosperity District, directly or in combination with
124 other Regulations, that restricts free and open competition in
125 derogation of the Common Law in the provision of such infrastructure
126 and services; (ii) all costs incurred in furnishing such infrastructure
127 and services are to be reimbursed by either (A) uniform, non-
128 discriminatory user fees paid voluntarily by all users of the respective
129 infrastructure or service or (B) otherwise paid pursuant to a separate
130 contract voluntarily and consensually binding all landowners residing
131 in the Prosperity District during the provision of such infrastructure
132 or service; and (iii) a designated, commensurate revenue source exists

133 for all payment obligations incurred in connection with furnishing such
134 infrastructure and services.

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

142 (4) the power to borrow exclusively by issuing bonds in
143 accordance with such procedures as may be specified in its bylaws for
144 the sole purpose of financing the exercise of its authorized powers
145 provided that: (i) the total outstanding principal of all bonds issued
146 under the authority of this section together with the sum of all other
147 liabilities owed by the respective Prosperity District shall never exceed
148 the fair market value of all assets held in the name of that district; (ii)
149 the obligation of such bonds shall be secured solely and exclusively by
150 the respective Prosperity District's receipts from Revenue Covenants
151 running with the land in the district, by authorized gifts, or by receipts
152 received pursuant to contract, if any; (iii) neither the United States
153 Government nor any State nor any other government body or agency
154 shall pay, guarantee or be liable for the obligation of any bond issued
155 under this section (with the sole exception of any liability that may be
156 incurred by the Member where the Prosperity District is located, if the
157 Member were to violate its pledge herewith to all future bondholders
158 of any Prosperity District that it shall refrain from any action or
159 omission that would infringe on the district's jurisdiction, power and
160 authority under this Article); and (iv) the terms of such borrowing shall
161 provide that any holder of a bond issued by a Prosperity District who
162 induces or attempts to induce any Prosperity District or any other
163 governmental body to violate this Article shall thereby immediately
164 forfeit all right of repayment for any bond issued by that Prosperity
165 District;

166 (5) the power to accept gifts of real or personal property
167 exclusively from landowners and qualified electors residing within a
168 Prosperity District for the sole purpose of defraying the costs of
169 exercising its authorized powers provided that the fiduciary

170 obligations of the managing board are not breached through the
171 acceptance of the gift; and

172 (6) such incidental power as is both specified in the district
173 bylaws and also essential to carrying out the foregoing powers,
174 including the power to open and maintain bank accounts and acquire
175 or lease real or personal property, provided that a Prosperity District
176 may not and shall not under any circumstances, directly or indirectly,
177 principally or incidentally, or for any purpose, enjoy, accept, claim or
178 exercise any power: (i) to levy any Tax; (ii) of eminent domain; (iii) of
179 civil property forfeiture based on actions or omissions that constitute
180 a violation of criminal law unless the owner of such property has been
181 convicted of violating that criminal law; (iv) to furnish any Subsidy to
182 Private Enterprise; (v) to establish or enforce by Regulation or
183 otherwise, directly or indirectly, any monopoly or cartel in the
184 provision of any good or service within its jurisdiction in derogation
185 of the Common Law; (vi) to accept gifts, grants or conditional grants
186 from any governmental unit, including, but not limited to, any State,
187 county, municipality or the United States Government, which are
188 sourced from taxes, government-imposed fees or fines, or borrowing
189 which is secured or to be repaid by taxes or government-imposed fees
190 or fines; (vii) to delegate all or any portion of its governing authority
191 to any other entity or to accept the delegation of governing authority
192 in addition to that expressly delegated by this Compact from any other
193 governmental unit; or (viii) to permit any other governmental unit to
194 exercise governing authority or jurisdiction within its boundaries
195 (except as authorized by section 2(d) of Article II or as non-
196 governmental persons may otherwise agree in adopting a venue
197 selection clause or choice of law provision in a valid contract between
198 them).

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

202 (1) Concurrent Law Enforcement Jurisdiction. All duly
203 constituted law enforcement agencies of this Member or the United
204 States Government that would otherwise have had concurrent
205 jurisdiction to enforce Malum in Se Criminal Law within the
206 boundaries of a Prosperity District in the absence of the formation or

207 expansion of such district may do so within the boundaries of any
208 Prosperity District located in whole or in part within this Member in
209 accordance with such jurisdiction. As an incident of its power and
210 authority under section 2(c) of this Article, each Prosperity District
211 may enter into intergovernmental agreements with any duly
212 constituted law enforcement agency of this Member or the United
213 States Government to provide specific procedures for the exercise of
214 such concurrent jurisdiction, as well as to contract with any such
215 agency to exercise original jurisdiction over any other criminal law in
216 effect within the district's boundaries. Moreover, when in hot pursuit
217 of a suspect, arrestee or convict in relation to a violation of law
218 occurring outside of the boundaries of a Prosperity District, law
219 enforcement authorities of any Member or the United States
220 Government may exercise jurisdiction within the boundaries of any
221 Prosperity District. Further, upon notice to the managing board of the
222 relevant Prosperity District furnishing evidence of a valid summons,
223 subpoena, judgment, supplementary order, garnishment, warrant,
224 extradition request or other legal process by any agency, branch,
225 department, instrumentality or political subdivision of any Member or
226 the United States Government having jurisdiction over the matter,
227 which concerns any person or property within the boundaries of that
228 district and arises from a cause of action that accrued outside of the
229 boundaries of that district, the Prosperity District shall either: (i)
230 serve, execute or enforce the same to the reasonable satisfaction of
231 each such agency, branch, department, instrumentality or political
232 subdivision in accordance with this Article; or (ii) cooperate by
233 refraining from objecting to, challenging, disputing or impeding the
234 exercise of jurisdiction by each such agency, branch, department,
235 instrumentality or political subdivision within the boundaries of the
236 district to the extent needed to serve, execute or enforce the same.

237 (2) Hold Harmless for District Externalities. Upon notice
238 furnishing evidence of a probable District Externality to the managing
239 board of the relevant Prosperity District by any agency, branch,
240 department, instrumentality or political subdivision of any Member or
241 the United States Government having jurisdiction over the matter, the
242 Prosperity District shall either: (i) remedy within the limits of its
243 power and authority the District Externality to the reasonable

244 satisfaction of each such agency, branch, department, instrumentality
245 or political subdivision in accordance with this Article; or (ii)
246 cooperate by refraining from objecting to, challenging, disputing or
247 impeding the exercise of jurisdiction by each such agency, branch,
248 department, instrumentality or political subdivision within the
249 boundaries of the district to the extent needed to remedy that District
250 Externality. However, each Member is prohibited from discriminating
251 against or otherwise interfering with the free transmission,
252 transportation, ingress or egress of goods, persons, services, activities,
253 capital or entities to or from any Prosperity District on terms not
254 generally applicable to all similar goods, persons, services, activities,
255 capital or entities; accordingly, a Prosperity District's duty to remedy
256 or cooperate as aforesaid shall not apply to facilitate any such
257 prohibited discriminatory action.

258 (3) Hold Harmless for External Services. Any person domiciled
259 within any Prosperity District that voluntarily uses governmental
260 services or infrastructure furnished by any branch, agency or political
261 subdivision of any Member State (other than what that Prosperity
262 District furnishes) shall be liable for the proportionate cost of such
263 services and infrastructure usage to the extent that such cost is not
264 defrayed by funds distributed to such branch, agency or political
265 subdivision from the Revenue Covenant running with title to the real
266 property in the Prosperity District or by any other revenues paid
267 directly or indirectly by such person to the respective branch, agency
268 or political subdivision. In order to recover such liability, all branches,
269 agencies or political subdivisions that desire reimbursement of such
270 costs shall first annually determine and publicly post a reasonable fee
271 for such services and infrastructure based on uniform criteria that
272 must be paid by persons domiciled within any such Prosperity District
273 in order to use such services and infrastructure; the reasonableness of
274 the fee in relation to the proportionate cost of such services and
275 infrastructure usage and all other revenues paid directly or indirectly
276 by such person to the respective branch, agency or political subdivision
277 shall be subject to judicial review and alternative dispute resolution in
278 accordance with this Compact.

279 (4) External Eminent Domain. Any person, governmental unit,
280 Member agency or political subdivision which has jurisdiction or

281 authority under general laws to exercise eminent domain in any
282 location contiguous to the boundaries of a Prosperity District may
283 continue to exercise eminent domain for transportation, utility or
284 transmission purposes within the boundaries of that Prosperity District
285 in accordance with generally applicable laws provided that any
286 proposed or consummated taking: (i) shall take place exclusively either
287 (A) with regard to real property within such corridors as are
288 designated by appropriate legal description in the petition required by
289 Article IV, section 1, or (B) otherwise within such scope as is absolutely
290 necessary to accomplish the asserted public use of the taking; (ii) the
291 targeted property shall not be taken for private use and shall be used
292 exclusively for transportation, utility or transmission purposes on
293 equal terms by all members of the public or otherwise with title held
294 in trust for the benefit of the public; (iii) if the taking occurs within the
295 aforesaid designated corridors, generally applicable statewide laws of
296 the State in which the targeted property is located shall apply to the
297 taking; (iv) if the taking occurs outside of the aforesaid designated
298 corridors, all persons whose vested rights will be condemned,
299 diminished or damaged by the taking shall be made whole by the
300 condemnor as just compensation, which shall include, but is not limited
301 to, (A) compensation consisting of payment of the maximum fair market
302 value of the targeted property as assessed at any point in time up to
303 the consummation of the taking and after the first public statement of
304 any such intent to exercise eminent domain by any political subdivision
305 or agency of the State or any public official thereof, and (B) damages
306 for all injuries and costs incurred which were proximately caused by
307 the proposal, initiation, or consummation of the taking, including but
308 not limited to any loss of prospective economic advantage, legal
309 expenses and attorneys' fees; (v) any property taken must be dedicated
310 to the public use upon which the taking was premised within five (5)
311 years of the consummation of the taking or it shall revert to the
312 original owner or successor(s) in interest; and (vi) if such taking
313 proceedings are (A) not initiated within two (2) years of the public
314 statement of any such intent to exercise eminent domain by any
315 political subdivision or agency of this Member or any public official
316 thereof, (B) timely initiated but abandoned before consummation, or (C)
317 not consummated within four (4) years of initiation, then the respective

318 political subdivision or agency shall pay to all persons whose vested
319 rights have been thereby diminished or damaged compensation for all
320 injuries and costs incurred which were proximately caused thereby,
321 including, but not limited to, any loss of prospective economic
322 advantage, legal expenses and attorney's fees, unless otherwise agreed
323 respectively by each such adversely affected person. If any agency or
324 political subdivision of this or any Member engages in any action or
325 omission that is the functional equivalent of exercising eminent domain
326 within the boundaries of any Prosperity District, any person whose
327 vested rights have been diminished or damaged thereby may bring an
328 action at law or equity to compel institution of proceedings under this
329 subsection. Costs incurred by any agency or political subdivision of
330 this or any Member to exercise the power of eminent domain within the
331 boundaries of a Prosperity District shall not be funded by proceeds
332 from any Revenue Covenant or otherwise charged to any landowner or
333 person domiciled within the district. This subsection may be enforced
334 at law or equity in any venue of competent jurisdiction by any person
335 whose vested rights have been or probably will be taken, diminished or
336 damaged as herein contemplated.

337 (5) Judicial Forum. Subject to section 2(c)(3) of this Article,
338 Articles III, V, and VI, and section 1 of Article VIII of this Compact, the
339 judicial branch of this Member shall have jurisdiction over all
340 cognizable causes of action arising within any Prosperity District
341 located in this Member, unless otherwise agreed by all parties to the
342 cause of action in a contract furnishing an alternative venue or method
343 of dispute resolution.

344 (e) Exclusive Jurisdiction. Subject to section 2(d) of this Article
345 and Articles III, V, and VI, every Prosperity District shall have
346 exclusive governing jurisdiction within its boundaries, as those
347 boundaries may be established from time to time (except as non-
348 governmental persons may otherwise agree in adopting a venue
349 selection clause or choice of law provision in a valid contract between
350 them). Accordingly, to the extent of such exclusive jurisdiction, every
351 agency, department, instrumentality, unit or political subdivision of
352 this Member, including any county, city, town, state agency or special
353 district, is prohibited within district boundaries, as they may exist from
354 time to time, from: (1) exercising jurisdiction or superimposing

355 additional governing jurisdictions therein; (2) fining, penalizing,
356 prosecuting, regulating, taxing or otherwise addressing through
357 government action any condition, state of affairs, person, entity,
358 service, property, action or omission located, committed or occurring
359 therein; and (3) annexing lands therein.

360 Section 3. Optimal Regulation. The only legitimate public
361 purpose of Regulation within the boundaries of every Prosperity
362 District, as those boundaries may be established from time to time, is
363 to safeguard public health and safety by protecting the individual right
364 to life, liberty and property, which, as to any competent adult, shall be
365 limited to defending one's freedom to pursue a flourishing and
366 productive existence either in consensual association with others or
367 alone, which requires securing unobstructed action according to one's
368 will, provided that such action does not infringe upon another's like
369 freedom, and resolving conflicting claims to unobstructed action by
370 deferring to or enforcing any governing prior agreement of the
371 claimants or otherwise applying the principle of first in time, first in
372 right to defer to or enforce the claim of the first actor. Accordingly,
373 within six (6) months of formation, and periodically thereafter as
374 determined by official action of the managing board, each Prosperity
375 District shall hold one or more public hearings to decide whether, how
376 and when to promulgate and enforce Regulations within its boundaries
377 to safeguard public health and safety strictly in accordance with the
378 following subsections; further, a Prosperity District's authorized police
379 power shall be exercised in strict conformity with the following
380 subsections.

381 (a) Regulatory Impact Statement. As a precondition of
382 promulgating or initially enforcing any Regulation within any
383 Prosperity District (other than the exercise of police power authorized
384 by section 2(c)(1)(i) of this Article and adopted pursuant to Section
385 1(a)(7)(iv) of Article IV, or an exercise of concurrent jurisdiction
386 authorized by section 2(d) of this Article), including, but not limited to,
387 any Regulation clarifying, modifying or superseding the Common Law
388 in effect within district boundaries, every Prosperity District shall
389 conduct fact-finding at one or more hearings that are open to the public
390 with at least seven (7) days prior notice to assess the extent to which
391 the Regulation would fulfill or, if previously promulgated or enforced

392 prior to repeal, has fulfilled the criteria required for regulatory
393 authority and tailoring under this section, and shall publicly report as
394 soon as practicable exactly how such criteria have been or would be
395 fulfilled by the Regulation in a regulatory impact statement that: (1)
396 articulates the nature and magnitude of the threat to the individual
397 right to life, liberty or property targeted by the Regulation by, at a
398 minimum, characterizing the risk pathways, populations exposed and
399 consequences of exposure and assessing whether the Regulation or
400 similar Regulations have been effective in reducing the targeted risks;
401 (2) articulates a theory of cause and effect, consistent with established
402 economic and scientific theories, that shows how the Regulation could
403 or did produce the desired outcomes and that also explicitly assesses
404 whether the risks addressed by the Regulation are likely to increase,
405 decrease or stay the same in the absence of the Regulation; (3)
406 demonstrates consideration of a wide variety of alternate and less
407 restrictive or burdensome regulatory approaches consistent with the
408 hierarchy of Regulation contemplated by this Article, including, but not
409 limited to, expressly assessing whether the Regulation has a negative
410 effect on competition, whether the Regulation can be modified to
411 reduce its anti-competitive effects, and determining whether and how
412 private voluntary action can reduce the risks addressed by the
413 Regulation; (4) comprehensively assesses the benefits and costs of a
414 wide variety of alternative regulatory approaches or solutions to the
415 asserted threat to individual rights to life, liberty or property,
416 including a showing of how much of the problem the Regulation is
417 likely to solve; (5) considers the foregoing criteria in light of all actual
418 evidence of the Regulation's efficacy or lack thereof from any previous
419 promulgation or enforcement of the same or similar Regulation; and (6)
420 specifies the data utilized to make the assessments shown in the report.

421 (b) Criteria for Authorized Regulation. A Prosperity District has
422 no power to Regulate or otherwise to use or threaten coercion in
423 connection with its governing authority except through: (1) the exercise
424 of police power authorized by section 2(c)(1)(i) of this Article and
425 adopted pursuant to section 1(a)(7)(iv) of Article IV; and (2)
426 promulgating and enforcing Regulations that fulfill each of the
427 following criteria: (i) the Regulation governs or protects the individual
428 right to life, liberty or property of either (A) those who are not parties

429 to a contract that furnishes a rule of governance covering the same
430 subject matter as the Regulation; or (B) those who are in breach of a
431 contract covering the same subject matter as the Regulation, provided
432 that the dispute resolution procedures specified in the contract, if any,
433 are not being observed by all parties to the contract, and at least one
434 party to the contract requests such Regulation or enforcement; (ii) the
435 Regulation and its enforcement: (A) accurately codifies or implements
436 the exercise of police power authorized by section 2(c)(1)(i) of this
437 Article and adopted pursuant to Section 1(a)(7)(iv) of Article IV, or (B)
438 governs an act, activity, inactivity, occupation, profession, use of
439 property, person, entity, condition or state of affairs that is not
440 ordinarily peaceful, non-violent and non-fraudulent; (iii) neither the
441 predominant effect of the Regulation considered alone or in the context
442 of the Prosperity District's existing regulatory framework, nor any part
443 of its purpose is to protect any individual, entity, or group from
444 otherwise rightful competition or to restrain competent adults for their
445 own good; and (iv) the act, activity, inactivity, occupation, profession,
446 use of property, person, entity, condition or state of affairs targeted for
447 Regulation has violated, is violating or is an actual threat to individual
448 right to life, liberty or property.

449 (c) Targeted Regulation. To the extent that a Prosperity District
450 is authorized to promulgate or enforce Regulations under section
451 2(c)(1)(ii) of this Article, the Regulation may only: (1) furnish modified,
452 additional or augmented civil remedies to render the exercise of police
453 power authorized by section 2(c)(1)(i) of this Article and adopted
454 pursuant to Section 1(a)(7)(iv) of Article IV more effective in protecting
455 the individual rights of life, liberty or property; (2) impose clear,
456 objective legal standards only if the foregoing mode of Regulation will
457 not reasonably reduce the threat to the individual rights of life, liberty
458 or property; (i3) enable the enforcement of clear, objective legal
459 standards by inspections and enforcement of violations by civil penalty
460 only if the foregoing modes of Regulation will not reasonably reduce
461 the threat to the individual rights of life, liberty or property; (i4)
462 enable the enforcement of clear, objective legal standards by
463 permitting, licensing or other regulatory pre-approval processes only
464 if the foregoing modes of Regulation will not reasonably reduce the
465 threat to the individual rights of life, liberty or property; or (5) enable

466 the enforcement of clear, objective legal standards by criminal
467 sanctions only if the foregoing modes of Regulation will not reasonably
468 reduce the threat to the individual rights of life, liberty or property.

469 (d) Conforming Enforcement. Before exercising the police power
470 authorized by section 2(c)(1)(i) of this Article and adopted pursuant to
471 Section 1(a)(7)(iv) of Article IV, and any other Regulation authorized
472 by section 2(c)(1)(ii) of this Article, each Prosperity District must adopt
473 appropriate internal management and administrative procedures in the
474 district bylaws governing such enforcement, including but not limited
475 to ensuring that (1) the method of enforcement makes it probable that
476 the Regulation will protect the individual right to life, liberty or
477 property, (2) the method of enforcement makes it probable that the
478 Regulation will fulfill the criteria that authorized its promulgation, and
479 (3) that reasonable public notice of the Regulation had been furnished
480 to any affected person before the Regulation is enforced.

481 (e) Automatic Sunset. Every Regulation adopted pursuant to
482 section 1(a)(7)(iv)(C) of Article IV or promulgated pursuant to section
483 2(c)(1)(ii) of this Article shall be automatically repealed and held for
484 naught five (5) years from its effective date, if one is specified, and
485 otherwise from their adoption or enactment date, as the case may be,
486 and may only be promulgated again thereafter as provided in section
487 3(a) through (c) of this Article (with any Regulation previously adopted
488 pursuant to Section 1(a)(7)(iv)(C) of Article IV to be reinstated only
489 through exercising the authority furnished by section 2(c)(1)(ii) of this
490 Article). The Prosperity District may commence proceedings to
491 consider reinstating such Regulation as provided in section 3(a)
492 through (c) of this Article as early as two (2) years prior to their
493 automatic repeal date.

494 Section 4. Eminent Domain, Regulatory and Tax Overreach
495 Defense. It is a complete defense in any venue to the exercise of
496 Eminent Domain or the enforcement of any Regulation or Tax within
497 the boundaries of every Prosperity District, as those boundaries may
498 be established from time to time, that the exercise of Eminent Domain,
499 Regulation or Tax was promulgated or enforced in violation of this
500 Compact. If this defense is raised, the proponent of the taking,
501 regulatory or taxing action has the burden of proving strict compliance
502 with the provisions of this Compact with clear and convincing evidence

503 or with such quantum of proof as otherwise agreed to by all disputants.

504 **Article III**

505 **Authorized Statewide Tailoring**

506 Under the authority and subject to the provisions of section 6 of Article
507 VIII of this Compact, the following provisions shall clarify, supplement,
508 modify or supersede, as applicable, any relevant or contrary provision
509 of the Compact in Articles I, II, IV, V, VI, and VII solely with respect to
510 this Member:

511 **Section 1. Repealer.** Subject to section 2(d) of Article II, this
512 Article and section 2(d) of Article IV: (a) every Ordinary Member Law
513 of this Member that extends to, applies to, penalizes, prosecutes, taxes,
514 regulates or can otherwise be based on any condition, state of affairs,
515 person, entity, service, property, action or omission located, committed
516 or occurring in a Prosperity District is deemed to conflict with this
517 Compact, and is entirely repealed, superseded and/or held for naught
518 (as applicable to negate any legal effect) within the boundaries of every
519 Prosperity District, as those boundaries may be established from time
520 to time, and shall not thereafter extend to, penalize, prosecute, tax,
521 regulate, apply to or be based on any condition, state of affairs, person,
522 entity, service, property, action or omission located, committed or
523 occurring within the boundaries of any such district (except as non-
524 governmental persons may otherwise agree in adopting a venue
525 selection clause or choice of law provision in a valid contract between
526 them); and (b) when and to the extent that this Compact becomes an
527 interstate compact that has contractually bound this Member and
528 received the Consent of Congress, every Ordinary Federal Law and
529 every other law, regulation or constitutional provision of this Member
530 not previously repealed, which is capable of being preempted, repealed,
531 superseded or held for naught by such Consent of Congress, that
532 extends to, applies to, penalizes, prosecutes, taxes, regulates or can
533 otherwise be based on any condition, state of affairs, person, entity,
534 service, property, action or omission located, committed or occurring
535 in a Prosperity District is deemed to conflict with this Compact and is
536 entirely preempted, repealed, superseded and/or held for naught, as
537 applicable to negate any legal effect, within the boundaries of every
538 Prosperity District, as those boundaries may be established from time
539 to time (except as non-governmental persons may otherwise agree in

540 adopting a venue selection clause or choice of law provision in a valid
541 contract between them).

542 Section 2. Revenue Covenant Based on Unimproved Land Value.
543 In the case of a new or expanded Prosperity District to be located in
544 this Member, the following Revenue Covenant may be used to fulfill the
545 Revenue Covenant requirements of section 1(a)(9) of Article IV of this
546 Compact (after following relevant instructions specified in brackets):
547 "Each landowner and each successor, assign and heir of such landowner
548 of the land encompassed by the [insert legal name of new or expanded
549 Prosperity District] (hereinafter collectively "owner") shall pay, on an
550 annual basis: (a) to the State of Missouri an annual amount equal to the
551 greater of: (1) the product of (i) [insert number] (___%) of the fair
552 market unimproved value of the land encompassed by the [insert legal
553 name of new or expanded Prosperity District] (hereinafter "Prosperity
554 District Land Value") and (ii) the ratio of the fair market unimproved
555 value of that owner's respective ownership interest in such land
556 (hereinafter "Ownership Interest Land Value") over the Prosperity
557 District Land Value; or (2) the product of (i) the total amount of
558 revenue collected directly by the State of Missouri in the fiscal year
559 immediately preceding [the formation or expansion] of the [insert legal
560 name of new or expanded Prosperity District] from all activities,
561 inactivities, properties and entities located within the area of the land
562 within the boundaries of [insert name of new or expanded Prosperity
563 District], including, but not limited to, all fees, fines, assessments, as
564 well as income, sales and property taxes, if any, and (ii) the ratio of
565 that owner's Ownership Interest Land Value over the Prosperity
566 District Land Value; (b) to [insert legal name of each county in which
567 the new or expanded Prosperity District will be located] respectively
568 an annual amount equal to the greater of: (1) the product of (i) [insert
569 number] (___%) of the fair market unimproved value of the land
570 encompassed by the [insert legal name of new or expanded Prosperity
571 District] (hereinafter "Prosperity District Land Value") and (ii) the ratio
572 of the fair market unimproved value of that owner's respective
573 ownership interest in such land (hereinafter "Ownership Interest Land
574 Value") over the Prosperity District Land Value; or (2) the product of
575 (i) the total amount of revenue collected directly by [insert legal name
576 of each county in which the new or expanded Prosperity District will

577 be located] in the fiscal year immediately preceding [the formation or
578 expansion] of the [insert legal name of new or expanded Prosperity
579 District] from all activities, inactivities, properties and entities located
580 within the area of the land within the boundaries of [insert name of
581 new or expanded Prosperity District], including, but not limited to, all
582 fees, fines, assessments, as well as income, transaction, sales and
583 property taxes, if any, and (ii) the ratio of that owner's Ownership
584 Interest Land Value over the Prosperity District Land Value; (c) to
585 [insert legal name of new or expanded Prosperity District] an annual
586 amount equal to the product of (1) [insert number] (___%) of the fair
587 market unimproved value of the land encompassed by the [insert legal
588 name of new or expanded Prosperity District] (hereinafter "Prosperity
589 District Land Value") and (2) the ratio of the fair market unimproved
590 value of that owner's respective ownership interest in such land
591 (hereinafter "Ownership Interest Land Value") over the Prosperity
592 District Land Value. [insert the following if any part of a new or
593 expanded Prosperity District is located within the jurisdiction of any
594 municipality: (d) to [insert legal name of each municipality in which
595 the new or expanded Prosperity District will be located] respectively
596 an annual amount equal to the greater of: (1) the product of (i) [insert
597 number] (___%) of the fair market unimproved value of the land
598 encompassed by the [insert legal name of new or expanded Prosperity
599 District] (hereinafter "Prosperity District Land Value") and (ii) the ratio
600 of the fair market value of that owner's respective ownership interest
601 in such land (hereinafter "Ownership Interest Land Value") over the
602 Prosperity District Land Value; or (2) the product of (i) the total
603 amount of revenue collected directly by [insert legal name of each
604 municipality in which the new or expanded Prosperity District will be
605 located] in the fiscal year immediately preceding [the formation or
606 expansion] of the [insert legal name of new or expanded Prosperity
607 District] from all activities, inactivities, properties and entities located
608 within the area of the land within the boundaries of [insert name of
609 new or expanded Prosperity District], including, but not limited to, all
610 fees, fines, assessments, as well as income, transaction, sales and
611 property taxes, if any, and (ii) the ratio of that owner's Ownership
612 Interest Land Value over the Prosperity District Land Value. Said
613 amounts shall be: (a) assessed by the managing board of the [insert

614 legal name of new or expanded Prosperity District] as a first priority
615 lien against the relevant land and a joint and several debt of each
616 owner in favor of the relevant payee on the first business day of each
617 calendar year after the formation or expansion, as the case may be, of
618 the [insert legal name of Prosperity District] to include the relevant
619 land based on the average of contemporaneous appraisals, formulated
620 in accordance with reasonable and customary appraisal standards,
621 previously submitted to the managing board of the [insert legal name
622 of the new or expanded Prosperity District] by each owner and the
623 State of Missouri; and (b) paid to the previously identified recipients
624 of revenues by each owner on the last business day of each calendar
625 year following [the formation or expansion] of the [insert legal name of
626 new or expanded Prosperity District], prorated for any period of any
627 calendar year in which the [insert legal name of new or expanded
628 Prosperity District] was not recognized by the State of Missouri,
629 provided that no adverse judicial or administrative proceedings
630 involving any owner and the State of Missouri, or any political
631 subdivision or agency thereof, had been brought by the State of
632 Missouri or any of its political subdivisions or agencies against any
633 owner (excluding claims subject to the alternative dispute resolution
634 process specified in Article V of the Prosperity States Compact, as
635 enacted by the State of Missouri and amended from time to time) in the
636 preceding twelve (12) months. Upon such payment, the lien specified
637 above shall be deemed released. Subject to modification by written
638 agreement of all affected parties, laws generally applicable to the
639 foreclosure of real property liens in the State of Missouri shall
640 determine available procedures and remedies in the event of
641 nonpayment or untimely payment of the assessment hereunder
642 due. The foregoing Revenue Covenant is a covenant running with the
643 land encompassed by the [insert legal name of new or expanded
644 Prosperity District] for the benefit of the previously identified
645 recipients of revenues. [insert the following if it is desired for the
646 provisions of this Revenue Covenant to be modified or superseded by
647 a Negotiated Revenue Covenant: "This Revenue Covenant is subject to
648 modification or supersession by a Negotiated Revenue Covenant
649 pursuant to Article III of the Prosperity States Compact, as enacted by
650 the State of Missouri and amended from time to time."]

651 Section 3. Negotiated Revenue Covenant. To comply with the
652 petition requirement specified in section 1(a)(9) of Article IV, or
653 subsequently to supplement or revise a Revenue Covenant authorized
654 under Article IV or this Article, the petitioner(s) or their successors in
655 interest may negotiate a Revenue Covenant ("Negotiated Revenue
656 Covenant") with the Governor of this Member or the Governor's
657 nominee ("State Official") in the case of the formation or expansion of
658 a Prosperity District to be located in whole or in part within this
659 Member by giving notice of a demand for such negotiations to the
660 Office of the Governor or a person authorized to accept service of
661 process on behalf of the Governor, whereupon they shall commence
662 negotiations within twenty (20) days. In addition to other relevant
663 provisions, the Negotiated Revenue Covenant shall: (a) only concern the
664 generation, collection and distribution of revenues; (b) be duly signed
665 by petitioner(s) and State Official; (c) define the revenues or revenue
666 sources to which it applies and, if applicable and desired, include terms
667 and provisions to supplement or revise the terms of an existing Default
668 Revenue Covenant, if any, upon recordation; (d) guarantee that the
669 Member and any county or municipality in which any part of a
670 proposed new Prosperity District is to be located receives on an annual
671 basis revenues and distributions of state shared revenues, if any, that
672 are at least equal to the total amount of revenue and distributions of
673 state shared revenues collected or received by that Member and any
674 such county or municipality in the fiscal year immediately preceding
675 the respective formation of the Prosperity District from all activities,
676 inactivities, properties and entities located within the area of the real
677 property to be encompassed by the proposed new Prosperity District,
678 including, but not limited to, all fees, fines, assessments, as well as
679 income, transaction privilege, use, gas, sales and property taxes, if any;
680 (e) guarantee that the Member and any county or municipality in which
681 any part of the proposed expansion area of an existing Prosperity
682 District is to be located receives on an annual basis revenues and
683 distributions of state shared revenues, if any, that are equal to or
684 greater than the total amount of revenue and distributions of state
685 shared revenues collected or received by that Member and any such
686 county or municipality in the expansion area in the fiscal year
687 immediately preceding the proposed expansion of the Prosperity

688 District from all activities, inactivities, properties and entities located
689 within the area of the real property to be encompassed by the proposed
690 expansion area, including, but not limited to, all fees, fines,
691 assessments, as well as income, transaction privilege, use, gas, sales and
692 property taxes, if any; (f) guarantee that the payment of income,
693 transaction privilege, use, gas, sales and property taxes by any Third
694 Party Beneficiary which are imposed by this Member and any of its
695 political subdivisions on activities, inactivities, properties and entities
696 located within the area of the real property included within the
697 proposed new or expanded Prosperity District, if any, shall be ratably
698 credited against that Third Party Beneficiary's obligations under any
699 such Negotiated Revenue Covenant; (g) apply and run with title to all
700 real property in the proposed new or expanded Prosperity District
701 upon the formation or expansion of the district, as the case may be, and
702 as long as the encumbered real property is within the jurisdiction of
703 the district; (h) be drafted in general language, without limitation to a
704 closed class of one or more identifiable persons, and with such
705 uniformity as to allow the entire class of landowners located within any
706 other existing or future Prosperity District within the same State to
707 have the option of adopting the Negotiated Revenue Covenant to fulfill
708 the requirements of section 1(a)(9) of Article IV, or subsequently to
709 supplement or revise an existing Revenue Covenant authorized under
710 Article IV or this Article if such right was reserved; (i) be deemed
711 accepted and ratified by this Member and any political subdivision of
712 this Member benefitted by the Negotiated Revenue Covenant for use by
713 petitioner(s), any other class of petitioner(s) under section 1 of Article
714 IV, and their successors-in-interest within this Member's jurisdiction
715 when approved by joint resolution of the Legislature of this Member;
716 and (j) if meant to revise or supplement a Revenue Covenant already
717 running with title to real property in an existing Prosperity District,
718 the accepted and ratified Negotiated Revenue Covenant shall be
719 recorded with the county recorder for each county in which the
720 respective Prosperity District is located and with each such other
721 official responsible for the public recordation of interests in real
722 property located within the proposed boundaries of the respective
723 Prosperity District, if any, as the case may be.

724 Section 4. Relationship of Compact to Existing Laws and

725 **Jurisdictions.** This section shall be effective in this Member
726 notwithstanding the reciprocity otherwise required by section 5 of
727 Article V. Section 2(e) of Article II, section 1 of this Article, and
728 sections 3 and 4 of Article V are herewith clarified, modified and
729 superseded, as applicable, with respect to this Member in regard to the
730 following laws and governmental unit jurisdictions constituted thereby,
731 which shall continue to be effective in any Prosperity District or any
732 portion of any Prosperity District that is located in this Member to the
733 same extent as in any other political subdivision of this Member: (a) all
734 interstate agreements, compacts and laws enforcing or protecting
735 vested contractual or property rights existing in this Member as of the
736 enactment date of the Compact legislation, including but not limited to
737 any interstate agreement or compact concerning water rights and
738 gaming, as well as that which is codified in chapter 572 of this
739 Member's Revised Statutes, as well as all government units constituted
740 thereby, shall continue to be effective in any Prosperity District located
741 in this Member to the same extent as before the enactment date of the
742 Compact. Vested contractual or property rights defined by reference
743 to laws in effect in this Member upon vesting shall be construed and
744 enforced in any Prosperity District located in this Member as if such
745 laws were still in effect; (b) all Member laws and laws of the United
746 States Government that concern national security, declared states of
747 emergency, immigration, violent crime, prostitution or the possession,
748 sale, transfer or use of controlled substances, including but not limited
749 to that which is codified in chapter 579 of this Member's Revised
750 Statutes, and the jurisdictions of all government units to the extent
751 they are constituted thereby, as well as all related ongoing
752 investigations, prosecutions and administrative proceedings; (c) all
753 Member laws and laws of the United States Government governing the
754 management, administration, immunity, discipline and compensation
755 of law enforcement personnel engaged in the exercise of concurrent or
756 original jurisdiction on behalf of this Member or the United States
757 Government within the boundaries of any Prosperity District, as they
758 may exist from time to time, under the authority of this subsection
759 shall be in full force and effect as to such personnel to the same extent
760 as would have been the case in the absence of the formation or
761 expansion of such district; (d) any provision of this Member's

762 constitution requiring the taxation of property or a specific mode of
763 taxation, and any law to implement any such provision, and the
764 jurisdictions of all government units constituted thereby, provided that:
765 (1) the payment of these taxes by any Third Party Beneficiary shall be
766 ratably credited against any Revenue Covenant obligation imposed on
767 them by this Compact in favor of the State of Missouri or any of its
768 political subdivisions; (2) the payment of such taxes shall be credited
769 against any required fee for external services as contemplated in
770 section 2(d)(3) of Article II to the extent that such revenues are used
771 directly or indirectly to defray the cost of such services; and (3)
772 subsequent reductions in any such applicable tax rate or burden after
773 the enactment date of the Compact shall be effective in all Prosperity
774 Districts; (e) the Uniform Commercial Code, which is codified in
775 chapter 400 of this Member's Revised Statutes, and the jurisdictions of
776 all agencies to the extent they are constituted by such laws, which shall
777 be regarded as codifying the corresponding Common Law subject
778 matters applicable within any Prosperity District located within this
779 Member; (f) all laws governing mining, mineral rights, oil and gas
780 extraction rights, which are codified in chapter 444 of this Member's
781 Revised Statutes and promulgated in Regulations authorized thereby,
782 and the jurisdictions of all agencies to the extent they are constituted
783 by such laws; (g) all laws governing mechanics liens, which are codified
784 in chapter 429 of this Member's Revised Statutes and promulgated in
785 Regulations authorized thereby, and the jurisdictions of all agencies to
786 the extent they are constituted by such laws; (h) all laws governing the
787 licensure and Regulation of medical doctors, which are codified in
788 chapter 334 of this Member's Revised Statutes and promulgated in
789 Regulations authorized thereby, and the jurisdictions of all agencies to
790 the extent they are constituted by such laws; (i) all laws governing the
791 licensure and Regulation of attorneys, which are codified in chapter
792 484 of this Member's Revised Statutes and promulgated in Regulations
793 authorized thereby, and the jurisdictions of all agencies to the extent
794 they are constituted by such laws; (j) all laws governing fraud,
795 including, but not limited to, those which are codified in chapters 400,
796 409, and 516 of this Member's Revised Statutes and promulgated in
797 Regulations authorized thereby, and the jurisdictions of all agencies to
798 the extent they are constituted by such laws; (k) all laws governing

799 public records and open meetings, which are codified in chapter 610 of
800 this Member's Revised Statutes and promulgated in Regulations
801 authorized thereby, and the jurisdictions of government units
802 constituted thereby; (l) all State and federal laws that concern
803 elections, election qualifications, ballot measures, referenda, and
804 campaign finance and the jurisdictions of all government units
805 constituted by such laws, including, but not limited to, that which is
806 codified in chapter 115 of this Member's Revised Statutes, and the
807 jurisdictions of all government units constituted thereby, as well as all
808 related ongoing investigations, prosecutions and administrative
809 proceedings; (m) all State and federal laws governing banking,
810 securities and financial transactions, including, but not limited to, that
811 which are codified in chapters 362 and 364 of this Member's Revised
812 Statutes, and promulgated in Regulations authorized thereby, as well
813 as all related ongoing investigations, prosecutions and administrative
814 proceedings; (n) all State and federal laws specifically defining and
815 protecting the individual right to life, liberty or property or otherwise
816 specifically governing the adoption, guardianship, care or
817 representation of minor children, the incompetent, and the disabled,
818 and the jurisdictions of all government units constituted by such laws,
819 including, but not limited to, that which is codified in chapter 453 of
820 this Member's Revised Statutes, and promulgated in Regulations
821 authorized thereby, as well as all related ongoing investigations,
822 prosecutions and administrative proceedings; and (o) all Member laws
823 and laws of the United States Government that prohibit racial, ethnic,
824 gender or disability discrimination in employment and housing,
825 including but not limited to that which is codified in chapter 213 of this
826 Member's Revised Statutes, and the jurisdictions of all government
827 units constituted thereby; as well as all related ongoing investigations,
828 prosecutions and administrative proceedings.

829 Section 5. Income of Residents Doing Business in District. This
830 section shall be effective in this Member notwithstanding the
831 reciprocity otherwise required by section 5 of Article V. This Member
832 may tax income earned by its residents from income producing
833 activities occurring within a Prosperity District as provided by law if
834 such residents are neither domiciled nor residing in such Prosperity
835 District.

836 Section 6. Federal Primacy, Mandates and Grant Requirements
837 Protected. This section shall be effective in this Member
838 notwithstanding the reciprocity otherwise required by section 5 of
839 Article V. Until this Compact receives the Consent of Congress in such
840 form as to obviate any need for this Member to comply with otherwise
841 applicable federal mandates and conditions of maintaining or securing
842 federal primacy or federal grants, every Prosperity District located in
843 this Member shall cooperate with this Member in fulfilling the lawful
844 conditions of any federal grant or assumption of federal primacy and
845 complying with any lawful federal mandate, including the adoption of
846 appropriate bylaws and Regulations, in the event that this Member is
847 specifically threatened by the federal government in writing with any
848 sanction, the loss of federal primacy, the loss of any federal grant or if
849 this Member loses federal primacy or a federal grant due to a failure
850 of compliance with a federal mandate or a condition to the
851 maintenance of federal primacy or to the grant caused by the actions
852 or omissions of any Prosperity District. To enforce this cooperation
853 duty, this Member shall give notice of the threat or loss to the
854 managing board of each responsible Prosperity District as soon as
855 possible together with a specification of the sanction or the amount of
856 the grant that has been threatened or lost, as well as a specific demand
857 for the curative action or inaction that the Prosperity District must
858 undertake in order to restore federal primacy, the grant, or prevent the
859 sanction or the loss of federal primacy or the grant. (a) The Prosperity
860 District is authorized and required to respond to the foregoing demand
861 in one or more of the following three ways as needed to ensure that
862 federal primacy is maintained by this Member or this Member is kept
863 or made whole: (1) it shall strictly comply with the demand in a fashion
864 that may supersede any limitation on its regulatory authority as
865 otherwise specified in Article II only to the extent absolutely necessary;
866 (2) it shall post a surety bond in favor of this Member or tender cash to
867 the this Member for the full amount of the grant that has been
868 threatened or lost which shall be payable without delay to this Member
869 or its designated recipient on its demand if the grant is lost (subject to
870 this Member refunding said amount immediately upon the restoration
871 of the grant); or (3) it shall delegate so much of its authority within its
872 boundaries to this Member or its designated agency, instrumentality or

873 political subdivision to hold and exercise in receivership as is
874 absolutely necessary to fulfill the federal mandate or the conditions of
875 the threatened or lost federal primacy or federal grant until such time
876 as the threatened sanction is retracted or lifted, or the federal primacy
877 or grant is restored and no longer specifically threatened by the federal
878 government. (b) If the Prosperity District fails to respond to the
879 foregoing demand as aforesaid, this Member shall have the right to
880 commence a special action in State court to appoint a receiver to hold
881 and exercise all power of the Prosperity District as necessary to comply
882 with the federal mandate or to fulfill the conditions of the threatened
883 or lost federal primacy or federal grant until such time as the
884 threatened sanction is retracted or lifted, or the federal primacy or
885 grant is restored and no longer specifically threatened by the federal
886 government, and each Prosperity District causing this Member to fail
887 to fulfill the conditions of any such federal primacy or federal grant
888 shall be jointly and severally liable for tendering the full amount of any
889 federal monies that are denied to this Member as a result of the failure
890 of cooperation within thirty (30) calendar days after submission of a
891 proof of claim by this Member to each Prosperity District for the
892 replacement funding. (c) This section shall self-repeal upon this
893 Compact receiving the Consent of Congress in such form and substance
894 as to declare or render the actions or omissions of a Prosperity District
895 non-prejudicial to any obligation this Member may have to comply with
896 otherwise applicable federal mandates and conditions of maintaining
897 or securing federal primacy or federal grants.

898 Section 7. National Security Modification to Definition of
899 "Eligible Land." This section shall be effective in this Member
900 notwithstanding the reciprocity otherwise required by section 5 of
901 Article V. The formation and expansion of a Prosperity District in this
902 Member, as well as investment in property located within an existing
903 Prosperity District, shall be subject to the review process for
904 controlling direct foreign investment in the United States for the
905 purpose of protecting national security, which is managed by the multi-
906 agency federal entity known as the Committee on Foreign Investment
907 in the United States ("CFIUS"), in accordance with the Foreign
908 Investment and National Security Act and 31 C.F.R. Part
909 800. Accordingly, any person wishing to form or expand a Prosperity

910 District or otherwise to invest in property located within an existing
911 Prosperity District should expect that CFIUS will review, and
912 potentially block, direct foreign investment for the purpose of
913 protecting the national security of the United States, but only to the
914 same extent as it does for such investments in all other areas of the
915 United States.

916 Section 8. County Opt-Out. This section shall be effective in this
917 Member notwithstanding the reciprocity otherwise required by section
918 5 of Article V. If a county of this Member wishes to exclude land within
919 its jurisdiction and outside of the territorial and extraterritorial
920 jurisdiction of any municipality from being deemed "Eligible Land"
921 under this Compact before the formation or expansion of a Prosperity
922 District upon such land, it may pass a local law declaring such
923 exclusion with a sufficient legal description to identify the excluded
924 land based on such procedures as apply generally to the enactment of
925 local laws by such county notwithstanding any other law of this
926 Member provided that: (a) the local law is enacted and effective within
927 six (6) months of the enactment date of the Compact legislation; (b) a
928 certified copy of the local law is recorded with the county recorder of
929 deeds; (c) the local law shall automatically self repeal in four (4) years
930 from its enactment date without prejudice to its reenactment; and (d)
931 the local law does not have the purpose or effect of rendering the
932 authority to form, expand or withdraw from a Prosperity District a law,
933 privilege or immunity for a closed class of one or more identifiable
934 persons. Any such local law may be subsequently amended or repealed
935 in accordance with such procedures as apply generally to the
936 enactment of local laws by such county notwithstanding any other law
937 of this Member provided that the amendment or repeal does not have
938 the purpose or effect of rendering the authority to form, expand or
939 withdraw from a Prosperity District a law, privilege or immunity for
940 a closed class of one or more identifiable persons.

941 Section 9. Municipal Opt-In. This section shall be effective in
942 this Member notwithstanding the reciprocity otherwise required by
943 section 5 of Article V. Any consent required to be given by the
944 governing body of a municipality to deem real property within the
945 territorial or extraterritorial jurisdiction of that municipality "Eligible
946 Land" under this Compact: (a) shall be enacted as a local law based on

947 such procedures as apply generally to the enactment of local laws by
948 such municipality notwithstanding any other law of this Member,
949 including, but not limited to, any law requiring or enforcing any local,
950 regional or Statewide land use plan; (b) shall contractually bind such
951 municipality to recognize the classification of such real property as
952 "Eligible Land" under this Compact; (c) may include further stipulations
953 and conditions superseding, modifying or limiting the text or
954 applicability of provisions of this Compact as authorized by Section 6(j)
955 of Article VIII of this Compact within the territorial or extraterritorial
956 jurisdiction of the consenting municipality; and (d) must provide that
957 any alteration to the applicability of provisions of this Compact that is
958 specified in the aforesaid local law may be repealed by subsequently
959 enacted local law provided that such repeal shall not have the effect of:
960 (1) delegating powers or authorities to any Prosperity District in addition to
961 those expressly delegated to the district by section 2(c) of Article II of this Compact,
962 (2) creating or expanding the jurisdictions of any government unit within the
963 boundaries of any Prosperity District in addition to that which is expressly
964 permitted under section 2(d) of Article II of this Compact; (3) eliminating the
965 text or authority of any Revenue Covenant that otherwise would satisfy the
966 petition requirement under section 1(a)(9) of Article IV, (4) preventing the
967 formation or expansion of Prosperity Districts or the withdrawal of land
968 from a Prosperity District in that municipality, or (5) disqualifying real
969 property as Eligible Land which would have otherwise qualified as Eligible
970 Land as of the enactment date of the respective Member's original Compact
971 legislation.

972 Section 10. Insurance, Performance and Surety Bonding. This section
973 shall be effective in this Member notwithstanding the reciprocity otherwise
974 required by section 5 of Article V. This Member and any political subdivision
975 of this Member that has the right to foreclose on a Revenue Covenant lien
976 attached to real property located within a Prosperity District or that may be
977 required by law to assume jurisdiction over lands withdrawn from a
978 Prosperity District, shall have the right to a reasonable performance or
979 surety bond or coverage as a named insured under a reasonable insurance
980 policy from the petitioner(s) seeking district formation, expansion and
981 withdrawal in an amount and with such limits and terms sufficient to cover
982 the reasonably anticipated costs associated with maintenance of structures
983 on such lands as well as to cover the reasonably anticipated costs of

984 enforcing public health, safety and sanitation standards imposed by
985 generally applicable laws within its jurisdiction with regard to such land in
986 the event of such foreclosure or withdrawal. A detailed written demand for
987 the furnishing of such insurance or the posting of such a bond specifying
988 required terms and conditions of the bond or insurance shall be interposed
989 against the relevant petitioner(s) by service of the demand upon each
990 petitioner and all required recipients of their petition prior to its
991 approval. The demand shall not prevent approval of the petition; however,
992 if petitioner(s) do not comply with the demand within ninety (90) days of
993 service, or if the disputants do not first settle their differences in regard to
994 the demand, then the serving Member or political subdivision may institute
995 an action in a venue of competent jurisdiction to compel compliance with the
996 demand by petitioner(s) and such compliance shall be compelled if the terms
997 and conditions of the demanded insurance policy or bond are found
998 contractually enforceable and reasonable based on admissible evidence of
999 the magnitude and likelihood of the risk of incurring costs associated with
1000 maintenance of structures on such lands as well as to cover the reasonably
1001 anticipated costs of enforcing public health, safety and sanitation standards
1002 imposed by generally applicable laws within its jurisdiction with regard to
1003 such land in the event of such foreclosure or withdrawal. If the terms and
1004 conditions of the demanded bond or insurance are not found contractually
1005 enforceable or reasonable based on such evidence, then the serving Member
1006 or political subdivision shall be held liable for all legal expenses and
1007 attorney's fees incurred by petitioner(s) in defending the action. If
1008 petitioner(s) do not comply with the demand after being ordered to do so by
1009 the adjudicating authority, then the serving Member or political subdivision
1010 may seek a money judgment against the relevant petitioner(s) jointly and
1011 severally in the amount of the demanded bond or limits of the demanded
1012 insurance policy or appropriate equitable relief reasonably tailored to
1013 mitigate the reasonably anticipated costs of enforcing public health, safety
1014 and sanitation standards imposed by generally applicable laws within its
1015 jurisdiction with regard to such land in the event of such foreclosure or
1016 withdrawal. If a written demand for the posting of a bond or furnishing of
1017 insurance is not timely served or if an action to compel compliance with the
1018 demanded bond or insurance policy is not commenced within six (6) months
1019 of the approval of the relevant petition, then the right to demand a bond or
1020 insurance policy from petitioner(s) under this section shall be forfeit and

1058 one hundred percent (100%) of the surface land ownership interests in such
1059 Eligible Land, (the "petitioner(s)") shall sign a petition requesting the
1060 formation or expansion of a Prosperity District to include such Eligible Land
1061 under the authority of this Compact and further attesting to the accuracy of
1062 the following information under oath, which shall also be included in the
1063 petition: (1) a statement requesting the formation or expansion of a
1064 Prosperity District and avowing that the land to be encompassed by the new
1065 district or included in the expanded district is Eligible Land; (2) the name,
1066 address, telephone number and e-mail address of each such signing
1067 landowner, if any; (3) a statement that one hundred percent (100%) of the
1068 qualified electors who are residing on such Eligible Land have consented in
1069 writing to the petition or, alternatively, a statement that no qualified electors
1070 are then-residing on said Eligible Land; (4) the name, address, telephone
1071 number and e-mail address of each such resident qualified elector, if any; (5)
1072 a legal description of the external boundaries of the proposed new or
1073 expanded Prosperity District, as well as of the boundaries of any corridor for
1074 the exercise of eminent domain by external agencies pursuant to section
1075 2(d)(4)(i)(A) of Article II and any individual parcels that are internal to such
1076 Eligible Land which shall continue to be recognized within the Prosperity
1077 District upon formation, expansion and withdrawal; (6) a map and a general
1078 description of the area to be included in the proposed new or expanded
1079 Prosperity District that is sufficiently detailed to permit a property owner
1080 to determine if a particular property is located in the proposed new or
1081 expanded Prosperity District; (7) for a new Prosperity District: (i) a unique
1082 name to be assigned to the Prosperity District; (ii) the names, addresses,
1083 phone numbers and occupations of the proposed members of the Prosperity
1084 District's initial managing board; (iii) a statement of the jurisdiction, power
1085 and authority of the district under Article II of this Compact; (iv) on behalf
1086 of the proposed district and deemed effective within the district upon
1087 formation: (A) an express adoption and verbatim specification of the Malum
1088 in Se Criminal Law effective within the area to be encompassed by the
1089 proposed district; (B) an express adoption of the Common Law effective
1090 within the area to be encompassed by the proposed district; (C) the express
1091 adoption and verbatim specification of any other Regulation which is desired
1092 by petitioner(s) to be enforced by the district after formation pursuant to
1093 sections 2(c)(1)(i) and 3 of Article II, provided that such Regulation was
1094 effective within the area to be encompassed by the district as of the

1095 enactment date of this Member's Compact legislation; and (v) initial district
1096 bylaws specifying: (A) procedures for the promulgation, amendment and
1097 repeal of district bylaws, ordinances, policies, procedures, parliamentary
1098 rules, and directives for the governance of the district, for internal district
1099 management and administration (including provisions detailing supervision
1100 and coordination of Revenue Covenant enforcement, as well as the collection
1101 and disbursement of revenues to which the district is contractually entitled),
1102 the formation of committees, subordinate departments and agencies, and the
1103 designation and responsibilities of administrative offices and retention of
1104 subordinate officials; (B) managing board member appointment, election,
1105 removal or succession procedures; (C) municipal bonding terms, issuance
1106 and repayment procedures; (D) public hearing and notice procedures; (E)
1107 Regulation promulgation and enforcement procedures; (F) the public
1108 infrastructure and services to be furnished by the district; and (G) the office,
1109 authorities and duties of the district treasurer and secretary; (8) for an
1110 expansion of an existing Prosperity District, the name of the Prosperity
1111 District to be expanded and the names, addresses, and phone numbers of the
1112 members of that district's managing board; (9) for a new Prosperity District,
1113 a recordable Revenue Covenant to burden the Eligible Land, which is the
1114 subject of the petition, as specified or described in Article III of this
1115 Compact; (10) for an expansion of an existing Prosperity District, a
1116 recordable Revenue Covenant to burden the Eligible Land to be included in
1117 the existing Prosperity District that mirrors the Revenue Covenant then-
1118 running with title to the land in that existing district; and (11) a recordable
1119 restrictive covenant to burden the Eligible Land, which is the subject of the
1120 petition, prohibiting each landowner and any successor in interest from
1121 taking any action to preclude, hinder or obstruct the expansion of the
1122 district to adjacent lands that are outside of the district, if any, or the
1123 withdrawal of lands from the district as contemplated in this Article (or
1124 pursuant to such additional criteria for withdrawal of lands). (b) The petition
1125 shall be served on each of the following recipients as applicable: (1) each
1126 member of the Board of Supervisors of each County in which any portion of
1127 the new or expanded district is to be located at their offices or through their
1128 authorized service of process recipient; (2) the governing body of each
1129 affected municipality at its office or through its authorized service of process
1130 recipient if the new or expanded district is to include Eligible Land located
1131 within that municipality's jurisdiction; and (3) the managing board of each

1132 affected Prosperity District at its office or through its authorized service of
1133 process recipient if that Prosperity District is to be expanded by the
1134 inclusion of the Eligible Land or if a new Prosperity District is to be formed
1135 within any part of the jurisdiction of that Prosperity District. (c) Within
1136 twenty (20) calendar days after receipt of the petition, each recipient
1137 designated in subsection (b) of this section shall review the petition
1138 ministerially for compliance with subsection (a) of this section and deny any
1139 petition that is not compliant. Notice of the denial of a petition shall be
1140 given within said time frame in writing to the petitioner(s) stating the
1141 specific nature of any deficiency and without prejudice as to the repeated
1142 resubmittal of a corrected petition until all such deficiencies are cured. If
1143 the petition is not timely denied by any recipient designated in subsection
1144 (b) of this section, the petition shall be deemed compliant with this section
1145 for all purposes and it may be recorded by the petitioner(s) with the County
1146 Recorder for each County in which the new or expanded Prosperity District
1147 is to be located and with each such other official responsible for the public
1148 recordation of interests in real property located within the proposed
1149 boundaries of the new or expanded Prosperity District, if any. Sworn proof
1150 of service by U.S. certified mail, return receipt requested, or equivalently
1151 verifiable delivery service shall be sufficient to establish the date the petition
1152 was received by a designated recipient or any required notice was given to
1153 the petitioner(s).

1154 Section 2. Petition to Withdraw. A petition may be brought to
1155 withdraw land from a Prosperity District's jurisdiction as provided in this
1156 section. (a) The land that is the subject of the withdrawal petition must: (1)
1157 be contiguous to land that is outside of the boundaries of the affected
1158 district; (2) be contiguous to land included in the same petition that is
1159 contiguous to land that is outside of the boundaries of the affected district;
1160 (3) be at least one square mile of contiguous land; (4) be the subject of an
1161 enforceable contract governing all landowners and qualified electors
1162 residing in the affected district that gives consent to the withdrawal of such
1163 land from the district under such terms and conditions as may be specified
1164 in that contract; or (5) qualify for withdrawal under criteria otherwise
1165 specified in the bylaws of the affected district provided that such criteria are
1166 uniform for all persons domiciled in the district and they do not have the
1167 purpose or effect of rendering such withdrawal authority a law, privilege or
1168 immunity for a closed class of one or more identifiable persons. (b) The

1169 withdrawal petition must: (1) state under oath that the petitioner(s)
1170 represent one hundred percent (100%) of the surface land ownership
1171 interests in title to the proposed withdrawn land, including the same contact
1172 information for petitioners as with a petition to form or expand a Prosperity
1173 District; (2) state under oath that one hundred percent (100%) of all qualified
1174 electors residing on the affected land have given written consent to the
1175 withdrawal of the land from the Prosperity District's jurisdiction; (3) include
1176 a map and legal description of the proposed withdrawn land; and (4) be
1177 served on the same officials as a petition to form or expand a Prosperity
1178 District, who must then within twenty (20) calendar days after receipt of the
1179 petition, review the petition ministerially for compliance with this section
1180 and deny any petition that is not compliant. (c) Notice of the denial of a
1181 withdrawal petition shall be given within said twenty (20) calendar day time
1182 frame in writing by the same method of notice to the petitioner(s) as
1183 applicable to a petition to form or expand a district. If the petition is not
1184 timely denied by any petition recipients, the petition shall be deemed
1185 approved and compliant with this section for all purposes and it may be
1186 recorded by the petitioner(s) with the county recorder for each county in
1187 which the withdrawn land is to be located and with each such other official
1188 responsible for the public recordation of interests in real property located
1189 within the proposed boundaries of the withdrawn land, if any. (d) Upon the
1190 approval and recordation of the withdrawal petition, the land specified
1191 therein shall immediately revert to the jurisdictional status of land outside
1192 of the boundaries of the affected Prosperity District such that all laws
1193 generally applicable outside of the boundaries of that Prosperity District
1194 shall govern the area of such land as if the district never encompassed the
1195 withdrawn land, and all covenants or servitudes running with title to such
1196 land as a consequence of any petition to form or expand that district shall be
1197 deemed vacated; but all other encumbrances on title to the withdrawn land,
1198 including any lien that has attached to such land to secure the payment of
1199 any previously accrued and unpaid Revenue Covenant obligation, shall
1200 remain enforceable to the extent consistent with the reverted legal and
1201 jurisdictional status of the withdrawn land. (e) Petitioner(s) of an approved
1202 and recorded withdrawal petition may not subsequently petition for the
1203 expansion of the Prosperity District to include land withdrawn from that
1204 district for a period of twelve (12) months without the concurrence of the
1205 district's managing board.

Article V**Compact Formation, Effect and Amendment****Section 1. Offer and Acceptance of Interstate Compact.** By becoming

a Member, each such Member hereby publicly pledges and offers to perform and comply strictly in accordance with this Compact's terms and conditions as a binding interstate compact, and has made such pledge and offer in anticipation and consideration of, and in substantial reliance on, such mutual and reciprocal pledge, performance and compliance by each other Member, if any. This pledge and offer shall be deemed accepted and entry into this Compact complete and contractually binding on a Member as an interstate compact upon that Member's receipt of notice of the attainment of Member status by any other Member; further privity of contract with regard to such interstate compact shall extend to, between and among any Member with notice of the Member status of any other Member. For purposes of this section, notice shall be given to each other Member's Governor, an official authorized to accept service of process on the Governor, and to the Compact Administrator, if any.

Section 2. Effect of Compact Formation. On acceptance of the pledge

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

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

Section 3. Effect of Existing Consent of Congress. Subject to Article III, and otherwise notwithstanding any law to the contrary, under the authority of United States Constitution, article I, section 10, article VI, clause 2, and the Tenth Amendment to the United States Constitution, when and to the extent that this Compact becomes an interstate compact, in accordance with the Consent of Congress furnished by 4 United States Code § 112, this Compact shall: (a) have equivalent status to a law of the United States to the extent that it enables cooperative efforts and mutual assistance among the States in the prevention of crime, enforcing criminal laws and policies, and establishing desirable agencies for making effective such cooperative efforts and mutual assistance; (b) every Prosperity District's exclusive jurisdiction under section 2(e) of Article II shall preclude every agency, branch, department, instrumentality or political subdivision of every Member in privity or the United States Government from exercising jurisdiction or authority or superimposing additional governing jurisdictions within district boundaries, as those boundaries may be established from time to time, for purposes of preventing crime, enforcing criminal laws and policies and establishing desirable agencies for making effective such cooperative efforts and mutual assistance (except as authorized by section 2(d) of Article II); and (c) any dispute between any Member in privity, the United States Government, and Third Party Beneficiary regarding cooperative efforts and mutual assistance among the States in the prevention of crime, enforcing criminal laws and policies, and establishing desirable agencies for making effective such cooperative efforts and mutual assistance, shall be subject to

1280 alternative dispute resolution pursuant to section 10 of Article VI.

1281 Section 4. Effect of Additional Consent of Congress. Subject to Article
1282 III and any stipulation, condition or exception to such additional Consent of
1283 Congress, and otherwise notwithstanding any law to the contrary, under the
1284 authority of United States Constitution, article I, section 10, article VI, clause
1285 2, and the Tenth Amendment to the United States Constitution, when and to
1286 the extent that this Compact becomes an interstate compact and has received
1287 the Consent of Congress in addition to that furnished by 4 United States Code
1288 § 112: (a) this Compact shall have equivalent status to a law of the United
1289 States; (b) every Prosperity District's exclusive jurisdiction under section
1290 2(e) of Article II shall preclude every agency, branch, department,
1291 instrumentality or political subdivision of every Member in privity or the
1292 United States Government from exercising jurisdiction or authority or
1293 superimposing additional governing jurisdictions within district boundaries
1294 or fining, penalizing, prosecuting, regulating, taxing or otherwise addressing
1295 through government action any condition, state of affairs, person, entity,
1296 service, property, action or omission located, committed or occurring within
1297 the boundaries of any Prosperity District, as those boundaries may be
1298 established from time to time (except as authorized by section 2(d) of Article
1299 II and as non-governmental persons may otherwise agree in adopting a
1300 venue selection clause or choice of law provision in a valid contract between
1301 them); (c) the actions or omissions of any Prosperity District or that of any
1302 Third Party Beneficiary within the boundaries of any Prosperity District as
1303 they may be established from time to time shall not prejudice or otherwise
1304 adversely affect compliance by any Member in privity with federal mandates
1305 or conditions of maintaining or securing federal primacy or federal grants;
1306 (d) real property owned or held in trust by the United States Government,
1307 which is outside of the boundaries of National Forests and National Parks
1308 existing on the effective date of such Consent of Congress, and outside of any
1309 Native American Reservation, shall qualify as Eligible Land under section 5
1310 of Article VII of this Compact, and the United States Government in its
1311 proprietary or trustee capacity, as applicable, may be regarded as consenting
1312 to and joining in any petition required by Article IV for the formation or
1313 expansion of, or withdrawal from, a Prosperity District encompassing such
1314 real property provided that all other criteria unrelated to the ownership or
1315 trustee status of the United States are fulfilled; (e) the United States
1316 Government shall be deemed to consent to the inclusion of any otherwise

1317 Eligible Land in any petition to form, expand or withdraw from a Prosperity
1318 District under Article IV notwithstanding any encumbrance on such land,
1319 such as any lien, gas, mineral or water right, it owns or holds in trust; and (f)
1320 any dispute between any Member in privity, the United States Government,
1321 and Third Party Beneficiary regarding the foregoing shall be subject to
1322 alternative dispute resolution pursuant to section 10 of Article VI.

1323 Section 5. Reciprocity, Freedom of Access, Cross-Border Prosperity
1324 Districts. Subject to Article III, upon this Compact attaining the status of an
1325 interstate compact, any activity lawfully undertaken and any service
1326 lawfully performed within any Prosperity District located within this
1327 Member or any other Member in privity shall be reciprocally recognized as
1328 lawful within the boundaries of every other Prosperity District located
1329 within this Member and any other Member in privity on the same terms
1330 unless otherwise prohibited by the enforcement of constitutional provisions,
1331 interstate compacts, Malum in Se Criminal Law, Common Law, and any
1332 Regulation promulgated or enforced in accordance with Article II of this
1333 Compact. Further, every Prosperity District located within this Member or
1334 any other Member in privity shall allow direct ingress and egress of any
1335 person lawfully allowed ingress to and egress from any other Prosperity
1336 District located within this Member or any other Member in privity unless
1337 prohibited by the enforcement of existing property or contractual
1338 rights. Furthermore, a Prosperity District may be formed and expanded
1339 across State lines between Members in privity provided that the petition
1340 required by section 1 of Article IV: (a) specifies the Malum in Se Criminal
1341 Law and Common Law that shall be in effect within the district; (b) is served
1342 on the Governor(s) of each affected Member at their offices or through their
1343 authorized service of process recipient(s) in addition to other petition
1344 recipients required by section 1 of Article IV; and (c) compliance is made
1345 with all other terms of section 1 of Article IV, whereupon the approval
1346 process specified therein shall be construed as referencing the Governor(s)
1347 of each affected Member in addition to such other officials holding approval
1348 power.

1349 Section 6. Amendment. After this Compact becomes an interstate
1350 compact, each Member in privity reserves the right to amend this Compact
1351 exclusively by repealing all or any part of the provisions set forth in Article
1352 III of this Compact which that Member included in its original Compact
1353 legislation, or by amending such provisions of Article III with such

1354 additional terms or provisions respecting that Member as are consistent with
1355 section 6 of Article VIII of this Compact and prospective in effect, at any time
1356 through ordinary legislation, provided that such repeal or amendment shall
1357 not have the purpose or effect of: (a) delegating powers or authorities to any
1358 Prosperity District (in addition to those expressly delegated to the district by
1359 section 2(c) of Article II of this Compact as specified in that Member's original
1360 Compact legislation and as modified, if at all, by the terms of Article III as
1361 they existed immediately prior to this Compact becoming an interstate
1362 compact); (b) creating or expanding the jurisdictions of any government unit
1363 within the boundaries of any Prosperity District (in addition to that which
1364 is expressly permitted under section 2(d) of Article II of this Compact as
1365 specified in that Member's original Compact legislation and as modified, if
1366 at all, by the terms of Article III as they existed immediately prior to this
1367 Compact becoming an interstate compact); (c) eliminating the text or
1368 authority of any Revenue Covenant that otherwise would satisfy the petition
1369 requirement under section 1(a)(9) of Article IV (as specified in that Member's
1370 original Compact legislation and as modified, if at all, by the terms of Article
1371 III as they existed immediately prior to this Compact becoming an interstate
1372 compact); (d) disqualifying real property as Eligible Land which would have
1373 otherwise qualified as Eligible Land (as specified in that Member's original
1374 Compact legislation and as modified, if at all, by the terms of Article III as
1375 they existed immediately prior to this Compact becoming an interstate
1376 compact); (e) impairing the legitimate investment-backed expectations of any
1377 Third Party Beneficiary which are founded on vested property or
1378 contractual rights; or (f) with respect to any Prosperity District formed prior
1379 to the effective date of the respective repeal or amendment: (1) preventing
1380 the expansion of that Prosperity District in accordance with the terms of this
1381 Compact as they existed upon that district's formation; (2) preventing the
1382 withdrawal of land from that Prosperity District in accordance with the
1383 terms of this Compact as they existed upon that district's formation; (3)
1384 directly or indirectly promulgating or enforcing any Regulation within that
1385 Prosperity District in addition to that which was authorized by the terms of
1386 this Compact as those terms existed upon that district's formation unless
1387 such Regulation: (i) is subject to the defense afforded by section 4 of Article
1388 II (in accordance with the original terms of that Member's Compact
1389 legislation and as modified, if at all, by the terms of Article III as they existed
1390 immediately prior to this Compact becoming an interstate compact); and (ii)

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

Article VI

Compact Commission

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

1428 the Commission and Compact Administrator; (g) to make public and open for
1429 inspection or observation by any person at all reasonable times all governing
1430 instruments, records, proceedings, and accounts of the Commission and
1431 Compact Administrator subject to executive session procedures or privileges
1432 specified in the Commission's bylaws, the adoption of which shall be
1433 conducted by public hearing and shall supersede any conflicting law or
1434 Regulation of any Member; (h) to cooperate with any person that shares a
1435 common interest with the Commission and engages in policy research, public
1436 interest litigation or lobbying in support of the purposes of the Compact; (i)
1437 to establish a process of transparent, open competitive bidding in order to
1438 secure an annual contract with one or more reputable outside alternative
1439 dispute resolution services, which may, but is not required to include,
1440 adjudicative services offered by a judicial branch of a State or the United
1441 States Government, to furnish binding arbitration of disputes; (j) to direct
1442 the final resolution and settlement of all disputes involving, between or
1443 among any Member, Prosperity District, or any agency or department of the
1444 United States Government to which the Consent of Congress for this
1445 Compact can be ascribed (if such consent has been given), with all sovereign
1446 immunities, if any, deemed waived with respect to any such proceeding, final
1447 resolution and settlement, through the use of the Commission's contracted
1448 outside alternative dispute resolution service, or such other alternative
1449 dispute resolution service which all disputants agree to use (which may, but
1450 is not required to include, adjudicative services offered by a judicial branch
1451 of a State or the United States Government); (k) to exercise only such
1452 incidental powers as are essential to carrying out the foregoing express
1453 powers and duties (in no event shall the Commission be construed as
1454 possessing eminent domain, taxation or police powers, or any other power
1455 that is functionally equivalent to the same, whether incidentally or
1456 principally); and (l) to adopt and publish corresponding bylaws, policies and
1457 procedures.

1458 Section 2. Commissioner Appointment. The Commission initially
1459 consists of three unpaid Commissioners each serving solely a single six-year
1460 term. Commissioner positions shall be assigned to appointees in the order
1461 in which their respective appointing State became Members. Once at least
1462 one Prosperity District has been formed and exists within its boundaries,
1463 and until all Commissioner positions are filled, or whenever there is a
1464 vacancy, each Member in the order in which it became a Member may

1465 **appoint one Commissioner through its Governor by appropriate executive**
1466 **action as determined by the laws of the respective Member, subject to**
1467 **disapproval by official notice of any Prosperity District located within such**
1468 **Member that is received by the Office of its Governor or such person who is**
1469 **authorized to receive service of process on behalf of said Governor within**
1470 **ten (10) calendar days of such appointment. Timely disapproval shall have**
1471 **the effect of requiring a new appointment until such time as a timely**
1472 **disapproval is not received.**

1473 **Section 3. Commissioner Removal. A Commissioner representing a**
1474 **given Member may be removed from his position at any time and for any**
1475 **reason by the official action of at least two-thirds of the governing boards of**
1476 **all Prosperity Districts located within the jurisdiction of that Member. Any**
1477 **Commissioner representing any Member shall be removed from his position**
1478 **at any time by the official action of at least two-thirds of all Prosperity**
1479 **Districts. To be effective, notice of the foregoing official action of removal**
1480 **must be received by the Office of the Governor of the appointing Member or**
1481 **such person as is authorized to receive service of process on behalf of said**
1482 **Governor. Upon removal, the vacant position shall be filled as provided in**
1483 **section 2 of this Article.**

1484 **Section 4. Commission Action. The Commission shall meet at least**
1485 **once a year, and may meet more frequently. Each Commissioner is entitled**
1486 **to one vote. The Commission shall not act unless a majority of its appointed**
1487 **Commissioners is present, and no action shall be binding unless approved by**
1488 **a majority of the appointed Commissioners. However, two-thirds of all**
1489 **Prosperity Districts may override and nullify any action of the Commission,**
1490 **including a direction to use alternative dispute resolution, by official notice**
1491 **given to the Commission or the Compact Administrator within thirty (30)**
1492 **calendar days after such action.**

1493 **Section 5. First Order of Business. The Commission shall at the**
1494 **earliest possible time elect from among its Membership a chairperson,**
1495 **determine a principal place of doing business within the jurisdictional**
1496 **boundaries of the United States Court of Appeals for the Fifth Circuit and**
1497 **appoint an Compact Administrator.**

1498 **Section 6. Funding. The Commission and the Compact**
1499 **Administrator's activities shall be funded, if at all, exclusively by Prosperity**
1500 **Districts, on an annual basis as follows: (a) the Commission shall propose an**
1501 **annual budget in accordance with its bylaws; (b) two-thirds of all Prosperity**

1502 Districts must approve the Commission's annual budget by official notice
1503 given to the Compact Administrator in order for the Commission's budget to
1504 become authorized; (c) if and when the Commission's budget is authorized,
1505 the Compact Administrator shall establish and/or maintain an account to
1506 receive and disburse funding for the Commission and shall also periodically
1507 request by notice given to all Prosperity Districts a specific total amount of
1508 money needed to fund the Commission's operations under the authorized
1509 budget; (d) upon receipt of such notice, every Prosperity District shall pay
1510 into the Commission account the lesser amount of an equal share of the
1511 Compact Administrator's funding request or one percent (1%) of gross
1512 revenue in the immediately preceding fiscal year; and (e) if there is a funding
1513 shortfall, the Compact Administrator shall request further funding from
1514 every Prosperity District until the shortfall is closed or the Commission shall
1515 adjust its authorized budget to the level of the available funding.

1516 Section 7. Compact Administrator. The Compact Administrator
1517 serves at the pleasure of the Commission and must keep the Commission
1518 seasonably apprised of the performance or nonperformance of the terms and
1519 conditions of this Compact. Any notice sent by a Member to the Compact
1520 Administrator concerning this Compact shall be adequate notice to each
1521 other Member provided that a copy of said notice is seasonably delivered by
1522 the Compact Administrator to each other Member's respective Governor or
1523 chief executive officer. The Compact Administrator has the power and duty:
1524 (a) to organize and direct the logistical operations of the Commission; (b) to
1525 maintain an accurate list of all Members, including contact information; (c)
1526 to formulate, transmit and maintain all official notices, records and
1527 communications relating to this Compact; and (d) such incidental powers as
1528 are essential to carrying out the foregoing express powers and duties (in no
1529 event shall the Compact Administrator be construed as possessing eminent
1530 domain, taxation or police powers, or any other power that is functionally
1531 equivalent to the same, whether incidentally or principally).

1532 Section 8. Notice of Key Events. On the occurrence of each of the
1533 following described events, or otherwise as soon as possible, the Compact
1534 Administrator shall immediately send the following notices to the Governor
1535 of each Member and the managing boards of each Prosperity District, if any,
1536 together with certified conforming copies of the chaptered version of this
1537 Compact as maintained in the statutes of each Member: (a) whenever any
1538 State becomes a Member, notice of that fact shall be given; (b) whenever any

1539 Prosperity District is formed or expanded, notice of that fact shall be given;
1540 (c) once Congress consents to this Compact as contemplated herein, notice
1541 of that fact shall be given; and (d) whenever any portion of this Compact is
1542 proposed to be amended or is actually amended, notice of that fact shall be
1543 given.

1544 Section 9. Cooperation. The Commission, Members, Prosperity
1545 Districts and the Compact Administrator shall cooperate with each other and
1546 give each other mutual assistance in enforcing this Compact.

1547 Section 10. Alternative Dispute Resolution Procedure. As soon as
1548 practicable after receipt of a notice of a demand for alternative dispute
1549 resolution by a Member, Prosperity District, Third Party Beneficiary, or the
1550 United States Government (if the requisite Consent of Congress has been
1551 given), the Commission shall consolidate all such demands which relate to
1552 the same transaction or operative facts and direct the identified disputants
1553 to reach a final resolution and settlement on all of the related causes of
1554 action, defenses and issues using alternative dispute resolution as
1555 contemplated in section 1(j) of this Article, whereupon each Member,
1556 Prosperity District, and the United States Government (if the requisite
1557 Consent of Congress has been given), if applicable, shall comply with such
1558 direction unless it is first nullified as provided in section 4 of this
1559 Article. The Commission's direction to use alternative dispute resolution as
1560 aforesaid may be enforced by any disputant Third Party Beneficiary,
1561 Member, Prosperity District, or the United States Government (if the
1562 requisite Consent of Congress has been given) against any other such
1563 disputant (except that a Third Party Beneficiary cannot be compelled to use
1564 alternative dispute resolution as aforesaid) in a court of competent
1565 jurisdiction, with all litigation expenses to be assessed jointly and severally
1566 against each such noncompliant disputant. In the case of any dispute over
1567 the existence of a District Externality, the burden of proof by clear and
1568 convincing evidence shall be on the disputant asserting the existence of the
1569 District Externality. An arbitration award may include equitable remedies,
1570 such as specific performance and injunctive relief, and a judgment on any
1571 arbitration award may be entered in a court having competent jurisdiction.
1572 A disputant may also seek in a court of competent jurisdiction (a) provisional
1573 or ancillary remedies against any disputant Member, Prosperity District, or
1574 the United States Government (if the requisite Consent of Congress has been
1575 given), including preliminary injunctive relief, pending the outcome of an

1576 arbitration proceeding, or (b) permanent injunctive relief against any such
1577 disputant to enforce an arbitration award. Alternative dispute resolution
1578 awards shall not be precedential.

1579 Section 11. Venue. Subject to strict compliance with the alternative
1580 dispute resolution process required by section 10 of this Article and the
1581 exercise of such original or appellate jurisdiction of the United States
1582 Supreme Court that is required by the United States Constitution, upon the
1583 designation of the Compact Administrator, any legal action concerning or
1584 implicating the legality of this Compact shall only be conducted: (a) as to
1585 original proceedings either in: (1) the municipal court, if any, established
1586 pursuant to section 2(c)(3) of Article II within the jurisdiction of any
1587 Prosperity District in which a substantial part of the cause of action arose;
1588 or (2) a court of competent jurisdiction located in the same State in which the
1589 principal place of business of either the Commission or the Compact
1590 Administrator is located; or (b) otherwise within the jurisdiction of the
1591 United States Court of Appeals for the Circuit in which the principal place
1592 of business of either the Commission or the Compact Administrator is
1593 located.

1594 Article VII

1595 Definitions

1596 The following definitions shall govern the construction of this
1597 Compact, unless the context clearly requires otherwise.

1598 Section 1. "Common Law" is a descriptive term used for convenience
1599 to reference English judge-made law (including such acts of parliament as
1600 overrode judge-made law) administered by the King's courts and the English
1601 courts of chancery, which purports to be derived from ancient custom and
1602 usage, as adopted or adapted and deemed precedential by this Member and
1603 pronounced as governing law through its judiciary through adjudications of
1604 specific disputes and fact patterns so as to furnish rules for dispute
1605 resolution in the categories of agency, business associations, conflict of laws,
1606 contracts, contracts for deeds, judgments, land sales, property, restitution,
1607 security, torts, trusts, equity and remedies. The term also includes: (a) the
1608 judge-made law of other States in the foregoing categories which this
1609 Member has adopted or adapted and deemed precedential through
1610 pronouncements of its judiciary; (b) statutory law as of the enactment date
1611 of this Member's Compact legislation to the extent (1) the ascertainment of
1612 a rule of governance in the foregoing categories is intelligible only by such

reference, (2) this Member has adopted tribal law, Roman, Spanish or French civil law or otherwise not adopted or adapted English judge-made law in the foregoing categories, or (3) this Member has codified English judge-made law in the foregoing categories; and (c) interstitial common law arising from the adjudication of Malum in Se Criminal Law or any Regulation adopted pursuant to section 1(a)(7)(iv)(A) and (C) of Article IV, and effective provisions of this Member's constitution and the United States Constitution. However, it does not otherwise include statutory law, administrative law, executive orders, ecclesiastical law, nor the body of decisional law developed by the federal judiciary of the United States Government. Where not inconsistent with the precedential adjudications of this Member as of the enactment date of this Member's Compact legislation, the term may be construed as incorporating the relevant governing rules published in the First Restatement of the Law of Agency, Conflict of Laws, Contracts, Judgments, Property, Restitution, Security, Torts, and Trusts, as approved by the American Law Institute in May 1942.

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

Section 3. "Consent of Congress" means any act of the Congress of the United States or any action of the United States Government which was authorized by Congress, including any statute, appropriation, joint resolution, concurrent resolution, administrative rule, or Regulation, that expressly or impliedly consents to this Compact before or after it becomes an interstate compact such that the Compact attains equivalent status to a Law of the United States when it becomes an interstate compact. An act or action giving such consent to this Compact shall be regarded as the Consent of Congress even if it includes stipulations, conditions and exceptions that limit the extent to which Ordinary Federal Law is repealed or held for naught under the terms of this Compact; and all such stipulations, conditions and exceptions, if any, shall be honored by the Member governed thereby until and unless they are repealed or amended.

Section 4. "District Externality" means any condition, state of affairs, action or omission occurring outside of the boundaries of a Prosperity

1650 District that violates Ordinary Member Law, Ordinary Federal Law, Malum
1651 in Se Criminal Law, or the Common Law in effect outside of the boundaries
1652 of the district, which was proximately caused by a condition, state of affairs,
1653 person, entity, service, property, action or omission located, committed or
1654 occurring within the boundaries of a Prosperity District.

1655 Section 5. "Eligible Land" means land that fulfills the following
1656 criteria: (a) it either consists of at least one square mile of contiguous land
1657 or consists of any quantity of contiguous land adjacent to an existing
1658 Prosperity District to expand that district (including any quantity of land
1659 that is contiguous to land that is adjacent to the district to be expanded and
1660 included in the same expansion petition) (the "land"); (b) title to the land is
1661 held either (1) free from any recorded valid and enforceable security
1662 interests, rights of way, easements, or restrictive covenants (collectively
1663 "Encumbrance Interests"), or (2) subject to Encumbrance Interests provided
1664 that all non-governmental persons holding any such Encumbrance Interest
1665 (or the right to enforce such Encumbrance Interests), who are identifiable in
1666 the chain of title to the land, consent in writing to the classification of the
1667 land as Eligible Land under this Compact; (c) the land either is (1) outside of
1668 the jurisdiction of an existing Prosperity District or (2) otherwise within the
1669 jurisdiction of an existing Prosperity District provided that the following
1670 entities consent in writing to the classification of the land as Eligible Land
1671 under this Compact: (i) all bondholders of each such existing Prosperity
1672 District; and (ii) any other person or entity holding a valid and enforceable
1673 security interest secured by the existing Prosperity District's rights under
1674 an existing Revenue Covenant; (d) the land either is (1) outside of the
1675 jurisdiction of a special taxing district as of the enactment date of this
1676 Member's Compact legislation, or (2) otherwise within the jurisdiction of a
1677 special taxing district provided that the following entities consent in writing
1678 to the classification of the real property as Eligible Land: (i) all bondholders
1679 of the respective special taxing district; and (ii) any other person or entity
1680 holding a valid and enforceable security interest secured by the district's
1681 taxing authority; (e) the land either is (1) outside of the territorial and
1682 extraterritorial jurisdiction (provided that such extraterritorial jurisdiction
1683 does not span more than six miles from the boundary of the territorial
1684 jurisdiction) of a municipality as of the enactment date of this Member's
1685 Compact legislation, or (2) otherwise within such territorial and
1686 extraterritorial jurisdiction of a municipality provided that the governing

1687 body of the municipality consents by local law to the classification of the real
1688 property as Eligible Land under this Compact; and (f) the land was not
1689 acquired by any landowner in its chain of title within the five (5) years
1690 preceding the inclusion of the land in any petition to form or expand a
1691 Prosperity District through the exercise of eminent domain or civil forfeiture
1692 for alleged criminal acts and omissions that did not result in a conviction.

1693 Section 6. "Landowner" means the owner of the freehold estate (also
1694 known as fee simple estate), as appears by the deed record, and shall not
1695 include reversioners, remaindermen, trustees (other than persons owning
1696 the freehold estate as of deed record) or mortgagees.

1697 Section 7. "Malus in Se Criminal Law" means those laws that prohibit
1698 under penalty of imprisonment or punitive fines acts or omissions that injure
1699 or threaten injury to another person or another person's property by a
1700 person who possesses evil intent, such as laws against assault, burglary, child
1701 abuse, fraud, kidnapping, murder, rape, robbery, and theft;

1702 Section 8. "Member" means a State that has passed legislation that
1703 enacts, adopts and agrees to be bound to this Compact or in which a measure
1704 having the same force and effect as such legislation has been passed by
1705 popular ballot initiative (collectively "Compact legislation"). For any State
1706 to be regarded as a Member in privity with regard to any other State, each
1707 such State must have passed substantively identical Compact legislation as
1708 aforesaid and manifested mutual consent to be bound by this Compact as
1709 provided in section 1 of Article V of this Compact. Such legislation shall be
1710 deemed substantively identical notwithstanding material differences among
1711 such States in regard to terms or provisions set forth in Article III of this
1712 Compact within the categories authorized by section 6 of Article VIII of this
1713 Compact ("Authorized Statewide Tailoring"), provided that all other terms of
1714 such legislation are substantively identical. Terms or provisions set forth in
1715 Article III of this Compact which are not categories of Authorized Statewide
1716 Tailoring are void ab initio, shall be held for naught, and shall not obstruct
1717 the formation of an interstate compact between the respectively enacting
1718 Member and any other Member, provided that all other terms of the Compact
1719 legislation are substantively identical.

1720 Section 9. "Municipality" means a political subdivision of a State
1721 which has general local governing authority and an elected governing body,
1722 such as a city or town; the term does not include special taxing districts or
1723 Prosperity Districts.

1724 Section 10. "Ordinary Federal Law" means any treaty, statute,
1725 agreement, Regulation or executive order, as well as any other similar act or
1726 action that has the force of law or the effect of substantively changing the
1727 status of legal rights and obligations, that is lawfully and constitutionally
1728 ratified, enacted, adopted, consented-to or otherwise promulgated by the
1729 government of the United States, or any of its agencies, instrumentalities, or
1730 political subdivisions, that is under the authority of, and subordinate to, the
1731 United States Constitution and that is subject to amendment, repudiation or
1732 repeal by a legislative act or resolution that has the same ultimate passage
1733 requirements as the legislation or resolution giving Consent of Congress to
1734 this Compact, if any; excepting only: a) any act or action that furnishes
1735 Consent of Congress for all or any portion of this Compact; and b) any treaty,
1736 statute, Regulation, ordinance or executive order that is essential to
1737 enforcing, strictly performing or complying with this Compact or the
1738 Consent of Congress in accordance with its terms.

1739 Section 11. "Ordinary Member Law" means any measure, statute,
1740 Regulation, ordinance or executive order, as well as any other similar act
1741 that has the force of law, that is enacted, adopted or otherwise promulgated
1742 by the government of this Member or any of its agencies, instrumentalities
1743 or political subdivisions, that is under the authority of, and subordinate to,
1744 the United States Constitution and the constitution of this Member, and that
1745 is subject to amendment or repeal by a legislative act that has the same
1746 ultimate passage requirements as the respective Member's Compact
1747 legislation; excepting only: a) the Compact legislation; b) any measure,
1748 statute, Regulation, ordinance or executive order that is essential to
1749 enforcing, strictly performing or complying with this Compact in accordance
1750 with its terms; c) the Malum in Se Criminal Law of this Member; and d) the
1751 Common Law of this Member.

1752 Section 12. "Person" means a natural person and any entity,
1753 organization, or association that possesses some or all of the rights and
1754 powers of a natural person.

1755 Section 13. "Prosperity District" means a governing unit and political
1756 subdivision of this Member that is formed pursuant to Article IV of this
1757 Compact and strictly limited to the powers and authorities specified in this
1758 Compact.

1759 Section 14. "Regulation" means a rule of governance for the general
1760 public within the jurisdiction of the regulator that is compulsory and

1761 enforceable through legal sanction, liability, penalty, direct or indirect
1762 physical coercion or violence (or under the threat of such) without the actual
1763 and concurrent express consent of the person against whom the rule is
1764 applied. The term includes both civil and criminal rules of governance;
1765 however, the term excludes the district bylaws, directives, policies or
1766 procedures that limit the power and jurisdiction of a Prosperity District's
1767 managing board or otherwise that are applicable to the internal management
1768 and administration of the district's authorized powers and authorities by its
1769 managing board, contractors and employees, if any, in their capacity as
1770 agents or servants of the Prosperity District rather than as members of the
1771 general public.

1772 Section 15. "Revenue Covenant" means an agreement entered to pay
1773 certain specified revenues to one or more designated recipients that
1774 encumbers title to identified land as a covenant and passes with title to such
1775 land from owner to owner so that the land cannot be conveyed to a new
1776 owner without the covenant.

1777 Section 16. "State" means one of the several States of the United States
1778 and includes all of the State's branches, departments, agencies,
1779 instrumentalities, political subdivisions and officers, employees and
1780 representatives acting in their official capacity.

1781 Section 17. "Subsidy to Private Enterprise" means an economic
1782 benefit, direct or indirect, granted by a governmental unit or an
1783 instrumentality or agency of a governmental unit with the primary purpose
1784 or predominate effect of encouraging or maintaining particular or specific
1785 classes of ventures, in which private persons have a substantial financial or
1786 ownership interest; including, but not limited to, cash, cash-equivalents,
1787 goods, property or services given or contributed to or invested in such
1788 ventures for less than equivalent fair market value in exchange, gratuitous
1789 bail-outs of actual or anticipated economic losses sustained by such ventures,
1790 gratuitous loan or liability guarantees benefitting such ventures, insurance
1791 at below market rates or terms against investment losses by such ventures,
1792 loans or extensions of credit given to such ventures at below-market rates or
1793 terms or without recourse, gratuitous forgiveness of debts or liabilities owed
1794 by such ventures, compensation in excess of fair market value for goods,
1795 services or property furnished by such ventures, and the promulgation or
1796 enforcement of Regulations or fees that restrict competition directly or
1797 indirectly to the benefit of such ventures. Economic benefits to private

enterprise from the following shall not be considered a subsidy to private enterprise: (a) the Prosperity District's performance of any authorized municipal service in compliance with Article II; (b) the retention of private enterprise to perform any authorized municipal service in compliance with Article II for fair market value; (c) the procurement of supplies and services from private enterprise for the Prosperity District's internal management and administrative operations for fair market value; and (d) the relaxation or repeal of Regulations.

Section 18. "Tax" refers to any compulsory contribution to the revenue, property, goods or services received by any governmental unit (or any other recipient designated by any governmental unit) directly or indirectly from any person, and any obligation to make any such compulsory contribution (including, but not limited to, any excise, impost, duty or tariff) directly or indirectly imposed on any person, which is collected, demanded, levied or imposed by any governmental unit (or at the direction of any governmental unit) on any property or source of revenue, goods or services, and which is enforceable through legal sanction, liability, penalties, direct or indirect physical coercion or violence (or under the threat of such). The term does not include any obligation or contribution made pursuant to an agreement, enforceable contract or covenant entered into voluntarily or otherwise voluntarily assumed or undertaken with the actual consent of the person against whom the obligation is imposed or the contribution is to be exacted, such as a Revenue Covenant.

1821 Section 19. "Third Party Beneficiary" means any non-governmental
1822 person petitioning for the formation or expansion of a Prosperity District,
1823 petitioning for withdrawal of land from a Prosperity District, contributing
1824 real property to, residing or domiciled within, owning real property within,
1825 or lawfully doing business within a Prosperity District, either on formation
1826 of the district or after formation or expansion.

Article VIII

Miscellaneous

1829 **Section 1. Nature of Enactment and Effective Date. Articles I, II, III,**
1830 **Article IV, section 1 of Article V, Article VII, and sections 1 through 7 of**
1831 **Article VIII of this Compact shall have the effect and authority of statute law**
1832 **in this Member upon passage of its Compact legislation regardless of whether**
1833 **at such time a conforming interstate compact has been formed embracing**
1834 **this Member as contemplated by section 1 of Article V; and their effective**

1835 date as such is the earliest date permitted by law, subject to their express
1836 terms, which effectiveness is not to be delayed until the formation of an
1837 interstate compact embracing them. The effective date of sections 2 through
1838 6 of Article V and Article VI of this Compact is the earliest date permitted by
1839 law, subject to their express terms, upon the formation of an interstate
1840 compact embracing this Member as contemplated in section 1 of Article
1841 V. Any violation of any effective provision of this Compact is void ab initio.

1842 Section 2. Legislative Drafting. This Compact shall be liberally
1843 construed so as to effectuate its purposes. To the extent that the
1844 effectiveness of this Compact or any of its provisions requires the alteration
1845 of local legislative rules, legislative drafting policies or statutes, or
1846 parliamentary procedure to be effective, the enactment of Compact
1847 legislation shall be deemed to waive, repeal, supersede or otherwise amend
1848 and conform all such rules, policies, statutes or procedures to allow for the
1849 effectiveness of all provisions of this Compact according to their terms and
1850 conditions to the fullest extent permitted by the constitution of any affected
1851 Member, consistent with the prohibition on states impairing the obligation
1852 of contract under United States Constitution, Article I, section 10, clause 1.

1853 Section 3. Severance. If any phrase, clause, sentence or provision of
1854 this Compact, or the applicability of any phrase, clause, sentence or
1855 provision of this Compact to any government, agency, person or
1856 circumstance, is declared in a final judgment by a court of competent
1857 jurisdiction to be contrary to the United States Constitution, contrary to the
1858 state constitution of any Member, subject to the prohibition on states
1859 impairing the obligation of contract under United States Constitution, article
1860 I, section 10, clause 1, or is otherwise held invalid by a court of competent
1861 jurisdiction, such phrase, clause, sentence or provision shall be severed and
1862 held for naught, and the validity of the remainder of this Compact and the
1863 applicability of the remainder of this Compact to any government, agency,
1864 person or circumstance shall not be affected. Furthermore, if this Compact
1865 is declared in a final judgment by a court of competent jurisdiction to be
1866 entirely contrary to the state constitution of any Member, violative of the
1867 prohibition on States impairing the obligation of contract under United
1868 States Constitution, article I, section 10, clause 1, or otherwise entirely
1869 invalid as to any Member, such Member shall be deemed to have withdrawn
1870 from the Compact, and the Compact shall remain in full force and effect as
1871 to any remaining Member. Finally, if this Compact or any amendment

1872 thereto is declared in a final judgment by a court of competent jurisdiction
1873 to be wholly or substantially in violation of article I, section 10, clause 3, of
1874 the United States Constitution (the "Compact Clause"), then it shall be
1875 construed and enforced solely as reciprocal legislation enacted by each of the
1876 affected Members with none of the provisions of Articles V and VI of this
1877 Compact being in effect until such time as the legal deficiency prompting
1878 such judgment is cured.

1879 Section 4. Notice. All notices required by this Compact shall be by
1880 United States certified mail, return receipt requested, or an equivalent or
1881 superior form of notice, such as personal delivery documented by evidence
1882 of actual receipt.

1883 Section 5. Third Party Beneficiary and Vested Rights. Every Third
1884 Party Beneficiary has a vested property right to strict compliance with this
1885 Compact's provisions by all government units that are governed by it.

1886 Section 6. Authorized Statewide Tailoring. Article III of this Compact
1887 may only include provisions that clarify, modify, supplement or supersede
1888 provisions of this Compact in the following categories: (a) conforming the
1889 Compact to a Member's respective local political structure, usage and style;
1890 (b) modifying the definition of "Eligible Land" with respect to the respectively
1891 enacting Member provided that such modifications do not have the purpose
1892 or effect of rendering the authority to form or expand or withdraw from a
1893 Prosperity District a law, privilege or immunity for a closed class of one or
1894 more identifiable persons; (c) modifying the petition process for the
1895 formation or expansion of or withdrawal from Prosperity Districts provided
1896 that such modifications do not: (1) include land within the boundaries of a
1897 Prosperity District or impose a covenant on any land without the voluntary
1898 and written consent of each affected landowner; and (2) have the purpose or
1899 effect of rendering the authority to form or expand or withdraw from a
1900 Prosperity District a law, privilege or immunity for a closed class of one or
1901 more identifiable persons; (d) furnishing authority for one or more Revenue
1902 Covenants with respect to the respectively enacting Member; (e) specifying
1903 existing interstate compacts, constitutional provisions, laws (statutory,
1904 common and civil), Regulations or policies, or prosecution or administrative
1905 or enforcement actions or agency, political subdivision or instrumentality
1906 jurisdictions that will or will not continue to exist, have effect or the force of
1907 law in a Prosperity District within the respectively enacting Member and to
1908 what extent; (f) limiting or modifying the effect of any provision of this

1909 Compact as necessary to furnish greater due process of law, transparency in
1910 government, or to enforce the respectively enacting Member's constitution
1911 or the United States Constitution; (g) limiting or modifying the effect of any
1912 provision of this Compact as necessary to enforce federal primacy, federal
1913 mandates or conditions on the receipt of federal grants as to the respectively
1914 enacting Member; (h) limiting or modifying reciprocity with respect to the
1915 recognition of activities deemed lawful in Prosperity Districts located within
1916 the respectively enacting Member; (i) requiring insurance, performance
1917 bonding or sureties to indemnify the Member and any political subdivision,
1918 in which any part of a proposed new or expanded Prosperity District is to be
1919 located, from damages, liabilities and costs incurred by them as a result of:
1920 (1) any District Externality; (2) a default under a Revenue Covenant
1921 applicable to lands within the new or expanded district; (3) structure
1922 maintenance costs or costs incurred from enforcement of external public
1923 health, safety and sanitation laws in foreclosed or withdrawn district lands;
1924 or (4) the abandonment of the district; (j) furnishing authority for political
1925 subdivisions (other than Prosperity Districts) within the respectively
1926 enacting Member to further modify, limit and condition the terms of this
1927 Compact by local law with such provisions as fall within the categories of
1928 Section 6(a), (b), (c), (e), (g), and (i) of this Article with respect to Prosperity
1929 Districts formed or expanded within their territorial and extraterritorial
1930 jurisdictions (provided that such extraterritorial jurisdiction does not span
1931 more than six miles from the boundary of the territorial jurisdiction)
1932 provided that any such local law: (1) shall be uniform for each Prosperity
1933 District to be formed or expanded within each respective jurisdiction; (2)
1934 may not impose unique conditions or requirements for the formation or
1935 expansion of any particular Prosperity District; and (3) does not have the
1936 purpose or effect of rendering the authority to form, expand or withdraw
1937 from a Prosperity District a law, privilege or immunity for a closed class of
1938 one or more identifiable persons; (k) including national security,
1939 international travel, regulatory, taxing, interstate commerce, international
1940 commerce and immigration policies governing Prosperity Districts within
1941 the respectively enacting Member that shall have effect upon the Compact
1942 becoming an interstate compact and receiving the Consent of Congress; (l)
1943 modifying the definitions used in the Compact to allow a Native American
1944 community located within the respectively enacting Member and recognized
1945 as sovereign by the government of the United States to qualify as a Member

1946 under this Compact on the Compact becoming an interstate compact and
1947 receiving Consent of Congress, if necessary; (m) specifying terms and
1948 conditions under which the enacting Member may terminate or withdraw
1949 from this Compact; (n) specifying terms and conditions under which the
1950 Governor of each Member or his nominee may negotiate and enter into
1951 separate contractual arrangements to protect the investment-backed
1952 expectations of any Third Party Beneficiary that Prosperity Districts, once
1953 formed, shall operate as herein contemplated; (o) specifying uniform rules
1954 of construction and limitations on the subject matter, duration or enforce
1955 ability of any servitude burdening title or restrictive covenant running with
1956 title to land within the jurisdiction of Prosperity District located within the
1957 enacting Member; (p) authorizing specific continuing appropriations for
1958 statewide tax relief or expenditures from revenues received pursuant to any
1959 Revenue Covenant; and (q) specifying a statute of repose or limitations for
1960 any claim or cause of action arising from the passage of this Compact or
1961 Prosperity District formation, expansion and withdrawal.

1962 Section 7. Preservation of Person Status for Artificial Persons. A
1963 corporation, trust, company, association, organization or other non-natural
1964 person entity ("artificial person") that enjoys or is capable of enjoying certain
1965 duties, rights and powers of a natural person under law existing outside of
1966 the boundaries of a Prosperity District, such as the right to sue or be sued,
1967 contract or own property in its own name, shall be recognized as enjoying
1968 the corresponding duties, rights and powers, if any, of a natural person
1969 within the boundaries of a Prosperity District upon giving notice in such
1970 form and with such content as may be specified in the district's bylaws to the
1971 managing board of the district of its intent to conduct operations, do
1972 business or establish a place of business or domicile within the Prosperity
1973 District. Further, the articles of incorporation, certificate of formation,
1974 articles of organization, charter, bylaws, operating agreement or equivalent
1975 governing instrument of a foreign artificial person, if any, shall be
1976 recognized as contractually binding the trustees, owners, officers, managers,
1977 agents, beneficiaries and employees, as the case may be, of such foreign
1978 artificial person within the boundaries of a Prosperity District. However, an
1979 artificial person shall otherwise be governed by the law and Regulations, if
1980 any, existing within the boundaries of a Prosperity District.