

1 ENGROSSED HOUSE  
2 BILL NO. 2132

By: McCall and Dunlap of the  
House

3 and

4 Treat of the Senate

5  
6  
7 [ prosperity districts - formation and operation -  
8 compact and compact approval ]  
9

10  
11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 THE PROSPERITY STATES COMPACT

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

15 Article I

16 Findings and Declaration of Policy

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

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



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

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

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

23 (2) Supervisory and Operational Authority. The managing board  
24 is authorized to promulgate all necessary district bylaws,

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

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

20 (4) Separation of Powers. Any member of the managing board who  
21 had participated in the promulgation of a Regulation shall not  
22 subsequently participate in enforcing or adjudicating that  
23 Regulation.

24

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

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

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

14 (2) the power to furnish transportation, utility, and  
15 transmission infrastructure, Regulation enforcement services, other  
16 municipal services specifically authorized by the district bylaws,  
17 and internal managerial and administrative operations (including the  
18 power to supervise and coordinate the orderly enforcement of any  
19 Revenue Covenant among revenue beneficiaries thereof, as well as to  
20 collect and disburse revenues from all authorized sources)  
21 exclusively through independent contractors, intergovernmental  
22 agreements, and public-private partnerships utilizing a process of  
23 open competitive bidding specified in the district bylaws only if:  
24 (i) no Regulation is promulgated or enforced by the Prosperity

1 District, directly or in combination with other Regulations, that  
2 restricts free and open competition in derogation of the Common Law  
3 in the provision of such infrastructure and services; (ii) all costs  
4 incurred in furnishing such infrastructure and services are to be  
5 reimbursed by either (A) uniform, nondiscriminatory user fees paid  
6 voluntarily by all users of the respective infrastructure or service  
7 or (B) otherwise paid pursuant to a separate contract voluntarily  
8 and consensually binding all landowners residing in the Prosperity  
9 District during the provision of such infrastructure or service; and  
10 (iii) a designated, commensurate revenue source exists for all  
11 payment obligations incurred in connection with furnishing such  
12 infrastructure and services;

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

20 (4) the power to borrow exclusively by issuing bonds in  
21 accordance with such procedures as may be specified in its bylaws  
22 for the sole purpose of financing the exercise of its authorized  
23 powers provided that: (i) the total outstanding principal of all  
24 bonds issued under the authority of this section together with the

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

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



1 obligations of the managing board are not breached through the  
2 acceptance of the gift; and

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

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

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

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

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

22 (2) Hold Harmless for District Externalities. Upon notice  
23 furnishing evidence of a probable District Externality to the  
24 managing board of the relevant Prosperity District by any agency,

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

20 (3) Hold Harmless for External Services. Any person domiciled  
21 within any Prosperity District that voluntarily uses governmental  
22 services or infrastructure furnished by any branch, agency or  
23 political subdivision of any Member State (other than what that  
24 Prosperity District furnishes) shall be liable for the proportionate

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

18 (4) External Eminent Domain. Any person, governmental unit,  
19 Member agency or political subdivision which has jurisdiction or  
20 authority under general laws to exercise eminent domain in any  
21 location contiguous to the boundaries of a Prosperity District may  
22 continue to exercise eminent domain for transportation, utility or  
23 transmission purposes within the boundaries of that Prosperity  
24 District in accordance with generally applicable laws provided that

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

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

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

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

14 (e) Exclusive Jurisdiction. Subject to Section 2(d) of this  
15 Article and Articles III, V and VI, every Prosperity District shall  
16 have exclusive governing jurisdiction within its boundaries, as  
17 those boundaries may be established from time to time (except as  
18 nongovernmental persons may otherwise agree in adopting a venue  
19 selection clause or choice of law provision in a valid contract  
20 between them). Accordingly, to the extent of such exclusive  
21 jurisdiction, every agency, department, instrumentality, unit or  
22 political subdivision of this Member, including any county, city,  
23 town, state agency or special district, is prohibited within  
24 district boundaries, as they may exist from time to time, from: (1)



1 exercising jurisdiction or superimposing additional governing  
2 jurisdictions therein; (2) fining, penalizing, prosecuting,  
3 regulating, taxing or otherwise addressing through government action  
4 any condition, state of affairs, person, entity, service, property,  
5 action or omission located, committed or occurring therein; and (3)  
6 annexing lands therein.

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

1 boundaries to safeguard public health and safety strictly in  
2 accordance with the following subsections; further, a Prosperity  
3 District's authorized police power shall be exercised in strict  
4 conformity with the following subsections.

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

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

24

1 (b) Criteria for Authorized Regulation. A Prosperity District  
2 has no power to Regulate or otherwise to use or threaten coercion in  
3 connection with its governing authority except through: (1) the  
4 exercise of police power authorized by Section 2(c)(1)(i) of this  
5 Article and adopted pursuant to Section 1(a)(7)(iv) of Article IV;  
6 and (2) promulgating and enforcing Regulations that fulfill each of  
7 the following criteria: (i) the Regulation governs or protects the  
8 individual right to life, liberty or property of either (A) those  
9 who are not parties to a contract that furnishes a rule of  
10 governance covering the same subject matter as the Regulation; or  
11 (B) those who are in breach of a contract covering the same subject  
12 matter as the Regulation, provided that the dispute resolution  
13 procedures specified in the contract, if any, are not being observed  
14 by all parties to the contract, and at least one party to the  
15 contract requests such Regulation or enforcement; (ii) the  
16 Regulation and its enforcement: (A) accurately codifies or  
17 implements the exercise of police power authorized by Section  
18 2(c)(1)(i) of this Article and adopted pursuant to Section  
19 1(a)(7)(iv) of Article IV, or (B) governs an act, activity,  
20 inactivity, occupation, profession, use of property, person, entity,  
21 condition or state of affairs that is not ordinarily peaceful,  
22 nonviolent and nonfraudulent; (iii) neither the predominant effect  
23 of the Regulation considered alone or in the context of the  
24 Prosperity District's existing regulatory framework, nor any part of

1 its purpose is to protect any individual, entity, or group from  
2 otherwise rightful competition or to restrain competent adults for  
3 their own good; and (iv) the act, activity, inactivity, occupation,  
4 profession, use of property, person, entity, condition or state of  
5 affairs targeted for Regulation has violated, is violating or is an  
6 actual threat to individual right to life, liberty or property.

7 (c) Targeted Regulation. To the extent that a Prosperity  
8 District is authorized to promulgate or enforce Regulations under  
9 Section 2(c)(1)(ii) of this Article, the Regulation may only: (1)  
10 furnish modified, additional or augmented civil remedies to render  
11 the exercise of police power authorized by Section 2(c)(1)(i) of  
12 this Article and adopted pursuant to Section 1(a)(7)(iv) of Article  
13 IV more effective in protecting the individual rights of life,  
14 liberty or property; (2) impose clear, objective legal standards  
15 only if the foregoing mode of Regulation will not reasonably reduce  
16 the threat to the individual rights of life, liberty or property;  
17 (3) enable the enforcement of clear, objective legal standards by  
18 inspections and enforcement of violations by civil penalty only if  
19 the foregoing modes of Regulation will not reasonably reduce the  
20 threat to the individual rights of life, liberty or property; (4)  
21 enable the enforcement of clear, objective legal standards by  
22 permitting, licensing or other regulatory preapproval processes only  
23 if the foregoing modes of Regulation will not reasonably reduce the  
24 threat to the individual rights of life, liberty or property; or (5)

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

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

18 (e) Automatic Sunset. Every Regulation adopted pursuant to  
19 Section 1(a)(7)(iv)(C) of Article IV or promulgated pursuant to  
20 Section 2(c)(1)(ii) of this Article shall be automatically repealed  
21 and held for naught five (5) years from its effective date, if one  
22 is specified, and otherwise from their adoption or enactment date,  
23 as the case may be, and may only be promulgated again thereafter as  
24 provided in Section 3(a) through (c) of this Article (with any

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

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

### 18 ARTICLE III

#### 19 AUTHORIZED STATEWIDE TAILORING

20 Under the authority and subject to the provisions of Section 6  
21 of Article VIII of this Compact, the following provisions shall  
22 clarify, supplement, modify or supersede, as applicable, any  
23

24

1 relevant or contrary provision of the Compact in Articles I, II, IV,  
2 V, VI, and VII solely with respect to this Member:

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



1 Consent of Congress, that extends to, applies to, penalizes,  
2 prosecutes, taxes, regulates or can otherwise be based on any  
3 condition, state of affairs, person, entity, service, property,  
4 action or omission located, committed or occurring in a Prosperity  
5 District is deemed to conflict with this Compact and is entirely  
6 preempted, repealed, superseded and/or held for naught, as  
7 applicable to negate any legal effect, within the boundaries of  
8 every Prosperity District, as those boundaries may be established  
9 from time to time (excepting only: (1) the Compact legislation; (2)  
10 any measure, statute, Regulation, ordinance or executive order that  
11 is essential to enforcing, strictly performing or complying with  
12 this Compact in accordance with its terms; (3) the Malum in Se  
13 Criminal Law of this Member; (4) the Common Law of this member; and  
14 (5) as nongovernmental persons may otherwise agree in adopting a  
15 venue selection clause or choice of law provision in a valid  
16 contract between them).

17 Section 2. Revenue Covenant to Preserve Tax Status Quo. In the  
18 case of a new or expanded Prosperity District to be located in this  
19 Member, the following Revenue Covenant may be used to fulfill the  
20 Revenue Covenant requirements of section 1(a)(9) of Article IV of  
21 this Compact (after following relevant instructions specified in  
22 brackets):

23 "Notwithstanding any contrary provision of the Prosperity States  
24 Compact, as enacted by [insert legal name of Member] and amended

1 from time to time, each landowner and each successor, assign and  
2 heir of such landowner of the land encompassed by the [insert legal  
3 name of new or expanded Prosperity District] (hereinafter  
4 collectively "owner") shall be liable for any Tax charged, imposed  
5 or levied by [insert legal name of Member] and any of its political  
6 subdivisions on any activity, inactivity, property or entity located  
7 within the area of such owner's land within the boundaries of  
8 [insert name of new or expanded Prosperity District], including, but  
9 not limited to, all fees, fines, assessments, as well as income,  
10 transaction, sales and property taxes, if any, for which such owner  
11 would otherwise be liable under and in accordance with the terms of  
12 general laws that would be applicable within the boundaries of  
13 [insert name of new or expanded Prosperity District] if said  
14 district had not been formed or expanded to encompass such land.  
15 This Revenue Covenant is subject to modification or supersession by  
16 a Negotiated Revenue Covenant pursuant to Article III of the  
17 Prosperity States Compact, as enacted by the [insert legal name of  
18 Member] and amended from time to time."

19 Section 3. Negotiated Revenue Covenant. To comply with the  
20 petition requirement specified in Section 1(a)(9) of Article IV, or  
21 subsequently to supplement or revise a Revenue Covenant authorized  
22 under Article IV or this Article, the petitioner(s) or their  
23 successors in interest may negotiate a Revenue Covenant ("Negotiated  
24 Revenue Covenant") with the Governor of this Member or the

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

1 sales and property taxes, if any; (e) guarantee that the Member and  
2 any county or municipality in which any part of the proposed  
3 expansion area of an existing Prosperity District is to be located  
4 receives on an annual basis revenues and distributions of state  
5 shared revenues, if any, that are equal to or greater than the total  
6 amount of revenue and distributions of state shared revenues  
7 collected or received by that Member and any such county or  
8 municipality in the expansion area in the fiscal year immediately  
9 preceding the proposed expansion of the Prosperity District from all  
10 activities, inactivities, properties and entities located within the  
11 area of the real property to be encompassed by the proposed  
12 expansion area, including, but not limited to, all fees, fines,  
13 assessments, as well as income, transaction privilege, use, gas,  
14 sales and property taxes, if any; (f) guarantee that the payment of  
15 income, transaction privilege, use, gas, sales and property taxes by  
16 any Third-Party Beneficiary which are imposed by this Member and any  
17 of its political subdivisions on activities, inactivities,  
18 properties and entities located within the area of the real property  
19 included within the proposed new or expanded Prosperity District, if  
20 any, shall be ratably credited against that Third-Party  
21 Beneficiary's obligations under any such Negotiated Revenue  
22 Covenant; (g) apply and run with title to all real property in the  
23 proposed new or expanded Prosperity District upon the formation or  
24 expansion of the district, as the case may be, and as long as the

1 encumbered real property is within the jurisdiction of the district;  
2 (h) be drafted in general language, without limitation to a closed  
3 class of one or more identifiable persons, and with such uniformity  
4 as to allow the entire class of landowners located within any other  
5 existing or future Prosperity District within the same State to have  
6 the option of adopting the Negotiated Revenue Covenant to fulfill  
7 the requirements of Section 1(a)(9) of Article IV, or subsequently  
8 to supplement or revise an existing Revenue Covenant authorized  
9 under Article IV or this Article if such right was reserved; (i) be  
10 deemed accepted and ratified by this Member and any political  
11 subdivision of this Member benefitted by the Negotiated Revenue  
12 Covenant for use by petitioner(s), any other class of petitioner(s)  
13 under Section 1 of Article IV, and their successors-in-interest  
14 within this Member's jurisdiction when approved by joint resolution  
15 of the Legislature of this Member; and (j) if meant to revise or  
16 supplement a Revenue Covenant already running with title to real  
17 property in an existing Prosperity District, the accepted and  
18 ratified Negotiated Revenue Covenant shall be recorded with the  
19 county recorder for each county in which the respective Prosperity  
20 District is located and with each such other official responsible  
21 for the public recordation of interests in real property located  
22 within the proposed boundaries of the respective Prosperity  
23 District, if any, as the case may be.

24

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

1 emergency, immigration, violent crime, prostitution or the  
2 possession, sale, transfer or use of controlled substances,  
3 including but not limited to that which is codified this Member's  
4 Revised Statutes, and the jurisdictions of all government units to  
5 the extent they are constituted thereby, as well as all related  
6 ongoing investigations, prosecutions and administrative proceedings;  
7 (c) all Member laws and laws of the United States Government  
8 governing the management, administration, immunity, discipline and  
9 compensation of law enforcement personnel engaged in the exercise of  
10 concurrent or original jurisdiction on behalf of this Member or the  
11 United States Government within the boundaries of any Prosperity  
12 District, as they may exist from time to time, under the authority  
13 of this subsection shall be in full force and effect as to such  
14 personnel to the same extent as would have been the case in the  
15 absence of the formation or expansion of such district; (d) any  
16 provision of this Member's constitution requiring the taxation of  
17 property or a specific mode of taxation, and any law to implement  
18 any such provision, and the jurisdictions of all government units  
19 constituted thereby, provided that: (1) the payment of these taxes  
20 by any Third-Party Beneficiary shall be ratably credited against any  
21 Revenue Covenant obligation imposed on them by this Compact in favor  
22 of the Member or any of its political subdivisions; (2) the payment  
23 of such taxes shall be credited against any required fee for  
24 external services as contemplated in Section 2(d)(3) of Article II

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



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

1 and the jurisdictions of all government units constituted by such  
2 laws, including, but not limited to, that which is codified in this  
3 Member's Revised Statutes, and promulgated in Regulations authorized  
4 thereby, as well as all related ongoing investigations, prosecutions  
5 and administrative proceedings; and (o) all Member laws and laws of  
6 the United States Government that charge, impose or levy any Tax,  
7 including, but not limited to, that which is codified in this  
8 Member's Revised Statutes, and the jurisdictions of all government  
9 units to the extent they are constituted thereby, as well as all  
10 related ongoing investigations, prosecutions and administrative  
11 proceedings.

12 Section 5. Income of Residents Doing Business in District.  
13 This section shall be effective in this Member notwithstanding the  
14 reciprocity otherwise required by Section 5 of Article V. This  
15 Member may tax income earned by its residents from income-producing  
16 activities occurring within a Prosperity District as provided by law  
17 if such residents are neither domiciled nor residing in such  
18 Prosperity District.

19 Section 6. Federal Primacy, Mandates and Grant Requirements  
20 Protected. This section shall be effective in this Member  
21 notwithstanding the reciprocity otherwise required by Section 5 of  
22 Article V. Until this Compact receives the Consent of Congress in  
23 such form as to obviate any need for this Member to comply with  
24 otherwise applicable federal mandates and conditions of maintaining

1 or securing federal primacy or federal grants, every Prosperity  
2 District located in this Member shall cooperate with this Member in  
3 fulfilling the lawful conditions of any federal grant or assumption  
4 of federal primacy and complying with any lawful federal mandate,  
5 including the adoption of appropriate bylaws and Regulations, in the  
6 event that this Member is specifically threatened by the federal  
7 government in writing with any sanction, the loss of federal  
8 primacy, the loss of any federal grant or if this Member loses  
9 federal primacy or a federal grant due to a failure of compliance  
10 with a federal mandate or a condition to the maintenance of federal  
11 primacy or to the grant caused by the actions or omissions of any  
12 Prosperity District. To enforce this cooperation duty, this Member  
13 shall give notice of the threat or loss to the managing board of  
14 each responsible Prosperity District as soon as possible together  
15 with a specification of the sanction or the amount of the grant that  
16 has been threatened or lost, as well as a specific demand for the  
17 curative action or inaction that the Prosperity District must  
18 undertake in order to restore federal primacy, the grant, or prevent  
19 the sanction or the loss of federal primacy or the grant. (a) The  
20 Prosperity District is authorized and required to respond to the  
21 foregoing demand in one or more of the following three ways as  
22 needed to ensure that federal primacy is maintained by this Member  
23 or this Member is kept or made whole: (1) it shall strictly comply  
24 with the demand in a fashion that may supersede any limitation on

1 its regulatory authority as otherwise specified in Article II only  
2 to the extent absolutely necessary; (2) it shall post a surety bond  
3 in favor of this Member or tender cash to this Member for the full  
4 amount of the grant that has been threatened or lost which shall be  
5 payable without delay to this Member or its designated recipient on  
6 its demand if the grant is lost (subject to this Member refunding  
7 said amount immediately upon the restoration of the grant); or (3)  
8 it shall delegate so much of its authority within its boundaries to  
9 this Member or its designated agency, instrumentality or political  
10 subdivision to hold and exercise in receivership as is absolutely  
11 necessary to fulfill the federal mandate or the conditions of the  
12 threatened or lost federal primacy or federal grant until such time  
13 as the threatened sanction is retracted or lifted, or the federal  
14 primacy or grant is restored and no longer specifically threatened  
15 by the federal government. (b) If the Prosperity District fails to  
16 respond to the foregoing demand as aforesaid, this Member shall have  
17 the right to commence a special action in State court to appoint a  
18 receiver to hold and exercise all power of the Prosperity District  
19 as necessary to comply with the federal mandate or to fulfill the  
20 conditions of the threatened or lost federal primacy or federal  
21 grant until such time as the threatened sanction is retracted or  
22 lifted, or the federal primacy or grant is restored and no longer  
23 specifically threatened by the federal government, and each  
24 Prosperity District causing this Member to fail to fulfill the

1 conditions of any such federal primacy or federal grant shall be  
2 jointly and severally liable for tendering the full amount of any  
3 federal monies that are denied to this Member as a result of the  
4 failure of cooperation within thirty (30) calendar days after  
5 submission of a proof of claim by this Member to each Prosperity  
6 District for the replacement funding. (c) This section shall self-  
7 repeal upon this Compact receiving the Consent of Congress in such  
8 form and substance as to declare or render the actions or omissions  
9 of a Prosperity District nonprejudicial to any obligation this  
10 Member may have to comply with otherwise applicable federal mandates  
11 and conditions of maintaining or securing federal primacy or federal  
12 grants.

13 Section 7. National Security Modification to Definition of  
14 "Eligible Land". This section shall be effective in this Member  
15 notwithstanding the reciprocity otherwise required by Section 5 of  
16 Article V. The formation and expansion of a Prosperity District in  
17 this Member, as well as investment in property located within an  
18 existing Prosperity District, shall be subject to the review process  
19 for controlling direct foreign investment in the United States for  
20 the purpose of protecting national security, which is managed by the  
21 multi-agency federal entity known as the Committee on Foreign  
22 Investment in the United States ("CFIUS"), in accordance with the  
23 Foreign Investment and National Security Act and 31 C.F.R. Part 800.  
24 Accordingly, any person wishing to form or expand a Prosperity

1 District or otherwise to invest in property located within an  
2 existing Prosperity District should expect that CFIUS will review,  
3 and potentially block, direct foreign investment for the purpose of  
4 protecting the national security of the United States, but only to  
5 the same extent as it does for such investments in all other areas  
6 of the United States.

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

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

10 Section 9. Municipal Opt-In. This section shall be effective  
11 in this Member notwithstanding the reciprocity otherwise required by  
12 Section 5 of Article V. Any consent required to be given by the  
13 governing body of a municipality to deem real property within the  
14 territorial or extraterritorial jurisdiction of that municipality  
15 "Eligible Land" under this Compact: (a) shall be enacted as a local  
16 law based on such procedures as apply generally to the enactment of  
17 local laws by such municipality notwithstanding any other law of  
18 this Member, including, but not limited to, any law requiring or  
19 enforcing any local, regional or Statewide land use plan; (b) shall  
20 contractually bind such municipality to recognize the classification  
21 of such real property as "Eligible Land" under this Compact; (c) may  
22 include further stipulations and conditions superseding, modifying  
23 or limiting the text or applicability of provisions of this Compact  
24 as authorized by Section 6(j) of Article VIII of this Compact within

1 the territorial or extraterritorial jurisdiction of the consenting  
2 municipality; and (d) must provide that any alteration to the  
3 applicability of provisions of this Compact that is specified in the  
4 aforesaid local law may be repealed by subsequently enacted local  
5 law provided that such repeal shall not have the effect of: (1)  
6 delegating powers or authorities to any Prosperity District in  
7 addition to those expressly delegated to the district by Section  
8 2(c) of Article II of this Compact, (2) creating or expanding the  
9 jurisdictions of any government unit within the boundaries of any  
10 Prosperity District in addition to that which is expressly permitted  
11 under section 2(d) of Article II of this Compact; (3) eliminating  
12 the text or authority of any Revenue Covenant that otherwise would  
13 satisfy the petition requirement under Section 1(a) (9) of Article  
14 IV, (4) preventing the formation or expansion of Prosperity  
15 Districts or the withdrawal of land from a Prosperity District in  
16 that municipality, or (5) disqualifying real property as Eligible  
17 Land which would have otherwise qualified as Eligible Land as of the  
18 enactment date of the respective Member's original Compact  
19 legislation.

20 Section 10. Insurance, Performance and Surety Bonding. This  
21 section shall be effective in this Member notwithstanding the  
22 reciprocity otherwise required by Section 5 of Article V. This  
23 Member and any political subdivision of this Member that has the  
24 right to foreclose on a Revenue Covenant lien attached to real



1 property located within a Prosperity District or that may be  
2 required by law to assume jurisdiction over lands withdrawn from a  
3 Prosperity District, shall have the right to a reasonable  
4 performance or surety bond or coverage as a named insured under a  
5 reasonable insurance policy from the petitioner(s) seeking district  
6 formation, expansion and withdrawal in an amount and with such  
7 limits and terms sufficient to cover the reasonably anticipated  
8 costs associated with maintenance of structures on such lands as  
9 well as to cover the reasonably anticipated costs of enforcing  
10 public health, safety and sanitation standards imposed by generally  
11 applicable laws within its jurisdiction with regard to such land in  
12 the event of such foreclosure or withdrawal. A detailed written  
13 demand for the furnishing of such insurance or the posting of such a  
14 bond specifying required terms and conditions of the bond or  
15 insurance shall be interposed against the relevant petitioner(s) by  
16 service of the demand upon each petitioner and all required  
17 recipients of their petition prior to its approval. The demand  
18 shall not prevent approval of the petition; however, if  
19 petitioner(s) do not comply with the demand within ninety (90) days  
20 of service, or if the disputants do not first settle their  
21 differences in regard to the demand, then the serving Member or  
22 political subdivision may institute an action in a venue of  
23 competent jurisdiction to compel compliance with the demand by  
24 petitioner(s) and such compliance shall be compelled if the terms

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

1 or insurance policy is not commenced within six (6) months of the  
2 approval of the relevant petition, then the right to demand a bond  
3 or insurance policy from petitioner(s) under this section shall be  
4 forfeit and forever barred except as may otherwise be provided in  
5 any settlement agreement between the disputants.

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

20 Section 12. Native American Community Membership. A Native  
21 American community located within this Member, which is recognized  
22 as sovereign by the United States Government, shall qualify and be  
23 recognized as a "Member" under Section 8 of Article VII of this  
24 Compact on the same terms as a State upon the Compact becoming an

1 interstate compact and receiving Consent of Congress. For purposes  
2 of convenience, all references to "State" or "Member" throughout  
3 this Compact relative to the rights and obligations of a State under  
4 this Compact shall be deemed to include and reference any such  
5 Native American community.

6 Article IV

7 Prosperity District Formation, Expansion and Withdrawal

8 Section 1. Petition to Form or Expand Prosperity District. A  
9 Prosperity District is formed or expanded when a petition that is  
10 deemed compliant with this section (the "petition") is recorded with  
11 the county recorder for each county in which the new or expanded  
12 Prosperity District is located and with each such other official  
13 responsible for the public recordation of interests in real property  
14 located within the proposed boundaries of the new or expanded  
15 Prosperity District, if any. Accordingly, to form or expand a  
16 Prosperity District, a petition containing the information specified  
17 herein shall be signed, served, reviewed, deemed compliant, and  
18 recorded as follows: (a) with respect to Eligible Land to be  
19 included in the new or expanded Prosperity District, one or more  
20 landowners representing one hundred percent (100%) of the surface  
21 land ownership interests in such Eligible Land, (the  
22 "petitioner(s)") shall sign a petition requesting the formation or  
23 expansion of a Prosperity District to include such Eligible Land  
24 under the authority of this Compact and further attesting to the

1 accuracy of the following information under oath, which shall also  
2 be included in the petition: (1) a statement requesting the  
3 formation or expansion of a Prosperity District and avowing that the  
4 land to be encompassed by the new district or included in the  
5 expanded district is Eligible Land; (2) the name, address, telephone  
6 number and e-mail address of each such signing landowner, if any;  
7 (3) a statement that one hundred percent (100%) of the qualified  
8 electors who are residing on such Eligible Land have consented in  
9 writing to the petition or, alternatively, a statement that no  
10 qualified electors are then residing on said Eligible Land; (4) the  
11 name, address, telephone number and e-mail address of each such  
12 resident qualified elector, if any; (5) a legal description of the  
13 external boundaries of the proposed new or expanded Prosperity  
14 District, as well as of the boundaries of any corridor for the  
15 exercise of eminent domain by external agencies pursuant to Section  
16 2(d) (4) (i) (A) of Article II and any individual parcels that are  
17 internal to such Eligible Land which shall continue to be recognized  
18 within the Prosperity District upon formation, expansion and  
19 withdrawal; (6) a map and a general description of the area to be  
20 included in the proposed new or expanded Prosperity District that is  
21 sufficiently detailed to permit a property owner to determine if a  
22 particular property is located in the proposed new or expanded  
23 Prosperity District; (7) for a new Prosperity District: (i) a unique  
24 name to be assigned to the Prosperity District; (ii) the names,

1 addresses, phone numbers and occupations of the proposed members of  
2 the Prosperity District's initial managing board; (iii) a statement  
3 of the jurisdiction, power and authority of the district under  
4 Article II of this Compact; (iv) on behalf of the proposed district  
5 and deemed effective within the district upon formation: (A) an  
6 express adoption and verbatim specification of the Malum in Se  
7 Criminal Law effective within the area to be encompassed by the  
8 proposed district; (B) an express adoption of the Common Law  
9 effective within the area to be encompassed by the proposed  
10 district; (C) the express adoption and verbatim specification of any  
11 other Regulation which is desired by petitioner(s) to be enforced by  
12 the district after formation pursuant to Sections 2(c)(1)(i) and 3  
13 of Article II, provided that such Regulation was effective within  
14 the area to be encompassed by the district as of the enactment date  
15 of this Member's Compact legislation; and (v) initial district  
16 bylaws specifying: (A) procedures for the promulgation, amendment  
17 and repeal of district bylaws, ordinances, policies, procedures,  
18 parliamentary rules, and directives for the governance of the  
19 district, for internal district management and administration  
20 (including provisions detailing supervision and coordination of  
21 Revenue Covenant enforcement, as well as the collection and  
22 disbursement of revenues to which the district is contractually  
23 entitled), the formation of committees, subordinate departments and  
24 agencies, and the designation and responsibilities of administrative

1 offices and retention of subordinate officials; (B) managing board  
2 member appointment, election, removal or succession procedures; (C)  
3 municipal bonding terms, issuance and repayment procedures; (D)  
4 public hearing and notice procedures; (E) Regulation promulgation  
5 and enforcement procedures; (F) the public infrastructure and  
6 services to be furnished by the district; and (G) the office,  
7 authorities and duties of the district treasurer and secretary; (8)  
8 for an expansion of an existing Prosperity District, the name of the  
9 Prosperity District to be expanded and the names, addresses, and  
10 phone numbers of the members of that district's managing board; (9)  
11 for a new Prosperity District, a recordable Revenue Covenant to  
12 burden the Eligible Land, which is the subject of the petition, as  
13 specified or described in Article III of this Compact; (10) for an  
14 expansion of an existing Prosperity District, a recordable Revenue  
15 Covenant to burden the Eligible Land to be included in the existing  
16 Prosperity District that mirrors the Revenue Covenant then-running  
17 with title to the land in that existing district; and (11) a  
18 recordable restrictive covenant to burden the Eligible Land, which  
19 is the subject of the petition, prohibiting each landowner and any  
20 successor in interest from taking any action to preclude, hinder or  
21 obstruct the expansion of the district to adjacent lands that are  
22 outside of the district, if any, or the withdrawal of lands from the  
23 district as contemplated in this Article (or pursuant to such  
24 additional criteria as specified in the district bylaws for

1 withdrawal of lands). (b) The petition shall be served on each of  
2 the following recipients as applicable: (1) each member of the Board  
3 of Supervisors of each County in which any portion of the new or  
4 expanded district is to be located at their offices or through their  
5 authorized service of process recipient; (2) the governing body of  
6 each affected municipality at its office or through its authorized  
7 service of process recipient if the new or expanded district is to  
8 include Eligible Land located within that municipality's  
9 jurisdiction; and (3) the managing board of each affected Prosperity  
10 District at its office or through its authorized service of process  
11 recipient if that Prosperity District is to be expanded by the  
12 inclusion of the Eligible Land or if a new Prosperity District is to  
13 be formed within any part of the jurisdiction of that Prosperity  
14 District. (c) Within twenty (20) calendar days after receipt of the  
15 petition, each recipient designated in subsection (b) of this  
16 section shall review the petition ministerially for compliance with  
17 subsection (a) of this section and deny any petition that is not  
18 compliant. Notice of the denial of a petition shall be given within  
19 said time frame in writing to the petitioner(s) stating the specific  
20 nature of any deficiency and without prejudice as to the repeated  
21 resubmittal of a corrected petition until all such deficiencies are  
22 cured. If the petition is not timely denied by any recipient  
23 designated in subsection (b) of this section, the petition shall be  
24 deemed compliant with this section for all purposes and it may be



1 recorded by the petitioner(s) with the County Recorder for each  
2 County in which the new or expanded Prosperity District is to be  
3 located and with each such other official responsible for the public  
4 recordation of interests in real property located within the  
5 proposed boundaries of the new or expanded Prosperity District, if  
6 any. Sworn proof of service by U.S. certified mail, return receipt  
7 requested, or equivalently verifiable delivery service shall be  
8 sufficient to establish the date the petition was received by a  
9 designated recipient or any required notice was given to the  
10 petitioner(s).

11 Section 2. Petition to Withdraw. A petition may be brought to  
12 withdraw land from a Prosperity District's jurisdiction as provided  
13 in this section. (a) The land that is the subject of the withdrawal  
14 petition must: (1) be contiguous to land that is outside of the  
15 boundaries of the affected district; (2) be contiguous to land  
16 included in the same petition that is contiguous to land that is  
17 outside of the boundaries of the affected district; (3) be at least  
18 one (1) square mile of contiguous land; (4) be the subject of an  
19 enforceable contract governing all landowners and qualified electors  
20 residing in the affected district that gives consent to the  
21 withdrawal of such land from the district under such terms and  
22 conditions as may be specified in that contract; or (5) qualify for  
23 withdrawal under criteria otherwise specified in the bylaws of the  
24 affected district provided that such criteria are uniform for all

1 persons domiciled in the district and they do not have the purpose  
2 or effect of rendering such withdrawal authority a law, privilege or  
3 immunity for a closed class of one or more identifiable persons. (b)  
4 The withdrawal petition must: (1) state under oath that the  
5 petitioner(s) represent one hundred percent (100%) of the surface  
6 land ownership interests in title to the proposed withdrawn land,  
7 including the same contact information for petitioners as with a  
8 petition to form or expand a Prosperity District; (2) state under  
9 oath that one hundred percent (100%) of all qualified electors  
10 residing on the affected land have given written consent to the  
11 withdrawal of the land from the Prosperity District's jurisdiction;  
12 (3) include a map and legal description of the proposed withdrawn  
13 land; and (4) be served on the same officials as a petition to form  
14 or expand a Prosperity District, who must then within twenty (20)  
15 calendar days after receipt of the petition, review the petition  
16 ministerially for compliance with this section and deny any petition  
17 that is not compliant. (c) Notice of the denial of a withdrawal  
18 petition shall be given within said twenty (20) calendar day time  
19 frame in writing by the same method of notice to the petitioner(s)  
20 as applicable to a petition to form or expand a district. If the  
21 petition is not timely denied by any petition recipient, the  
22 petition shall be deemed approved and compliant with this section  
23 for all purposes and it may be recorded by the petitioner(s) with  
24 the county recorder for each county in which the withdrawn land is

1 to be located and with each such other official responsible for the  
2 public recordation of interests in real property located within the  
3 proposed boundaries of the withdrawn land, if any. (d) Upon the  
4 approval and recordation of the withdrawal petition, the land  
5 specified therein shall immediately revert to the jurisdictional  
6 status of land outside of the boundaries of the affected Prosperity  
7 District, such that all laws generally applicable outside of the  
8 boundaries of that Prosperity District shall govern the area of such  
9 land as if the district never encompassed the withdrawn land, and  
10 all covenants or servitudes running with title to such land as a  
11 consequence of any petition to form or expand that district shall be  
12 deemed vacated; but all other encumbrances on title to the withdrawn  
13 land, including any lien that has attached to such land to secure  
14 the payment of any previously accrued and unpaid Revenue Covenant  
15 obligation, shall remain enforceable to the extent consistent with  
16 the reverted legal and jurisdictional status of the withdrawn land.  
17 (e) Petitioner(s) of an approved and recorded withdrawal petition  
18 may not subsequently petition for the expansion of the Prosperity  
19 District to include land withdrawn from that district for a period  
20 of twelve (12) months without the concurrence of the district's  
21 managing board.

22 Article V

23 Compact Formation, Effect and Amendment

24

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

18       Section 2. Effect of Compact Formation. On acceptance of the  
19 pledge and offer to enter into a compact as specified in Section 1  
20 of this Article, this Compact shall be construed and enforced as an  
21 interstate compact consisting of a solemn sovereign pledge,  
22 agreement and covenant contractually binding the Members in privity  
23 to maintain and enforce the provisions of this Compact (as they  
24 existed on the date that the Compact became contractually binding)

1 and to refrain from taking any future action that could in any way  
2 or to any degree burden, impair or interfere with such provisions of  
3 this Compact, except as otherwise expressly authorized by this  
4 Compact. Further, upon this Compact attaining the status of a  
5 sovereign contract between and among its Members, the maintenance of  
6 and strict compliance with all of its terms, including each and  
7 every provision of Article I, II, III, IV, V, VI, VII and VIII is  
8 required of all Members in privity. Any impairment of performance,  
9 burden on performance, impediment to performance, nonperformance,  
10 suspension, deviation from, disregard of, or violation of the terms  
11 of this Compact of any magnitude imposed by any Member in privity is  
12 prohibited, including, but not limited to, the passage of parallel  
13 legislation that directly or indirectly causes costs or imposes  
14 mandates not contemplated by this Compact to be incurred by any  
15 Member or Third-Party Beneficiary as a result of compliance with,  
16 performance under, or the enjoyment of the terms of this Compact.  
17 Any violation of this prohibition of any magnitude or duration is  
18 and shall be regarded by all Members in privity as a substantial  
19 impairment of the obligation of a solemn contract between  
20 sovereigns, and is and shall be regarded as a material breach of a  
21 solemn sovereign contract, as well as ultra vires and void under  
22 United States Constitution, Article I, Section 10, clause 1, and,  
23 with respect to terms receiving the Consent of Congress, under  
24 United States Constitution, Article VI, clause 2. Every Member in

1 privity and Third-Party Beneficiary has the right to the remedy of  
2 specific performance of the terms of this Compact or injunctive  
3 relief to prohibit any deviation from strict compliance with the  
4 terms of this Compact, subject to the alternative dispute resolution  
5 process and venue provisions of Sections 1(j), 10 and 11 of Article  
6 VI.

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

1 time to time, for purposes of preventing crime, enforcing criminal  
2 laws and policies and establishing desirable agencies for making  
3 effective such cooperative efforts and mutual assistance (except as  
4 authorized by Section 2(d) of Article II); and (c) any dispute  
5 between any Member in privity, the United States Government, and  
6 Third-Party Beneficiary regarding cooperative efforts and mutual  
7 assistance among the States in the prevention of crime, enforcing  
8 criminal laws and policies, and establishing desirable agencies for  
9 making effective such cooperative efforts and mutual assistance,  
10 shall be subject to alternative dispute resolution pursuant to  
11 Section 10 of Article VI.

12 Section 4. Effect of Additional Consent of Congress. Subject  
13 to Article III and any stipulation, condition or exception to such  
14 additional Consent of Congress, and otherwise notwithstanding any  
15 law to the contrary, under the authority of the United States  
16 Constitution, Article I, Section 10, Article VI, clause 2, and the  
17 Tenth Amendment to the United States Constitution, when and to the  
18 extent that this Compact becomes an interstate compact and has  
19 received the Consent of Congress in addition to that furnished by 4  
20 United States Code Section 112: (a) this Compact shall have  
21 equivalent status to a law of the United States; (b) every  
22 Prosperity District's exclusive jurisdiction under Section 2(e) of  
23 Article II shall preclude every agency, branch, department,  
24 instrumentality or political subdivision of every Member in privity

1 or the United States Government from exercising jurisdiction or  
2 authority or superimposing additional governing jurisdictions within  
3 district boundaries or fining, penalizing, prosecuting, regulating,  
4 taxing or otherwise addressing through government action any  
5 condition, state of affairs, person, entity, service, property,  
6 action or omission located, committed or occurring within the  
7 boundaries of any Prosperity District, as those boundaries may be  
8 established from time to time (except as authorized by Section 2(d)  
9 of Article II and as nongovernmental persons may otherwise agree in  
10 adopting a venue selection clause or choice of law provision in a  
11 valid contract between them); (c) the actions or omissions of any  
12 Prosperity District or that of any Third-Party Beneficiary within  
13 the boundaries of any Prosperity District as they may be established  
14 from time to time shall not prejudice or otherwise adversely affect  
15 compliance by any Member in privity with federal mandates or  
16 conditions of maintaining or securing federal primacy or federal  
17 grants; (d) surface land owned or held in trust by the United States  
18 Government, which is outside of the boundaries of National Forests  
19 and National Parks existing on the effective date of such Consent of  
20 Congress, and outside of any Native American Reservation, shall  
21 qualify as Eligible Land under Section 5 of Article VII of this  
22 Compact, and the United States Government in its proprietary or  
23 trustee capacity, as applicable, may be regarded as consenting to  
24 and joining in any petition required by Article IV for the formation



1 or expansion of, or withdrawal from, a Prosperity District  
2 encompassing such real property provided that all other criteria  
3 unrelated to the ownership or trustee interest of the United States  
4 are fulfilled; (e) the United States Government shall be deemed to  
5 consent to the inclusion of any otherwise Eligible Land in any  
6 petition to form, expand or withdraw from a Prosperity District  
7 under Article IV notwithstanding any encumbrance on such land, such  
8 as any lien, gas, mineral or water right it owns or holds in trust;  
9 and (f) any dispute between any Member in privity, the United States  
10 Government, and Third-Party Beneficiary regarding the foregoing  
11 shall be subject to alternative dispute resolution pursuant to  
12 Section 10 of Article VI.

13 Section 5. Reciprocity, Freedom of Access, Cross-Border  
14 Prosperity Districts. Subject to Article III, upon this Compact  
15 attaining the status of an interstate compact, any activity lawfully  
16 undertaken and any service lawfully performed within any Prosperity  
17 District located within this Member or any other Member in privity  
18 shall be reciprocally recognized as lawful within the boundaries of  
19 every other Prosperity District located within this Member and any  
20 other Member in privity on the same terms unless otherwise  
21 prohibited by the enforcement of constitutional provisions,  
22 interstate compacts, Malum in Se Criminal Law, Common Law, and any  
23 Regulation promulgated or enforced in accordance with Article II of  
24 this Compact. Further, every Prosperity District located within

1 this Member or any other Member in privity shall allow direct  
2 ingress and egress of any person lawfully allowed ingress to and  
3 egress from any other Prosperity District located within this Member  
4 or any other Member in privity unless prohibited by the enforcement  
5 of existing property or contractual rights. Furthermore, a  
6 Prosperity District may be formed and expanded across State lines  
7 between Members in privity provided that the petition required by  
8 Section 1 of Article IV: (a) specifies the Malum in Se Criminal Law  
9 and Common Law that shall be in effect within the district; (b) is  
10 served on the Governor(s) of each affected Member at their offices  
11 or through their authorized service of process recipient(s) in  
12 addition to other petition recipients required by Section 1 of  
13 Article IV; and (c) compliance is made with all other terms of  
14 Section 1 of Article IV, whereupon the approval process specified  
15 therein shall be construed as referencing the Governor(s) of each  
16 affected Member in addition to such other officials holding approval  
17 power.

18 Section 6. Amendment. After this Compact becomes an interstate  
19 compact, each Member in privity reserves the right to amend this  
20 Compact exclusively by repealing all or any part of the provisions  
21 set forth in Article III of this Compact which that Member included  
22 in its original Compact legislation, or by amending such provisions  
23 of Article III with such additional terms or provisions respecting  
24 that Member as are consistent with Section 6 of Article VIII of this

1 Compact and prospective in effect, at any time through ordinary  
2 legislation, provided that such repeal or amendment shall not have  
3 the purpose or effect of: (a) delegating powers or authorities to  
4 any Prosperity District (in addition to those expressly delegated to  
5 the district by Section 2(c) of Article II of this Compact as  
6 specified in that Member's original Compact legislation and as  
7 modified, if at all, by the terms of Article III as they existed  
8 immediately prior to this Compact becoming an interstate compact);  
9 (b) creating or expanding the jurisdictions of any government unit  
10 within the boundaries of any Prosperity District (in addition to  
11 that which is expressly permitted under Section 2(d) of Article II  
12 of this Compact as specified in that Member's original Compact  
13 legislation and as modified, if at all, by the terms of Article III  
14 as they existed immediately prior to this Compact becoming an  
15 interstate compact); (c) eliminating the text or authority of any  
16 Revenue Covenant that otherwise would satisfy the petition  
17 requirement under Section 1(a)(9) of Article IV (as specified in  
18 that Member's original Compact legislation and as modified, if at  
19 all, by the terms of Article III as they existed immediately prior  
20 to this Compact becoming an interstate compact); (d) disqualifying  
21 real property as Eligible Land which would have otherwise qualified  
22 as Eligible Land (as specified in that Member's original Compact  
23 legislation and as modified, if at all, by the terms of Article III  
24 as they existed immediately prior to this Compact becoming an

1 interstate compact); (e) impairing the legitimate investment-backed  
2 expectations of any Third-Party Beneficiary which are founded on  
3 vested property or contractual rights; or (f) with respect to any  
4 Prosperity District formed prior to the effective date of the  
5 respective repeal or amendment: (1) preventing the expansion of that  
6 Prosperity District in accordance with the terms of this Compact as  
7 they existed upon that district's formation; (2) preventing the  
8 withdrawal of land from that Prosperity District in accordance with  
9 the terms of this Compact as they existed upon that district's  
10 formation; (3) directly or indirectly promulgating or enforcing any  
11 Regulation within that Prosperity District in addition to that which  
12 was authorized by the terms of this Compact as those terms existed  
13 upon that district's formation unless such Regulation: (i) is  
14 subject to the defense afforded by Section 4 of Article II (in  
15 accordance with the original terms of that Member's Compact  
16 legislation and as modified, if at all, by the terms of Article III  
17 as they existed immediately prior to this Compact becoming an  
18 interstate compact); and (ii) either (A) is not effective until it  
19 is promulgated and enforced within that district in strict  
20 compliance with Section 3 of Article II (in accordance with the  
21 original terms of that Member's Compact legislation and as modified,  
22 if at all, by the terms of Article III as they existed immediately  
23 prior to this Compact becoming an interstate compact); or (B)  
24 replaces or modifies Regulation previously authorized by Article III

1 of this Compact such that the resulting overall framework of  
2 Regulation within the affected Prosperity District is less  
3 restrictive and less burdensome on the exercise of the individual  
4 rights to life, liberty, and property, and more likely to protect  
5 the exercise of the individual rights to life, liberty and property,  
6 without impeding any activity or market competition that would  
7 otherwise be lawful within the district; (4) authorizing, levying,  
8 imposing or enforcing any Tax within that district in addition to  
9 that which was authorized by the terms of this Compact as those  
10 terms existed upon that district's formation; and (5) authorizing or  
11 enforcing any exercise of Eminent Domain within that district in  
12 addition to that which was authorized by the terms of this Compact  
13 as those terms existed upon that district's formation.

#### 14 Article VI

#### 15 Compact Commission

16 Section 1. Commission. When at least two Members are  
17 contractually bound to this Compact as contemplated in Sections 1  
18 and 2 of Article V, the Prosperity States Compact Commission  
19 ("Commission") shall be thereby established. The Commission  
20 initially consists of three unpaid Commissioners each serving solely  
21 a single six-year term. It has the power and duty: (a) to designate  
22 a location within the jurisdictional boundaries of the United States  
23 Court of Appeals for the Fifth Circuit for its principal place of  
24 business; (b) to appoint and oversee a Compact Administrator that

1 maintains its principal place of business within the jurisdictional  
2 boundaries of the United States Court of Appeals for the Fifth  
3 Circuit; (c) to guard against cronyism and special interest capture  
4 of this Compact by encouraging new States to adopt this Compact and  
5 Congress to consent to the Compact without exceptions, stipulations  
6 or limitations through educational efforts; (d) to coordinate the  
7 performance of obligations under this Compact, which shall include  
8 the issuance of advisory interpretations of this Compact; (e) to  
9 oversee and direct the defense and enforcement of the Compact in  
10 appropriate legal venues; (f) to request and accept funds from  
11 Prosperity Districts and to disburse those funds to support the  
12 operations of the Commission and Compact Administrator; (g) to make  
13 public and open for inspection or observation by any person at all  
14 reasonable times all governing instruments, records, proceedings,  
15 and accounts of the Commission and Compact Administrator subject to  
16 executive session procedures or privileges specified in the  
17 Commission's bylaws, the adoption of which shall be conducted by  
18 public hearing and shall supersede any conflicting law or Regulation  
19 of any Member; (h) to cooperate with any person that shares a common  
20 interest with the Commission and engages in policy research, public  
21 interest litigation or lobbying in support of the purposes of the  
22 Compact; (i) to establish a process of transparent, open competitive  
23 bidding in order to secure an annual contract with one or more  
24 reputable outside alternative dispute resolution services, which

1 may, but is not required to include, adjudicative services offered  
2 by a judicial branch of a State or the United States Government, to  
3 furnish binding arbitration of disputes; (j) to direct the final  
4 resolution and settlement of all disputes involving, between or  
5 among any Member, Prosperity District, or any agency or department  
6 of the United States Government to which the Consent of Congress for  
7 this Compact can be ascribed (if such consent has been given), with  
8 all sovereign immunities, if any, deemed waived with respect to any  
9 such proceeding, final resolution and settlement, through the use of  
10 the Commission's contracted outside alternative dispute resolution  
11 service, or such other alternative dispute resolution service which  
12 all disputants agree to use (which may, but is not required to  
13 include, adjudicative services offered by a judicial branch of a  
14 State or the United States Government); (k) to exercise only such  
15 incidental powers as are essential to carrying out the foregoing  
16 express powers and duties (in no event shall the Commission be  
17 construed as possessing eminent domain, taxation or police powers,  
18 or any other power that is functionally equivalent to the same,  
19 whether incidentally or principally); and (l) to adopt and publish  
20 corresponding bylaws, policies and procedures.

21 Section 2. Commissioner Appointment. The Commission initially  
22 consists of three unpaid Commissioners each serving solely a single  
23 six-year term. Commissioner positions shall be assigned to  
24 appointees in the order in which their respective appointing State

1 became Members. Once at least one Prosperity District has been  
2 formed and exists within its boundaries, and until all Commissioner  
3 positions are filled, or whenever there is a vacancy, each Member in  
4 the order in which it became a Member may appoint one Commissioner  
5 through its Governor by appropriate executive action as determined  
6 by the laws of the respective Member, subject to disapproval by  
7 official notice of any Prosperity District located within such  
8 Member that is received by the Office of its Governor or such person  
9 who is authorized to receive service of process on behalf of said  
10 Governor within ten (10) calendar days of such appointment. Timely  
11 disapproval shall have the effect of requiring a new appointment  
12 until such time as a timely disapproval is not received.

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



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

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

16       Section 6. Funding. The Commission and the Compact  
17 Administrator's activities shall be funded, if at all, exclusively  
18 by Prosperity Districts, on an annual basis as follows: (a) the  
19 Commission shall propose an annual budget in accordance with its  
20 bylaws; (b) two-thirds (2/3) of all Prosperity Districts must  
21 approve the Commission's annual budget by official notice given to  
22 the Compact Administrator in order for the Commission's budget to  
23 become authorized; (c) if and when the Commission's budget is  
24 authorized, the Compact Administrator shall establish and/or

1 maintain an account to receive and disburse funding for the  
2 Commission and shall also periodically request by notice given to  
3 all Prosperity Districts a specific total amount of money needed to  
4 fund the Commission's operations under the authorized budget; (d)  
5 upon receipt of such notice, every Prosperity District shall pay  
6 into the Commission account the lesser amount of an equal share of  
7 the Compact Administrator's funding request or one percent (1%) of  
8 gross revenue in the immediately preceding fiscal year; and (e) if  
9 there is a funding shortfall, the Compact Administrator shall  
10 request further funding from every Prosperity District until the  
11 shortfall is closed or the Commission shall adjust its authorized  
12 budget to the level of the available funding.

13 Section 7. Compact Administrator. The Compact Administrator  
14 serves at the pleasure of the Commission and must keep the  
15 Commission seasonably apprised of the performance or nonperformance  
16 of the terms and conditions of this Compact. Any notice sent by a  
17 Member to the Compact Administrator concerning this Compact shall be  
18 adequate notice to each other Member provided that a copy of said  
19 notice is seasonably delivered by the Compact Administrator to each  
20 other Member's respective Governor or chief executive officer. The  
21 Compact Administrator has the power and duty: (a) to organize and  
22 direct the logistical operations of the Commission; (b) to maintain  
23 an accurate list of all Members, including contact information; (c)  
24 to formulate, transmit and maintain all official notices, records

1 and communications relating to this Compact; and (d) such incidental  
2 powers as are essential to carrying out the foregoing express powers  
3 and duties (in no event shall the Compact Administrator be construed  
4 as possessing eminent domain, taxation or police powers, or any  
5 other power that is functionally equivalent to the same, whether  
6 incidentally or principally).

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

20 Section 9. Cooperation. The Commission, Members, Prosperity  
21 Districts and the Compact Administrator shall cooperate with each  
22 other and give each other mutual assistance in enforcing this  
23 Compact.

24

1 Section 10. Alternative Dispute Resolution Procedure. As soon  
2 as practicable after receipt of a notice of a demand for alternative  
3 dispute resolution by a Member, Prosperity District, Third-Party  
4 Beneficiary, or the United States Government (if the requisite  
5 Consent of Congress has been given), the Commission shall  
6 consolidate all such demands which relate to the same transaction or  
7 operative facts and direct the identified disputants to reach a  
8 final resolution and settlement on all of the related causes of  
9 action, defenses and issues using alternative dispute resolution as  
10 contemplated in Section 1(j) of this Article, whereupon each Member,  
11 Prosperity District, and the United States Government (if the  
12 requisite Consent of Congress has been given), if applicable, shall  
13 comply with such direction unless it is first nullified as provided  
14 in Section 4 of this Article. The Commission's direction to use  
15 alternative dispute resolution as aforesaid may be enforced by any  
16 disputant Third-Party Beneficiary, Member, Prosperity District, or  
17 the United States Government (if the requisite Consent of Congress  
18 has been given) against any other such disputant (except that a  
19 Third-party Beneficiary cannot be compelled to use alternative  
20 dispute resolution as aforesaid) in a court of competent  
21 jurisdiction, with all litigation expenses to be assessed jointly  
22 and severally against each such noncompliant disputant. In the case  
23 of any dispute over the existence of a District Externality, the  
24 burden of proof by clear and convincing evidence shall be on the

1 disputant asserting the existence of the District Externality. An  
2 arbitration award may include equitable remedies, such as specific  
3 performance and injunctive relief, and a judgment on any arbitration  
4 award may be entered in a court having competent jurisdiction. A  
5 disputant may also seek in a court of competent jurisdiction (a)  
6 provisional or ancillary remedies against any disputant Member,  
7 Prosperity District, or the United States Government (if the  
8 requisite Consent of Congress has been given), including preliminary  
9 injunctive relief, pending the outcome of an arbitration proceeding,  
10 or (b) permanent injunctive relief against any such disputant to  
11 enforce an arbitration award. Alternative dispute resolution awards  
12 shall not be precedential.

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

1 the Commission or the Compact Administrator is located; or (b)  
2 otherwise within the jurisdiction of the United States Court of  
3 Appeals for the Circuit in which the principal place of business of  
4 either the Commission or the Compact Administrator is located.

## 5 Article VII

### 6 Definitions

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

9 Section 1. "Common Law" is a descriptive term used for  
10 convenience to reference English judge-made law (including such acts  
11 of parliament as overrode judge-made law) administered by the King's  
12 courts and the English courts of chancery, which purports to be  
13 derived from ancient custom and usage, as adopted or adapted and  
14 deemed precedential by this Member and pronounced as governing law  
15 through its judiciary through adjudications of specific disputes and  
16 fact patterns so as to furnish rules for dispute resolution in the  
17 categories of agency, business associations, conflict of laws,  
18 contracts, contracts for deeds, judgments, land sales, property,  
19 restitution, security, torts, trusts, equity and remedies. The term  
20 also includes: (a) the judge-made law of other States in the  
21 foregoing categories which this Member has adopted or adapted and  
22 deemed precedential through pronouncements of its judiciary; (b)  
23 statutory law as of the enactment date of this Member's Compact  
24 legislation to the extent (1) the ascertainment of a rule of

1 governance in the foregoing categories is intelligible only by such  
2 reference, (2) this Member has adopted tribal law, Roman, Spanish or  
3 French civil law or otherwise not adopted or adapted English judge-  
4 made law in the foregoing categories, or (3) this Member has  
5 codified English judge-made law in the foregoing categories; and (c)  
6 interstitial common law arising from the adjudication of Malum in Se  
7 Criminal Law or any Regulation adopted pursuant to Section  
8 1(a) (7) (iv) (A) and (C) of Article IV, and effective provisions of  
9 this Member's constitution and the United States Constitution.  
10 However, it does not otherwise include statutory law, administrative  
11 law, executive orders, ecclesiastical law, nor the body of  
12 decisional law developed by the federal judiciary of the United  
13 States Government. Where not inconsistent with the precedential  
14 adjudications of this Member as of the enactment date of this  
15 Member's Compact legislation, the term may be construed as  
16 incorporating the relevant governing rules published in the First  
17 Restatement of the Law of Agency, Conflict of Laws, Contracts,  
18 Judgments, Property, Restitution, Security, Torts, and Trusts, as  
19 approved by the American Law Institute in May 1942.

20 Section 2. "Compact" is a descriptive term used for convenience  
21 to reference the entirety of the text of the Prosperity States  
22 Compact advanced hereby, including all of its sections and Articles  
23 regardless of whether they initially only have the status of statute  
24

1 law, serve to manifest an intent to enter into an interstate  
2 compact, or furnish the terms of a binding interstate compact.

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

18 Section 4. "District Externality" means any condition, state of  
19 affairs, action or omission occurring outside of the boundaries of a  
20 Prosperity District that violates Ordinary Member Law, Ordinary  
21 Federal Law, Malum in Se Criminal Law, or the Common Law in effect  
22 outside of the boundaries of the district, which was proximately  
23 caused by a condition, state of affairs, person, entity, service,  
24



1 property, action or omission located, committed or occurring within  
2 the boundaries of a Prosperity District.

3 Section 5. "Eligible Land" means land that fulfills the  
4 following criteria: (a) it either consists of at least one (1)  
5 square mile of contiguous land or consists of any quantity of  
6 contiguous land adjacent to an existing Prosperity District to  
7 expand that district (including any quantity of land that is  
8 contiguous to land that is adjacent to the district to be expanded  
9 and included in the same expansion petition) (the "land"); (b) title  
10 to the land is held either (1) free from any recorded valid and  
11 enforceable security interests, rights-of-way, easements, or  
12 restrictive covenants (collectively "Encumbrance Interests"), or (2)  
13 subject to Encumbrance Interests provided that all nongovernmental  
14 persons holding any such Encumbrance Interest (or the right to  
15 enforce such Encumbrance Interests), who are identifiable in the  
16 chain of title to the land, consent in writing to the classification  
17 of the land as Eligible Land under this Compact; (c) the land either  
18 is (1) outside of the jurisdiction of an existing Prosperity  
19 District or (2) otherwise within the jurisdiction of an existing  
20 Prosperity District provided that the following entities consent in  
21 writing to the classification of the real property as Eligible Land  
22 under this Compact: (i) all bondholders of each such existing  
23 Prosperity District; and (ii) any other person or entity holding a  
24 valid and enforceable security interest secured by the existing

1 Prosperity District's rights under an existing Revenue Covenant; (d)  
2 the land either is (1) outside of the jurisdiction of a special  
3 taxing district as of the enactment date of this Member's Compact  
4 legislation, or (2) otherwise within the jurisdiction of a special  
5 taxing district provided that the following entities consent in  
6 writing to the classification of the real property as Eligible Land:  
7 (i) all bondholders of the respective special taxing district; and  
8 (ii) any other person or entity holding a valid and enforceable  
9 security interest secured by the district's taxing authority; (e)  
10 the land either is (1) outside of the territorial and  
11 extraterritorial jurisdiction (provided that such extraterritorial  
12 jurisdiction does not span more than six (6) miles from the boundary  
13 of the territorial jurisdiction) of a municipality as of the  
14 enactment date of this Member's Compact legislation, or (2)  
15 otherwise within such territorial and extraterritorial jurisdiction  
16 of a municipality provided that the governing body of the  
17 municipality consents by local law to the classification of the real  
18 property as Eligible Land under this Compact; and (f) the land was  
19 not acquired by any landowner in its chain of title within the five  
20 (5) years preceding the inclusion of the land in any petition to  
21 form or expand a Prosperity District through the exercise of eminent  
22 domain or civil forfeiture for alleged criminal acts and omissions  
23 that did not result in a conviction.

24

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

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

12 Section 8. "Member" means a State that has passed legislation  
13 that enacts, adopts and agrees to be bound to this Compact or in  
14 which a measure having the same force and effect as such legislation  
15 has been passed by popular ballot initiative (collectively "Compact  
16 legislation"). For any State to be regarded as a Member in privity  
17 with regard to any other State, each such State must have passed  
18 substantively identical Compact legislation as aforesaid and  
19 manifested mutual consent to be bound by this Compact as provided in  
20 Section 1 of Article V of this Compact. Such legislation shall be  
21 deemed substantively identical notwithstanding material differences  
22 among such States in regard to terms or provisions set forth in  
23 Article III of this Compact within the categories authorized by  
24 Section 6 of Article VIII of this Compact ("Authorized Statewide

1 Tailoring"), provided that all other terms of such legislation are  
2 substantively identical. Terms or provisions set forth in Article  
3 III of this Compact which are not categories of Authorized Statewide  
4 Tailoring are void ab initio, shall be held for naught, and shall  
5 not obstruct the formation of an interstate compact between the  
6 respectively enacting Member and any other Member, provided that all  
7 other terms of the Compact legislation are substantively identical.

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

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

1 furnishes Consent of Congress for all or any portion of this  
2 Compact; and (b) any treaty, statute, Regulation, ordinance or  
3 executive order that is essential to enforcing, strictly performing  
4 or complying with this Compact or the Consent of Congress in  
5 accordance with its terms.

6 Section 11. "Ordinary Member Law" means any measure, statute,  
7 Regulation, ordinance or executive order, as well as any other  
8 similar act that has the force of law, that is enacted, adopted or  
9 otherwise promulgated by the government of this Member or any of its  
10 agencies, instrumentalities or political subdivisions, that is under  
11 the authority of, and subordinate to, the United States Constitution  
12 and the constitution of this Member, and that is subject to  
13 amendment or repeal by a legislative act that has the same ultimate  
14 passage requirements as the respective Member's Compact legislation;  
15 excepting only: a) the Compact legislation; b) any measure, statute,  
16 Regulation, ordinance or executive order that is essential to  
17 enforcing, strictly performing or complying with this Compact in  
18 accordance with its terms; c) the Malum in Se Criminal Law of this  
19 Member; and d) the Common Law of this Member.

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

23 Section 13. "Prosperity District" means a governing unit and  
24 political subdivision of this Member that is formed pursuant to

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

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

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

22 Section 16. "State" means one of the several States of the  
23 United States and includes all of the State's branches, departments,  
24

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

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

1 compliance with Article II; (b) the retention of private enterprise  
2 to perform any authorized municipal service in compliance with  
3 Article II for fair market value; (c) the procurement of supplies  
4 and services from private enterprise for the Prosperity District's  
5 internal management and administrative operations for fair market  
6 value; and (d) the relaxation or repeal of Regulations.

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

24



1 Section 19. "Third-Party Beneficiary" means any nongovernmental  
2 person petitioning for the formation or expansion of a Prosperity  
3 District, petitioning for withdrawal of land from a Prosperity  
4 District, contributing real property to, residing or domiciled  
5 within, owning real property within, or lawfully doing business  
6 within a Prosperity District, either on formation of the district or  
7 after formation or expansion.

8 Article VIII

9 Miscellaneous

10 Section 1. Nature of Enactment and Effective Date. Articles I,  
11 II, III, IV, Section 1 of Article V, Article VII and Sections 1  
12 through 7 of Article VIII of this Compact shall have the effect and  
13 authority of statute law in this Member upon passage of its Compact  
14 legislation regardless of whether at such time a conforming  
15 interstate compact has been formed embracing this Member as  
16 contemplated by Section 1 of Article V; and their effective date as  
17 such is the earliest date permitted by law, subject to their express  
18 terms, which effectiveness is not to be delayed until the formation  
19 of an interstate compact embracing them. The effective date of  
20 Sections 2 through 6 of Article V and Article VI of this Compact is  
21 the earliest date permitted by law, subject to their express terms,  
22 upon the formation of an interstate compact embracing this Member as  
23 contemplated in Section 1 of Article V. Any violation of any  
24 effective provision of this Compact is void ab initio.

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

14       Section 3. Severance. If any phrase, clause, sentence or  
15 provision of this Compact, or the applicability of any phrase,  
16 clause, sentence or provision of this Compact to any government,  
17 agency, person or circumstance, is declared in a final judgment by a  
18 court of competent jurisdiction to be contrary to the United States  
19 Constitution, contrary to the state constitution of any Member,  
20 subject to the prohibition on states impairing the obligation of  
21 contract under the United States Constitution, Article I, Section  
22 10, clause 1, or is otherwise held invalid by a court of competent  
23 jurisdiction, such phrase, clause, sentence or provision shall be  
24 severed and held for naught, and the validity of the remainder of

1 this Compact and the applicability of the remainder of this Compact  
2 to any government, agency, person or circumstance shall not be  
3 affected. Furthermore, if this Compact is declared in a final  
4 judgment by a court of competent jurisdiction to be entirely  
5 contrary to the state constitution of any Member, violative of the  
6 prohibition on States impairing the obligation of contract under the  
7 United States Constitution, Article I, Section 10, clause 1, or  
8 otherwise entirely invalid as to any Member, such Member shall be  
9 deemed to have withdrawn from the Compact, and the Compact shall  
10 remain in full force and effect as to any remaining Member.

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

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

23 Section 5. Third-Party Beneficiary and Vested Rights. Every  
24 Third-Party Beneficiary has a vested property right to strict

1 compliance with this Compact's provisions by all government units  
2 that are governed by it.

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

6 (a) conforming the Compact to a Member's respective local political  
7 structure, usage and style; (b) modifying the definition of

8 "Eligible Land" with respect to the respectively enacting Member

9 provided that such modifications do not have the purpose or effect

10 of rendering the authority to form or expand or withdraw from a

11 Prosperity District a law, privilege or immunity for a closed class

12 of one or more identifiable persons; (c) modifying the petition

13 process for the formation or expansion of or withdrawal from

14 Prosperity Districts provided that such modifications do not: (1)

15 include land within the boundaries of a Prosperity District or

16 impose a covenant on any land without the voluntary and written

17 consent of each affected landowner; and (2) have the purpose or

18 effect of rendering the authority to form or expand or withdraw from

19 a Prosperity District a law, privilege or immunity for a closed

20 class of one or more identifiable persons; (d) furnishing authority

21 for one or more Revenue Covenants with respect to the respectively

22 enacting Member; (e) specifying existing interstate compacts,

23 constitutional provisions, laws (statutory, common and civil),

24 Regulations or policies, or prosecution or administrative or

1 enforcement actions or agency, political subdivision or  
2 instrumentality jurisdictions that will or will not continue to  
3 exist, have effect or the force of law in a Prosperity District  
4 within the respectively enacting Member and to what extent; (f)  
5 limiting or modifying the effect of any provision of this Compact as  
6 necessary to furnish greater due process of law, transparency in  
7 government, or to enforce the respectively enacting Member's  
8 constitution or the United States Constitution; (g) limiting or  
9 modifying the effect of any provision of this Compact as necessary  
10 to enforce federal primacy, federal mandates or conditions on the  
11 receipt of federal grants as to the respectively enacting Member;  
12 (h) limiting or modifying reciprocity with respect to the  
13 recognition of activities deemed lawful in Prosperity Districts  
14 located within the respectively enacting Member; (i) requiring  
15 insurance, performance bonding or sureties to indemnify the Member  
16 and any political subdivision, in which any part of a proposed new  
17 or expanded Prosperity District is to be located, from damages,  
18 liabilities and costs incurred by them as a result of: (1) any  
19 District Externality; (2) a default under a Revenue Covenant  
20 applicable to lands within the new or expanded district; (3)  
21 structure maintenance costs or costs incurred from enforcement of  
22 external public health, safety and sanitation laws in foreclosed or  
23 withdrawn district lands; or (4) the abandonment of the district;  
24 (j) furnishing authority for political subdivisions (other than

1 Prosperity Districts) within the respectively enacting Member to  
2 further modify, limit and condition the terms of this Compact by  
3 local law with such provisions as fall within the categories of  
4 Sections 6(a), (b), (c), (e), (g) and (i) of this Article with  
5 respect to Prosperity Districts formed or expanded within their  
6 territorial and extraterritorial jurisdictions (provided that such  
7 extraterritorial jurisdiction does not span more than six (6) miles  
8 from the boundary of the territorial jurisdiction) provided that any  
9 such local law: (1) shall be uniform for each Prosperity District to  
10 be formed or expanded within each respective jurisdiction; (2) may  
11 not impose unique conditions or requirements for the formation or  
12 expansion of any particular Prosperity District; and (3) does not  
13 have the purpose or effect of rendering the authority to form,  
14 expand or withdraw from a Prosperity District a law, privilege or  
15 immunity for a closed class of one or more identifiable persons; (k)  
16 including national security, international travel, regulatory,  
17 taxing, interstate commerce, international commerce and immigration  
18 policies governing Prosperity Districts within the respectively  
19 enacting Member that shall have effect upon the Compact becoming an  
20 interstate compact and receiving the Consent of Congress; (l)  
21 modifying the definitions used in the Compact to allow a Native  
22 American community located within the respectively enacting Member  
23 and recognized as sovereign by the government of the United States  
24 to qualify as a Member under this Compact on the Compact becoming an

1 interstate compact and receiving Consent of Congress, if necessary;  
2 (m) specifying terms and conditions under which the enacting Member  
3 may terminate or withdraw from this Compact; (n) specifying terms  
4 and conditions under which the Governor of each Member or his  
5 nominee may negotiate and enter into separate contractual  
6 arrangements to protect the investment-backed expectations of any  
7 Third-party Beneficiary that Prosperity Districts, once formed,  
8 shall operate as herein contemplated; (o) specifying uniform rules  
9 of construction and limitations on the subject matter, duration or  
10 enforceability of any servitude burdening title or restrictive  
11 covenant running with title to land within the jurisdiction of  
12 Prosperity District located within the enacting Member; (p)  
13 authorizing specific continuing appropriations for statewide tax  
14 relief or expenditures from revenues received pursuant to any  
15 Revenue Covenant; and (q) specifying a statute of repose or  
16 limitations for any claim or cause of action arising from the  
17 passage of this Compact or Prosperity District formation, expansion  
18 and withdrawal.

19 Section 7. Preservation of Person Status for Artificial  
20 Persons. A corporation, trust, company, association, organization  
21 or other non-natural-person entity ("artificial person") that enjoys  
22 or is capable of enjoying certain duties, rights and powers of a  
23 natural person under law existing outside of the boundaries of a  
24 Prosperity District, such as the right to sue or be sued, contract

1 or own property in its own name, shall be recognized as enjoying the  
2 corresponding duties, rights and powers, if any, of a natural person  
3 within the boundaries of a Prosperity District upon giving notice in  
4 such form and with such content as may be specified in the  
5 district's bylaws to the managing board of the district of its  
6 intent to conduct operations, do business or establish a place of  
7 business or domicile within the Prosperity District. Further, the  
8 articles of incorporation, certificate of formation, articles of  
9 organization, charter, bylaws, operating agreement or equivalent  
10 governing instrument of a foreign artificial person, if any, shall  
11 be recognized as contractually binding the trustees, owners,  
12 officers, managers, agents, beneficiaries and employees, as the case  
13 may be, of such foreign artificial person within the boundaries of a  
14 Prosperity District. However, an artificial person shall otherwise  
15 be governed by the law and Regulations, if any, existing within the  
16 boundaries of a Prosperity District.

17 Passed the House of Representatives the 22nd day of March, 2017.

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Presiding Officer of the House  
of Representatives

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22 Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2017.

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Presiding Officer of the Senate