

Be it enacted by the Legislature of the State of \_\_\_\_\_ :

Section 1. Title \_\_\_\_, \_\_\_\_\_, is amended by adding chapter \_\_\_\_, to read:

“CHAPTER \_\_\_\_

PROSPERITY ZONE COMPACT

\_\_\_\_\_. Enactment and Adoption of Prosperity Zone Compact; text of enactment and agreement

THE STATE OF \_\_\_\_\_ ENACTS, ADOPTS AND AGREES

TO BE BOUND BY THE FOLLOWING COMPACT:

**Article I**

**Findings and Declaration of Policy**

Whereas every State enacting, adopting and agreeing to be bound by this Prosperity Zone Compact finds that the establishment of Prosperity Districts as provided herein advances their mutual sovereign interests in allowing for public policy innovation in order to create a more prosperous society that respects both individuals and local communities, guards against the abuse of power and privilege, avoids undesirable state burdens on interstate commerce, and protects the reasonable expectations of their respective citizens and law enforcement community when travelling, relocating, establishing residences, businesses or domiciles;

Now, therefore, in consideration of their respective and reciprocal statutory enactments, mutual promises and obligations expressed in this Compact, every State enacting, adopting and agreeing to be bound by this Compact, herewith exercises all of their respective sovereign legislative and contractual powers as set forth herein notwithstanding any law, regulation or policy to the contrary.

**Article II**

**Special Purpose Authority of Prosperity Districts**

Section 1. **Special Purpose Authority.** The special purpose authority of every Prosperity District is exclusively to protect the individual rights of life, liberty and property, the protection of which, for competent adults, shall be strictly limited to defending the freedom of all such individuals to pursue a flourishing and productive existence either in consensual association with others or alone. No power or authority of any Prosperity District shall serve any other purpose.

Section 2. **District Governance.** A Prosperity District formed under the authority of this Compact is a governmental unit that is a person under the law of this Member; it can sue and be sued. The governing, management and administrative power of a Prosperity District shall be vested by its respective district charter in a managing board, which may further specify the departments, agencies, as well as the hierarchy and division of power among such departments and agencies of each respective Prosperity District. Further, as soon as practicable and no later than the first fiscal year after the formation of the respective Prosperity District, the managing board of the district is authorized to and

shall promulgate all necessary district charter amendments, bylaws, policies, procedures, and directives for the Prosperity District's exercise as well as its internal management and administration of its authorized powers and authorities under this Article, and, if desired, for further limiting the power, authority and jurisdiction of the Prosperity District and its managing board, departments and agencies, if any.

**Section 3. Transparency.** Subject to executive session procedures or privileges specified in the district charter or bylaws, the adoption of which shall be conducted by public hearing, all governing instruments, records, proceedings, and accounts of the Prosperity District shall be public and open for inspection or observation by any person at all reasonable times. The Prosperity District shall fully comply with any written public records request within the compliance deadline specified in the request, or otherwise the Prosperity District shall, within the deadline specified in the request, if one is specified, furnish a written statement to the requestor detailing the reasons for the partial compliance, noncompliance, or a requested compliance deadline extension, which specifies a reasonable alternative deadline, with specific reference to each records request. Further, the Prosperity District's managing board directly or through a designated chief executive officer shall be required to produce annual performance audits for contracted goods and services, the cost of which must be accounted for and considered during the bidding process. In addition, the Prosperity District's managing board directly or through a designated chief executive officer shall seek an independent audit every two (2) years to evaluate the district's operations and performance audits. All audits shall be made public.

**Section 4. Exclusive Governing Jurisdiction and Authority.** Every Prosperity District shall have exclusive governing jurisdiction within its boundaries to the furthest extent authorized by this Compact, which precludes any annexation of lands or any superimposition of additional governing jurisdictions, units, bodies or authorities within the boundaries of the district except in strict compliance with this Compact. The exclusive governing authority of every Prosperity District is strictly limited to:

- a) police powers consisting solely of enforcing: (1) malum in se criminal law, the common law of torts, property and contracts, or common law or equitable remedies, either as specified by its respective district charter or otherwise in effect within the boundaries of the respective Prosperity District; and (2) promulgating and enforcing regulations authorized in strict conformity with this Article;
- b) the power to furnish such municipal services as are authorized by its district charter through independent contractors, intergovernmental agreements, and public-private partnerships through a process of open competitive bidding only if: (1) no regulation is promulgated or enforced by the Prosperity District, directly or in combination with other regulations, that restricts such free and open competition in the provision of such municipal services in violation of the common law of torts, property or contracts in effect within the district; and (2) all costs incurred in furnishing the proposed municipal services are to be reimbursed by either i) uniform, non-discriminatory user fees paid voluntarily by all users of the respective municipal service or ii) otherwise paid pursuant to a separate contract voluntarily and consensually binding all persons domiciled in the Prosperity District during the provision of the municipal service;

c) the power to borrow exclusively by issuing bonds for the sole purpose of financing the exercise of its authorized powers and the furnishing of authorized municipal services provided that: (1) the total outstanding principal of all bonds issued under the authority of this section together with the sum of all other liabilities owed by the respective Prosperity District shall not exceed the fair market value of all assets held in the name of that district; (2) the obligation of such bonds shall be secured solely and exclusively by the respective Prosperity District's receipts from Revenue Sharing Covenants running with the land in the district, by authorized gifts or by receipts received pursuant to contract, if any; (3) neither the government of the United States nor any State shall pay, guarantee or be liable for the obligation of any bond issued under this section; and (4) the terms of such borrowing shall provide that any holder of a bond issued by a Prosperity District who induces or attempts to induce any Prosperity District or any other governmental body to violate this Article shall thereby immediately forfeit all right of repayment for any bond issued by that Prosperity District;

d) the power to accept gifts from the owners of real property and persons domiciled within a Prosperity District exclusively for the purpose of defraying the costs of furnishing management and administration of the district, bond issuance or debt service, as well as authorized municipal services, if any; and

e) such incidental power as is essential to carrying out the foregoing powers, provided that a Prosperity District may not and shall not under any circumstances, directly or indirectly, principally or incidentally, or for any purpose, enjoy, accept, claim or exercise any power: (1) to levy any tax, impost, duty or tariff; (2) of eminent domain; (3) of civil property forfeiture based on actions or omissions that constitute a violation of criminal law unless there is no reasonable doubt that such criminal law has been violated by each owner of such property or asset; (4) to furnish any subsidy to private enterprise; (5) to establish or enforce by regulation or otherwise any monopoly or cartel in the provision of any good or service within its jurisdiction in violation of the common law of torts, property or contracts in effect in the district; (6) to accept gifts, grants or conditional grants from any governmental unit, including, but not limited to, any state, county, municipality or the United States government, which are sourced from taxes, government-imposed fees or fines, or borrowing which is secured or to be repaid by taxes or fines; (7) to delegate all or any portion of its governing authority to any other entity or to accept the delegation of governing authority in addition to that contemplated by this Compact from any other governmental unit; or (8) to permit any other governmental unit to exercise governing authority or jurisdiction within its boundaries except as expressly contemplated by this Compact or as authorized by enforcement of a contract between private persons that expressly and consensually submits to such authority or jurisdiction.

**Section 5. Regulatory Impact Statement.** As a precondition of promulgating, reinstating or enforcing any regulation (other than a regulation merely codifying the malum in se criminal law, the common law of torts, property or contracts, or the common law or equitable remedies in effect within the boundaries of the Prosperity District), every Prosperity District shall conduct fact-finding to assess the extent to which the regulation would fulfill or, if previously promulgated or enforced, has fulfilled the criteria required for regulatory authority and tailoring under sections 6 and 7 of this Article, and shall publicly report as soon as practicable exactly how such criteria have been or would be fulfilled by the regulation in a regulatory impact statement that:

- a) articulates the nature and magnitude of the threat to the individual right to life, liberty or property targeted by the regulation by, at a minimum, characterizing the risk pathways, populations exposed and consequences of exposure and assessing whether the regulation or similar regulations have been effective in reducing the targeted risks;
- b) articulates a theory of cause and effect, consistent with established economic and scientific theories, that shows how the regulation could or did produce the desired outcomes and that also explicitly assesses whether the risks addressed by the regulation are likely to increase, decrease or stay the same in the absence of the regulation;
- c) demonstrates consideration of a wide variety of alternate and less restrictive or burdensome regulatory approaches consistent with the hierarchy of regulation contemplated by this Article, including, but not limited to, expressly assessing whether the regulation has a negative effect on competition, whether the regulation can be modified to reduce its anti-competitive effects, and determining whether and how private voluntary action can reduce the risks addressed by the regulation;
- d) comprehensively assesses the benefits and costs of a wide variety of alternative regulatory approaches or solutions to the asserted threat to individual rights of life, liberty or property, including a showing of how much of the problem the regulation is likely to solve; and
- e) considers the foregoing criteria in light of all actual evidence of the regulation’s efficacy or lack thereof from any previous promulgation or enforcement of the same or similar regulation; and
- f) specifies the data utilized to make the assessments shown in the report.

**Section 6. Criteria for Authorized Regulation.** A Prosperity District has no power to use or threaten coercion in connection with its governing authority except through enforcing the malum in se criminal law, the common law of torts, property or contracts, or the common law or equitable remedies specified in its respective district charter or otherwise in effect within the boundaries of the Prosperity District; or through promulgating and enforcing regulations that fulfill each of the following criteria:

- a) the regulation either: (1) governs or protects the rights to life, liberty and property of those who are not parties to a contract that furnishes a rule of governance covering the same subject matter as the regulation; or (2) governs only those who are in breach of a contract covering the same subject matter as the regulation, provided that the dispute resolution procedures specified in the contract, if any, are not being observed by all parties to the contract, and at least one party to the contract requests such regulation or enforcement;
- b) the regulation and its enforcement implements or prospectively modifies the malum in se criminal law, the common law of torts, property or contracts, or the common law or equitable remedies adopted by the Prosperity District’s respective district charter or otherwise in effect within the boundaries of the Prosperity District, or governs an act, activity, occupation, profession, use of property, person, entity, condition or state of affairs that is not ordinarily peaceful, non-violent and non-fraudulent;

- c) neither the predominant effect of the regulation considered alone or in the context of the Prosperity District’s existing regulatory framework, nor any part of its purpose is to protect any individual, entity, or group from otherwise rightful competition or to restrain competent adults for their own good; and
- d) the act, activity, occupation, profession, use of property, person, entity, condition or state of affairs targeted for regulation has violated, is violating or is an actual threat to individual rights of life, liberty and/or property.

**Section 7. Least Restrictive Regulation.** To the extent that a Prosperity District is authorized to promulgate or enforce regulations, the regulation must be the least restrictive regulation for achieving its asserted regulatory purpose and may only:

- a) furnish additional or augmented civil remedies to render actions under the malum in se criminal law, the common law of torts, property or contracts, or the common law or equitable remedies adopted by its respective district charter, or otherwise in effect within the boundaries of the Prosperity District, more effective in protecting the individual rights of life, liberty or property;
- b) impose clear, objective legal standards only if the foregoing mode of regulation will not reasonably reduce the threat to the individual rights of life, liberty or property;
- c) enable the enforcement of clear, objective legal standards by inspections and enforcement of violations by civil penalty only if the foregoing modes of regulation will not reasonably reduce the threat to the individual rights of life, liberty or property;
- d) enable the enforcement of clear, objective legal standards by permitting, licensing or other regulatory pre-approval processes only if the foregoing modes of regulation will not reasonably reduce the threat to the individual rights of life, liberty or property; or
- e) enable the enforcement of clear, objective legal standards by criminal sanctions only if the foregoing modes of regulation will not reasonably reduce the threat to the individual rights of life, liberty or property.

**Section 8. Conforming Enforcement.** To ensure that the method of enforcement makes it probable that the regulation will fulfill the criteria that authorized its promulgation, before enforcing any authorized regulation, each Prosperity District must adopt appropriate internal management and administrative procedures in the district charter or bylaws governing such enforcement, including but not limited to ensuring that the power of enforcement or adjudication of the regulation is not held by any person who is also responsible for promulgating or participating in the promulgation of the regulation, that reasonable notice and an opportunity to be heard is furnished to any affected person, and other best practices specified by district charter or bylaws.

**Section 9. Regulatory Overreach Defense.** It is a complete defense in any venue to the enforcement of any regulation within the boundaries of a Prosperity District that the regulation was promulgated or enforced in violation of this Article. If this defense is raised, the proponent of the regulatory action has the burden of proving strict compliance with the provisions of this Article with clear and convincing evidence or with such quantum of proof as otherwise agreed to by all disputants.

**Section 10. Automatic Repealer.** All regulations promulgated by a Prosperity District for enforcement within its boundaries shall be automatically repealed and held for naught five years from their effective date and may only be promulgated again thereafter as provided in and subject to the limitations of this Article.

**Section 11. General and Complete Repeal of Conflicting Member Law and Jurisdictions.**

Notwithstanding any law to the contrary, every Ordinary Member Law that extends to, applies to, penalizes, prosecutes, taxes, regulates or can otherwise be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring in a Prosperity District is deemed to conflict with this Article, and is entirely repealed, superseded and/or held for naught (as applicable to negate any legal effect) within the boundaries of every Prosperity District, as those boundaries may be established upon formation, expansion or withdrawal, and shall not thereafter extend to, penalize, prosecute, tax, regulate, apply to or be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district, except as authorized by enforcement of a contract between private persons that expressly and consensually adopts such choice of law to govern its terms. Accordingly, notwithstanding any law to the contrary, every agency, branch, department, instrumentality or political subdivision of this Member, including any county, city, town, state agency or special district, the jurisdiction or authority of which is constituted by Ordinary Member Law repealed, superseded and/or held for naught within the boundaries of every Prosperity District by this section, has no jurisdiction or authority within the boundaries of any Prosperity District, as those boundaries may be established on formation, expansion, or withdrawal, and may not fine, penalize, prosecute, regulate, tax or otherwise address any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district, except as authorized by enforcement of a contract between private persons that expressly and consensually submits to such jurisdiction or authority.

**Section 12. External Legal Process.** Notwithstanding sections 4 and 11 of this Article, when in hot pursuit of a suspect, arrestee or convict in relation to a violation of law occurring outside of the boundaries of a Prosperity District, law enforcement authorities of any Member may exercise jurisdiction within the boundaries of any Prosperity District. Further, upon written notice to the managing board of the relevant Prosperity District furnishing evidence of a valid summons, subpoena, judgment, supplementary order, garnishment, warrant, extradition request or other legal process by any agency, branch, department, instrumentality or political subdivision of any Member or the United States Government having jurisdiction over the matter, which concerns any person or property within the boundaries of that district and arises from a cause of action that accrued outside of the boundaries of that district, the Prosperity District shall either: a) serve, execute or enforce the same to the reasonable satisfaction of each such agency, branch, department, instrumentality or political subdivision in accordance with this Article; or b) cooperate by refraining from objecting to, challenging, disputing or impeding the exercise of jurisdiction by each such agency, branch, department, instrumentality or political subdivision within the boundaries of the district to the extent needed to serve, execute or enforce the same.

**Section 13. District Externalities.** Notwithstanding section 4 and 11 of this Article, upon written notice furnishing evidence of a probable District Externality to the managing board of the relevant Prosperity District by any agency, branch, department, instrumentality or political subdivision of any Member or the United States Government having jurisdiction over the matter, the Prosperity District shall either: a) remedy the District Externality to the reasonable satisfaction of each such agency, branch, department, instrumentality or political subdivision in accordance with this Article; or b) cooperate by refraining from objecting to, challenging, disputing or impeding the exercise of jurisdiction by each such agency, branch, department, instrumentality or political subdivision within the boundaries of the district to the extent needed to remedy that District Externality. However, each Member is prohibited from discriminating against or otherwise interfering with the free transmission, transportation, ingress or egress of goods, persons, services, activities, capital or entities to or from any Prosperity District on terms not generally applicable to all similar goods, persons, services, activities, capital or entities; accordingly, a Prosperity District’s duty to remedy or cooperate as aforesaid shall not apply to facilitate any such prohibited discriminatory action.

### **Article III**

#### **Prosperity District Formation, Expansion and Withdrawal**

**Section 1. Petition to Form or Expand Prosperity District.** A Prosperity District is formed or expanded when a petition that is deemed compliant with this section (the “petition”) is recorded with the county recorder for each county in which the new or expanded Prosperity District is located and with each such other official responsible for the public recordation of interests in real property located within the proposed boundaries of the new or expanded Prosperity District, if any. Accordingly, to form or expand a Prosperity District, a petition containing the information specified herein shall be signed, served, reviewed, deemed compliant, and recorded as follows:

a) Each owner of the Eligible Land to be included in the new or expanded Prosperity District, representing one hundred percent (100%) of the ownership interests in such Eligible Land, (the “petitioner(s)”) shall sign a petition requesting the formation or expansion of a Prosperity District to include such Eligible Land under the authority of this Compact and further attesting to the accuracy of the following information under oath, which shall also be included in the petition:

- (1) a statement requesting the formation or expansion of a Prosperity District and avowing that the real property to be encompassed by the new district or included in the expanded district is Eligible Land;
- (2) the name, address, telephone number and e-mail address of each such signing owner, if any;
- (3) a statement that one hundred percent (100%) of the natural persons who are then-domiciled on such Eligible Land have consented in writing to the petition or, alternatively, a statement that no persons are then-domiciled on said Eligible Land;
- (4) the name, address, telephone number and e-mail address of each such natural person who is then-domiciled on the Eligible Land that is the subject of the petition, if any;

(5) a legal description of the external boundaries of the proposed new or expanded Prosperity District, as well as of the boundaries of any individual parcels that are internal to such Eligible Land which shall continue to be recognized within the Prosperity District upon formation, expansion or withdrawal;

(6) a map and a general description of the area to be included in the proposed new or expanded Prosperity District that is sufficiently detailed to permit a property owner to determine if a particular property is located in the proposed new or expanded Prosperity District;

(7) for a new Prosperity District, a unique name to be assigned to the Prosperity District and the names, addresses, phone numbers and occupations of the proposed members of the Prosperity District's initial managing board together with the specification of the initial organic law of the district (hereinafter “district charter”), which shall contain, at a minimum, the following: i) an acknowledgment of the limited powers, duties and authorities of the district under Article II of this Compact; ii) voting procedures for official action of the managing board exercising the authority set forth in Article II of this Compact; iii) managing board member number, qualifications, titles and terms of service; iv) managing board member appointment, election, removal or succession procedures; v) a specification of the malum in se criminal law, remedies at common law and equity, and common law of torts, property and contracts, which shall be in effect within the district; vi) district charter amendment procedures; vii) district bylaw promulgation, amendment and modification procedures; and viii) a specification of the municipal services to be furnished by the district upon formation.

(8) for an expansion of an existing Prosperity District, the name of the Prosperity District to be expanded and the names, addresses, and phone numbers of the members of that district’s managing board; and

(9) an enforceable Revenue Sharing Covenant burdening the Eligible Land, which is the subject of the petition, as contemplated in sections 2 or 3 of this Article.

b) The petition shall be served on each of the following recipients as applicable:

(1) the Governor and the presiding officer(s) of the legislature of this Member at their offices or through their authorized service of process recipient;

(2) the governing body of each affected municipality at its office or through its authorized service of process recipient if the new or expanded district is to include Eligible Land located within that municipality's jurisdiction; and

(3) the managing board of each affected Prosperity District at its office or through its authorized service of process recipient if that Prosperity District is to be expanded by the inclusion of the Eligible Land or if a new Prosperity District is to be formed within any part of the jurisdiction of that Prosperity District.

c) Within twenty (20) calendar days after receipt of the petition, each recipient designated in subsection b) of this section shall review the petition ministerially for compliance with subsection a) of this



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

**Section 2. Default Revenue Sharing Covenant.** To comply with the petition requirement specified in subsection a)(9) of Section 1 of this Article with respect to this Member, the petitioner(s) may include a default Revenue Sharing Covenant as specified in Article VI of this Compact running with title to the real property that is to be included within the boundaries of the proposed new or expanded Prosperity District, which shall be deemed accepted and ratified by this Member and any political subdivision of this Member benefitted by the Revenue Sharing Covenant, when the respective Prosperity District is formed or expanded, as the case may be.

**Section 3. Negotiated Revenue Sharing Covenant.** To comply with the petition requirement specified in subsection a)(9) of Section 1 of this Article, or subsequently to supplement or revise the Default Revenue Sharing Covenant as contemplated in section 2 of this Article, the petitioner(s) may negotiate a Revenue Sharing Covenant (“Negotiated Revenue Sharing Covenant”) with the Governor of this Member or the Governor’s nominee (“State Official”) in the case of the formation or expansion of a Prosperity District to be located in whole or in part within this Member by giving notice of a demand for such negotiations to the Office of the Governor or a person authorized to accept service of process on behalf of the Governor. The Negotiated Revenue Sharing Covenant shall:

- a) only concern the generation, collection and distribution of revenues;
- b) be duly signed by petitioner(s) and State Official;
- c) define the revenues or revenue sources to which it applies and, if applicable and desired, include terms and provisions to supplement or revise the terms of an existing Default Revenue Sharing Covenant, if any, upon recordation;
- d) guarantee that the Member and any county or municipality in which any part of a proposed new Prosperity District is to be located receives on an annual basis revenues and distributions of state shared revenues, if any, that are equal to or greater than the total amount of revenue and distributions of state shared revenues collected or received by that Member and any such county or municipality in the fiscal year immediately preceding the respective formation of the Prosperity District from all activities, properties and entities located within the area of the real property to be encompassed by the proposed

new Prosperity District, including, but not limited to, all fees, fines, assessments, as well as income, transaction privilege, use, gas, sales and property taxes, if any;

e) guarantee that the Member and any county or municipality in which any part of the proposed expansion area of an existing Prosperity District is to be located receives on an annual basis revenues and distributions of state shared revenues, if any, that are equal to or greater than the total amount of revenue and distributions of state shared revenues collected or received by that Member and any such county or municipality in the expansion area in the fiscal year immediately preceding the proposed expansion of the Prosperity District from all activities, properties and entities located within the area of the real property to be encompassed by the proposed expansion area, including, but not limited to, all fees, fines, assessments, as well as income, transaction privilege, use, gas, sales and property taxes, if any;

f) guarantee that any revenue retained by the proposed new or expanded Prosperity District in connection with the Negotiated Revenue Sharing Covenant, if any, shall be limited to the excess of revenues, if any, above what is reasonably necessary to establish revenue neutrality from the formation or expansion of the district to the Member and any county or municipality in which any part of the proposed new or expanded Prosperity District is to be located; with such revenue neutrality to be estimated based on the revenue laws in place as of the date of formation or, as to the proposed expansion area, the date of expansion of the respective district, after applying a reasonable credit for the estimated fiscal savings from the elimination or reduction of governmental services within the Prosperity District resulting to the Member and any county or municipality in which any part of the proposed new or expanded Prosperity District is to be located;

g) guarantee that the payment of income, transaction privilege, use, gas, sales and property taxes by any Third Party Beneficiary which are imposed by this Member and any of its political subdivisions on activities, properties and entities located within the area of the real property included within the proposed new or expanded Prosperity District, if any, shall be ratably credited against that Third Party Beneficiary's obligations under any such Negotiated Revenue Sharing Covenant;

h) apply and run with title to all real property in the proposed new or expanded Prosperity District upon the formation or expansion of the district, as the case may be, and as long as the district is in existence; and

i) be deemed accepted and ratified by this Member and any political subdivision of this Member benefitted by the Negotiated Revenue Sharing Covenant when the respective Prosperity District is formed or expanded or, if meant to revise or supplement a Default Revenue Sharing Covenant already running with title to real property in an existing Prosperity District, then upon recordation with the county recorder for each county in which the new or expanded Prosperity District is located and with each such other official responsible for the public recordation of interests in real property located within the proposed boundaries of the new or expanded Prosperity District, if any, as the case may be.

**Section 4. Withdrawal.** A petition may be brought to withdraw land from a Prosperity District's jurisdiction as provided in this section.

- a) The land that is the subject of the withdrawal petition must be: (1) contiguous to land that is outside of the boundaries of the affected district; (2) contiguous to land included in the same petition that is contiguous to land that is outside of the boundaries of the affected district; (3) at least one square mile of contiguous land; or (4) such other quantity of contiguous land as has a population density of not less than 1000 natural person residents as determined by the most recent statistics of the United States Census Bureau available when the petition is submitted.
- b) The withdrawal petition must: (1) state under oath that the petitioner(s) represent one hundred percent (100%) of the ownership interests in the proposed land, including the same contact information for petitioners as with a petition to form or expand a Prosperity District; (2) state under oath that one hundred percent (100%) of all natural persons domiciled on the affected land have given written consent to the withdrawal of the land from the Prosperity District’s jurisdiction, including the same contact information for petitioners as with a petition to form or expand a Prosperity District; (3) include a map and legal description of the proposed withdrawn land; and (4) be served on the same officials as a petition to form or expand a Prosperity District, who must then within twenty (20) calendar days after receipt of the petition, review the petition ministerially for compliance with this section and deny any petition that is not compliant.
- c) Notice of the denial of a withdrawal petition shall be given within said twenty (20) calendar day time frame in writing by the same method of notice to the petitioner(s) as applicable to a petition to form or expand a district. If the petition is not timely denied, the petition shall be deemed compliant with this section for all purposes and it may be recorded by the petitioner(s) with the county recorder for each county in which the withdrawn land is to be located and with each such other official responsible for the public recordation of interests in real property located within the proposed boundaries of the withdrawn land, if any. Upon the approval and recordation of the withdrawal petition, the land specified therein shall immediately revert to its original jurisdictional status prior to its inclusion in the affected Prosperity District and all Revenue Sharing Covenants running with title to such land shall be deemed vacated; but all other encumbrances on title to the withdrawn land shall remain enforceable to the extent consistent with the jurisdictional status of the withdrawn land.

Section 5. **Statute of Repose.** Any person claiming a right to challenge the legality of the formation or expansion of a Prosperity District shall have six (6) months after the recordation of the petition authorized by this Article to file an action for such declaration of rights in a court of competent jurisdiction or thereafter be forever barred from bringing any such claim or related cause of action.

## **Article IV**

### **Compact Formation, Effect and Amendment.**

Section 1. **Offer and Acceptance of Interstate Compact.** By becoming a Member, each such Member publicly offers to perform and comply strictly in accordance with this Compact's terms and conditions as a binding interstate compact, and has made such offer in anticipation and consideration of, and in substantial reliance on, such mutual and reciprocal performance and compliance by each other Member, if any. The offer shall be deemed accepted and entry into this Compact complete and

contractually binding on a Member as an interstate compact on that Member's receipt of notice of the attainment of Member status by any other Member, and vice versa. For purposes of this section, notice shall be given to each other Member through its Governor, by an official authorized to accept service of process on the Governor, or through the Compact Administrator, if any.

**Section 2. Effect of Compact Formation.** On acceptance of the offer to enter into a compact as specified in Section 1, this Compact shall be construed and enforced as a solemn sovereign agreement and covenant contractually binding each Member to maintain and enforce the provisions of this Compact as they existed on the date that the Compact became contractually binding, except as otherwise expressly authorized by this Compact.

**Section 3. Effect of Existing Consent of Congress.** Notwithstanding any law to the contrary, under the authority of United States Constitution, article I, section 10, article VI, clause 2, and the Tenth Amendment to the United States Constitution, when and to the extent that this Compact becomes an interstate compact:

a) in accordance with the Consent of Congress furnished by 4 United States Code § 112, this Compact shall have equivalent status to a law of the United States to the extent that it enables cooperative efforts and mutual assistance among the States in the prevention of crime, enforcing criminal laws and policies, and establishing desirable agencies for making effective such cooperative efforts and mutual assistance;

b) every Ordinary Federal Law, every Ordinary Member Law, every other Member law, and every Member constitutional provision, which concerns cooperative efforts and mutual assistance among the States in the prevention of crime, enforcing criminal laws and policies, and establishing desirable agencies for making effective such cooperative efforts and mutual assistance, and which is capable of being preempted, superseded, repealed or held for naught by the Consent of Congress contemplated in this section, that extends to, applies to, penalizes, prosecutes, taxes, regulates or can otherwise be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring in a Prosperity District is deemed to conflict with this Compact and is entirely preempted, repealed, superseded and/or held for naught, as applicable to negate any legal effect, within the boundaries of every Prosperity District, as those boundaries may be established upon formation, expansion or withdrawal, (with the sole exceptions of the act of this Member that enacts, adopts and agrees to be bound by this Compact, this Compact itself, and any measure, law, provision, statute, regulation, ordinance or executive order that has been promulgated in accordance with this Compact's terms or that is essential to enforcing, strictly performing or complying with this Compact in accordance with its terms) and shall not thereafter extend to, penalize, prosecute, tax, regulate, apply to or be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district except as authorized by sections 12 and 13 of Article II of this Compact or by enforcement of a private contract that expressly and consensually adopts such choice of law to govern its terms; and

c) every agency, branch, department, instrumentality or political subdivision of a Member or the United States government, which is constituted under the legal authority repealed, superseded, preempted

and/or held for naught under the immediately preceding subsection, has no jurisdiction or authority within the boundaries of any Prosperity District, as those boundaries may be established on formation or expansion, and may not fine, penalize, prosecute, regulate, tax or otherwise address any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district except as authorized by sections 12 and 13 of Article II of this Compact or by enforcement of a private contact that expressly and consensually submits to such jurisdiction or authority.

**Section 4. Effect of Additional Congressional Consent.** Under the authority of United States Constitution, article I, section 10, article VI, clause 2, and the Tenth Amendment to the United States Constitution, when and to the extent that this Compact becomes an interstate compact that has received the Consent of Congress in addition to that furnished by 4 United States Code § 112, and subject to any stipulation, condition or exception to such additional Consent of Congress:

- a) this Compact shall have equivalent status to a law of the United States;
- b) every Ordinary Federal Law, every Ordinary Member Law, and every Member law or constitutional provision, which is capable of being preempted, repealed, superseded or held for naught by the Consent of Congress contemplated by this section, that extends to, applies to, penalizes, prosecutes, taxes, regulates or can otherwise be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring in a Prosperity District is deemed to conflict with this Compact and is entirely preempted, repealed, superseded and/or held for naught, as applicable to negate any legal effect, within the boundaries of every Prosperity District, as those boundaries may be established upon formation, expansion or withdrawal, (with the sole exceptions of the act of this Member that enacts, adopts and agrees to be bound by this Compact, this Compact itself, and any measure, law, provision, statute, regulation, ordinance or executive order that has been promulgated in accordance with this Compact's terms or that is essential to enforcing, strictly performing or complying with this Compact in accordance with its terms) and shall not thereafter extend to, penalize, prosecute, tax, regulate, apply to or be based on any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district except as authorized by sections 12 and 13 of Article II of this Compact or by enforcement of a private contact that expressly and consensually adopts such choice of law to govern its terms;
- c) every agency, branch, department, instrumentality or political subdivision of a Member or the United States government, which is constituted under the legal authority repealed, superseded, preempted and/or held for naught under the immediately preceding subsection, has no jurisdiction or authority within the boundaries of any Prosperity District, as those boundaries may be established on formation or expansion, and may not fine, penalize, prosecute, regulate, tax or otherwise address any condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of any such district except as authorized by sections 12 and 13 of Article II of this Compact or by enforcement of a private contact that expressly and consensually submits to such jurisdiction or authority;

d) each Member’s entitlement to any federal grants shall not be prejudiced or otherwise affected by the conduct of any Prosperity District or that of any Third Party Beneficiary within the boundaries of any Prosperity District; and

e) real property owned or held in trust by the United States government, which is outside of the boundaries of National Forests and National Parks existing on the effective date of such Consent of Congress, shall qualify as Eligible Land under section 4 of Article VII of this Compact provided that all other criteria are fulfilled.

**Section 5. Reciprocity, Freedom of Access, Cross-Border Prosperity Districts.** Upon this Compact attaining the status of a sovereign contract between and among its Members, any activity lawfully undertaken and any service lawfully performed within any Prosperity District shall be reciprocally recognized as lawful within the boundaries of every other Prosperity District on the same terms unless otherwise prohibited by the enforcement of constitutional provisions, interstate compacts, malum in se criminal law, the common law of torts, property or contracts, or the common law or equitable remedies otherwise in effect within the boundaries of such other Prosperity Districts. Further, every Prosperity District shall allow direct ingress and egress of any person lawfully allowed ingress to and egress from any other Prosperity District unless prohibited by the enforcement of existing property or contractual rights. Furthermore, a Prosperity District may be formed and expanded across State lines provided that the petition required by section 1 of Article III:

a) specifies in the district charter which Member’s malum in se criminal law, remedies at common law and equity, and common law of torts, property and contracts shall be in effect within the district;

b) is served on the Governor(s) and the presiding officer(s) of the legislature(s) of each affected Member at their offices or through their authorized service of process recipient(s); and

c) compliance is made with all other terms of Article III, whereupon the approval process specified therein shall be construed as referencing the Governor(s) and the presiding officer(s) of the legislature(s) of each affected Member.

**Section 6. Strict Compliance.** Upon this Compact attaining the status of a sovereign contract between and among its Members, the maintenance of and strict compliance with all of its terms, including each and every provision of Article I, II, III, IV, V, VI and VII, is required of all Members. Any impairment of performance, impediment to performance, nonperformance, suspension, deviation from, disregard of, or violation of the terms of this Compact of any magnitude by any Member is prohibited, including, but not limited to, the passage of parallel legislation that directly or indirectly causes costs or imposes mandates not contemplated by this Compact to be incurred by any Member or Third Party Beneficiary as a result of compliance with, performance under, or the enjoyment of the terms of this Compact. Any violation of this prohibition of any magnitude or duration is and shall be regarded by all Members as a substantial impairment of the obligation of a solemn contract between sovereigns, and is and shall be regarded as a material breach of a solemn sovereign contract, as well as ultra vires and void under United States constitution, Article I, section 10, clause 1, and, with respect to terms receiving the Consent of Congress, under United States Constitution, Article VI, clause 2. Every Member and Third

Party Beneficiary has the right to the remedy of specific performance of the terms of this Compact or injunctive relief to prohibit any deviation from strict compliance with the terms of this Compact, subject to the alternative dispute resolution process set out this Article.

Section 7. **Amendment.** After this Compact becomes contractually binding on a Member, that Member reserves the right to propose amendments to this Compact by:

- a) repealing at any time through ordinary legislation all or any part of the provisions set forth in Article VI of this Compact which that Member included in its original Compact legislation, provided that such repeal shall not have the effect of authorizing otherwise unauthorized regulation or taxation within the boundaries of a Prosperity District nor disqualify real property as Eligible Land which would have otherwise qualified as Eligible Land as of the enactment date of the respective Member's original Compact legislation; or
- b) conditionally enacting the proposed amendment such that it is effective if and when the same proposed amendment is conditionally enacted by a three-fourths majority of Members within three (3) years of the first enactment of legislation proposing the amendment, with any two or more Members that refuse to adopt the amendment deemed to have formed a separate and distinct interstate compact consisting of the pre-amendment terms of this Compact unless the amendment only affects the Members that have adopted the amendment. If only one Member refuses to adopt the amendment, that Member shall have the option to withdraw from the Compact by ordinary statute immediately after the amendment is adopted, which option must be exercised within six (6) months of the amendment becoming effective. Any proposed amendment, however, shall only provide terms that advance one or more proposals that:
  - (1) do not impair the investment-backed expectations of any Third Party Beneficiary that are based on the performance of the original terms of Article I, II, III, IV, V, VI, VII and VIII of this Compact; and
  - (2) do not have retroactive effect, unless the amendment solely clarifies the original intent and purpose of the Compact.

## Article V

### The Compact Commission

Section 1. **Commission.** When at least two Members are contractually bound to this Compact as contemplated in section 1 of Article IV, the Prosperity Zone Compact Commission ("Commission") is hereby established. The Commission initially consists of three unpaid Commissioners each serving solely a single six-year term. It has the power and duty:

- a) to designate a location within the jurisdictional boundaries of the United States Court of Appeals for the Fifth Circuit for its principal place of business;
- b) to appoint and oversee a Compact Administrator that maintains its principal place of business within the jurisdictional boundaries of the United States Court of Appeals for the Fifth Circuit;

- c) to guard against cronyism and special interest capture of this Compact by encouraging new States to adopt this Compact and Congress to consent to the Compact without exceptions, stipulations or limitations through educational efforts;
- d) to coordinate the performance of obligations under this Compact, which shall include the issuance of advisory interpretations of this Compact;
- e) to oversee and direct the defense and enforcement of the Compact in appropriate legal venues;
- f) to request and accept funds from Prosperity Districts and to disburse those funds to support the operations of the Commission and Compact Administrator;
- g) to make public and open for inspection or observation by any person at all reasonable times all governing instruments, records, proceedings, and accounts of the Commission and Compact Administrator subject to executive session procedures or privileges specified in the Commission's bylaws, the adoption of which shall be conducted by public hearing;
- h) to fully comply with any written public records request within the compliance deadline specified in the request, or otherwise the Commission shall, within the deadline specified in the request, if one is specified, furnish a written statement to the requestor detailing the reasons for the partial compliance, noncompliance, or a requested compliance deadline extension, which specifies a reasonable alternative deadline, with specific reference to each records request;
- i) to adopt such further and consistent open meeting and public records policies and procedures for the Commission and Compact Administrator that shall supersede any conflicting law or regulation of any Member;
- j) to cooperate with any person that shares a common interest with the Commission and engages in policy research, public interest litigation or lobbying in support of the purposes of the Compact;
- k) to establish a process of transparent, open competitive bidding in order to secure an annual contract with one or more reputable outside alternative dispute resolution services, which may, but is not required to include, adjudicative services offered by a judicial branch of a State or the United States government, to furnish binding arbitration of disputes;
- l) to direct the final resolution and settlement of all disputes between or among any Member, Prosperity District, Third Party Beneficiary or any agency or department of the United States government to which the Consent of Congress for this Compact can be ascribed (if such consent has been given), with all sovereign immunities, if any, deemed waived with respect to any such proceeding, final resolution and settlement, through the use of the Commission's contracted outside alternative dispute resolution service, or such other alternative dispute resolution service which all disputants agree to use, which may, but is not required to include, adjudicative services offered by a judicial branch of a State or the United States government;
- m) to exercise only such incidental powers as are essential to carrying out the foregoing express powers and duties (in no event shall the Commission be construed as possessing eminent domain, taxation or



police powers, or any other power that is functionally equivalent to the same, whether incidentally or principally); and

n) to adopt and publish corresponding bylaws, policies and procedures.

**Section 2. Commissioner Appointment.** The Commission initially consists of three unpaid Commissioners each serving solely a single six-year term. Commissioner positions shall be assigned to appointees in the order in which their respective appointing State became Members. Until all Commissioner positions are filled, or whenever there is a vacancy, each Member in the order in which it became a Member may appoint one Commissioner through its Governor by appropriate executive action as determined by the laws of the respective Member, subject to disapproval by written notice from the managing board of any Prosperity District located within such Member that is received by the Office of its Governor or such person who is authorized to receive service of process on behalf of said Governor within ten (10) calendar days of such appointment. Timely disapproval shall have the effect of requiring a new appointment until such time as a timely disapproval is not received.

**Section 3. Commissioner Removal.** A Commissioner representing a given Member may be removed from his position at any time and for any reason by the official action of the managing boards representing at least two-thirds of all Prosperity Districts located within the jurisdiction of that Member. Any Commissioner representing any Member shall be removed from his position at any time by the official action of the managing boards then representing at least two-thirds of all Prosperity Districts. To be effective, notice of the foregoing official action of removal must be received by the Office of the Governor of the appointing Member or such person as is authorized to receive service of process on behalf of said Governor. Upon removal, the vacant position shall be filled as provided in section 9 of this Article.

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

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

**Section 6. Funding.** The Commission and the Compact Administrator's activities shall be funded, if at all, exclusively by Prosperity Districts, on an annual basis as follows:

a) the Commission shall propose an annual budget in accordance with its bylaws;

- b) two-thirds of all Prosperity Districts must approve the Commission’s annual budget by official notice given to the Compact Administrator in order for the Commission’s budget to become authorized;
- c) if and when the Commission’s budget is authorized, the Compact Administrator shall establish a blind trust to anonymously receive and disburse funding for the Commission and shall also periodically request by notice given to all Prosperity Districts a specific total amount of money needed to fund the Commission’s operations under the authorized budget;
- d) upon receipt of such notice, every Prosperity District shall pay anonymously into the blind trust established by the Compact Administrator the lesser amount of an equal share of the Compact Administrator’s funding request or ten percent (10%) of their available cash or cash equivalents; and
- e) upon disbursement to the Commission from the blind trust, if there is a funding shortfall, the Compact Administrator shall request further funding from every Prosperity District until the shortfall is closed or the Commission shall adjust its authorized budget to the level of the available funding.

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

- a) to organize and direct the logistical operations of the Commission;
- b) to maintain an accurate list of all Members, including contact information;
- c) to formulate, transmit and maintain all official notices, records and communications relating to this Compact; and
- d) such incidental powers as are essential to carrying out the foregoing express powers and duties (in no event shall the Compact Administrator be construed as possessing eminent domain, taxation or police powers, or any other power that is functionally equivalent to the same, whether incidentally or principally).

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

- a) whenever any State becomes a Member, notice of that fact shall be given;
- b) whenever any Prosperity District is formed or expanded, notice of that fact shall be given;

c) once Congress consents to this Compact as contemplated herein, notice of that fact shall be given; and

d) whenever any portion of this Compact is proposed to be amended or is actually amended, notice of that fact shall be given.

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

**Section 10. Alternative Dispute Resolution Procedure.** As soon as practicable after receipt of a notice of a demand for alternative dispute resolution by a Member, Prosperity District, Third Party Beneficiary, or the United States government (if the requisite Consent of Congress has been given), the Commission shall consolidate all such demands which relate to the same transaction or operative facts and direct the identified disputants to reach a final resolution and settlement on all of the related causes of action, defenses and issues using alternative dispute resolution as contemplated in section 1(l) of this Article, whereupon each Member, Prosperity District, Third Party Beneficiary and the United States government (if the requisite Consent of Congress has been given), if applicable, shall comply with such direction unless it is first nullified as provided in section 4 of this Article. The Commission's direction to use alternative dispute resolution as aforesaid may be enforced by any disputant Member, Prosperity District, or the United States government (if the requisite Consent of Congress has been given) against any other such disputant in a court of competent jurisdiction, with all litigation expenses to be assessed jointly and severally against each such noncompliant disputant. If a Third Party Beneficiary fails to comply with the Commission's direction to reach a final resolution and settlement using alternative dispute resolution, that Third Party Beneficiary shall forfeit any and all rights under this Compact. In the case of any dispute over the existence of a District Externality, the burden of proof by clear and convincing evidence shall be on the disputant asserting the existence of the District Externality. An arbitration award may include equitable remedies, such as specific performance and injunctive relief, and a judgment on any arbitration award may be entered in a court having competent jurisdiction. A disputant may also seek in a court of competent jurisdiction a) provisional or ancillary remedies, including preliminary injunctive relief, pending the outcome of an arbitration proceeding, or b) permanent injunctive relief to enforce an arbitration award.

## **Article VI**

### **Authorized Local Tailoring**

Section 1. Subject to the provisions of section 7 of Article VIII of this Compact, and otherwise notwithstanding anything to the contrary in this Compact, the following provisions shall supplement, modify and supersede any contrary provision of the Compact in Articles I, II, III, IV, V, and VII, solely with respect to this Member:

[Belt and Suspenders] Section 2. **Guarantee of Vested Rights and Existing Compacts.** All interstate agreements, compacts and laws enforcing or protecting vested contractual or property rights existing in this Member as of the enactment date of the legislation enacting, adopting and agreeing to be bound to

the Compact, including but not limited to any interstate agreement or compact concerning water rights and gaming, shall continue to be effective in any Prosperity District located in this Member to the same extent as before the enactment date of the Compact.

[Legislator Requested Option] Section 3. **Preservation of Member Judicial Forum.** Legal disputes and causes of actions that arise from actions or omissions within a Prosperity District located within this Member may be brought in this Member’s judicial system, unless the parties in the action otherwise agree, or the alternative dispute resolution provisions of Article V govern the dispute or cause of action.

[Legislator Requested Option] Section 4. **Preservation of Uniform Commercial Code.** The Uniform Commercial Code, which is codified in \_\_\_\_ of the this Member’s Revised Statutes as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, shall continue to be effective in any Prosperity District located in this Member to the same extent as before.

[Option] Section 5. **Preservation of Electoral Law.** All State and federal laws that concern elections, election qualifications, ballot measures, referenda, and campaign finance and the jurisdictions of all agencies constituted by such laws, as well as all related ongoing investigations, prosecutions and administrative proceedings, existing on the enactment date of the Compact, shall continue to be effective in any Prosperity District located in this Member, including [but not limited to] that which is codified in [Insert Codification] of the [name of Member] Revised Statutes as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, to the same extent as before.

[Legislator Requested Option] Section 6. **Preservation of National Security, State of Emergency, and Law Enforcement.** All State and federal laws and the jurisdictions of all agencies constituted by such laws, as well as all related ongoing investigations, prosecutions and administrative proceedings, existing on the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, that concern national security, declared states of emergency, immigration, violent crime, prostitution or the possession, sale, transfer or use of controlled substances, shall continue to be effective in any Prosperity District located in this Member, including but not limited to that which is codified in \_\_\_\_ of the this Member’s Revised Statutes as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, to the same extent as before.

[Legislator Requested Option] Section 7. **Federal Grant Requirements Protected.** The managing board of every Prosperity District located in this Member shall cooperate with this Member in fulfilling the conditions of any federal grant, including the adoption of appropriate bylaws and regulations, in the event that this Member is specifically threatened by the federal government in writing with the loss of any federal grant or if this Member loses a federal grant due to a failure of a condition to the grant caused by the actions or omissions of any Prosperity District. To enforce this cooperation duty, this Member shall give written notice of the threat or loss to the managing board of each responsible Prosperity District as soon as possible together with a specification of the amount of the grant that has been threatened or lost, as well as a specific demand for the curative action or inaction that the Prosperity District must undertake in order to prevent the loss of or restore the grant.

a) The Prosperity District is authorized and required to respond to the foregoing demand in one or more of the following three ways as needed to ensure that this Member is kept or made whole:

(1) it shall strictly comply with the demand in a fashion that may supersede any limitation on its regulatory authority as otherwise specified in Article II only to the extent absolutely necessary;

(2) it shall post a surety bond in favor of this Member or tender cash to the this Member for the full amount of the grant that has been threatened or lost which shall be payable without delay to this Member or its designated recipient on its demand if the grant is lost (subject to this Member refunding said amount immediately upon the restoration of the grant); or

(3) it shall delegate so much of its authority within its boundaries to this Member or its designated agency, instrumentality or political subdivision to hold and exercise in receivership as is absolutely necessary to fulfill the conditions of the threatened or lost federal grant until such time as the grant is restored and no longer specifically threatened by the federal government.

b) If the Prosperity District fails to respond to the foregoing demand as aforesaid, this Member shall have the right to commence a special action in State court to appoint a receiver to hold and exercise all power of the Prosperity District as necessary to fulfill the conditions of the threatened or lost federal grant until such time as the grant is restored and no longer specifically threatened by the federal government, and each Prosperity District causing this Member to fail to fulfill the conditions of any such federal grant shall be jointly and severally liable for tendering the full amount of any federal monies that are denied to this Member as a result of the failure of cooperation within thirty (30) calendar days after submission of a proof of claim by this Member to each Prosperity District for the replacement funding.

[Option] Section 8. **Federal Primacy.** Each Prosperity District may assume primacy within its boundaries on behalf of this Member with respect to the enforcement of any federal law that permits this Member to assume primacy in the enforcement of such law, if the federal law would otherwise be in effect within the jurisdiction of the district. The managing board of the district shall specify the procedures for assuming and maintaining primacy within the district charter, bylaws, policies and procedures as required for internal management and administration, which shall supersede any limitation on its regulatory authority as otherwise specified in Article II only to the extent absolutely necessary to assume and maintain such primacy within its boundaries.

[Legislator Requested Option] Section 9. **National Security Modification to definition of “Eligible Land.”** Eligible Land for the formation of a Prosperity District in the State of Arizona does not include:

a) real property owned directly or indirectly by any person or entity on the terrorist screening database maintained by the Federal Bureau of Investigation; or

b) real property owned directly or indirectly by any country determined by the Secretary of State of the United States to have repeatedly provided support for acts of international terrorism and designated as

such pursuant to section 6(j) of the Export Administration Act, section 40 of the Arms Export Control Act and section 620a of the Foreign Assistance Act.

[Option] Section 10. **Municipal Opt-In.** Any consent required to be given by the governing body of a municipality to deem real property within the jurisdiction of that municipality “Eligible Land” under this Compact by local law:

a) may be enacted based on such procedures as apply generally to the enactment of local laws by such municipality notwithstanding any other law of this Member, including, but not limited to, any law requiring or enforcing any local, regional or Statewide land use plan; and

b) may include further stipulations and conditions superseding, modifying or limiting the applicability of provisions of this Compact consistent with Section 7(j) of Article VIII, as well as any conflicting land use plan or any nonbinding intergovernmental agreement within the jurisdiction of the consenting municipality.

[Option] Section 11. **County Opt-in.** Real property located within the boundaries of a county of this Member is not “Eligible Land” unless the governing body of the county gives unconditional consent by local law to the classification of the real property as Eligible Land under this Enactment Agreement, which may be enacted based on such procedures as apply generally to the enactment of local laws by such county notwithstanding any other law of this Member, including, but not limited to, any law requiring or enforcing any local, regional or Statewide land use plan.

[Legal Recommendation] Section 12. **Constitutionally-Required Taxation.** Any provision of the [insert legal name of Member]’s constitution requiring the taxation of property or a specific mode of taxation within any Prosperity District, and any law to implement any such provision, which was existing and effective as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, shall continue to be effective in any Prosperity District to the same extent as before the enactment date of the Compact. The payment of these taxes by any Third Party Beneficiary shall be ratably credited against any Revenue Sharing Covenant obligation imposed on them by this Compact in favor of the [insert legal name of Member] or any of its political subdivisions. Subsequent reductions in any such applicable tax rate or burden after the enactment date of the Compact shall be effective in all Prosperity Districts.

[Option] Section 13. **Income of Residents Doing Business in District.** This Member may tax income earned by its residents from income-producing activities occurring within a Prosperity District as provided by law if such residents are neither domiciled nor residing in such Prosperity District.

[Arizona-Specific Option] Section 14. **Preservation of the Status Quo Relative to Utilities.** The jurisdiction, authority, regulations and rulings of the Arizona Corporation Commission, including but not limited to that which is codified in Title 40 of the Arizona Revised Statutes, and in regulations or rulings promulgated thereunder or under the authority of the Arizona constitution, as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, shall continue to be effective in any Prosperity District to the same extent as before. Further, the authority of any Prosperity District as well as the rights and privileges of any Third Party Beneficiary in the State of Arizona are

subject to rights and privileges associated with any overlapping utility service area established by law of the State of Arizona existing as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact.

[Arizona-Specific Legal Recommendation] Section 15. **Voter Protection.** All laws protected by article 4, part 1, section 1, subsection (6)(c) of the Arizona constitution, and agencies constituted thereby, as of the enactment date of the legislation enacting, adopting and agreeing to be bound to this Compact, shall continue to be effective in any Prosperity District to the same extent as before.

[Policy Recommendation] Section 16. **Default Revenue Sharing Covenant Based on Land Value.** In the case of a new or expanded Prosperity District to be located in this Member, the following default Revenue Sharing Covenant may be used to fulfill the Revenue Sharing Covenant requirements of subsection a)(9) of Section 1 of Article III of this Compact (after following relevant instructions specified in brackets):

All owners, successors, assigns and heirs of the land encompassed by the [insert legal name of new or expanded Prosperity District] (hereinafter collectively “owners”) shall pay, on an annual basis, in proportion to their respective ownership interest in such land (“ownership interest”):

- a) to [insert legal name of Member] an annual amount equal to the greater of [insert number] (\_\_\_\_%) of the fair market value of the owners’ respective ownership interest, or the total amount of revenue collected directly by [insert legal name of Member] in the fiscal year immediately preceding [the formation or expansion] of the [insert legal name of new or expanded Prosperity District] from all activities, properties and entities located within the area of the relevant land, including, but not limited to, all fees, fines, assessments, as well as income, sales and property taxes, if any;
- b) to [insert legal name of each county in which the new or expanded Prosperity District will be located] respectively an annual amount equal to the greater of [insert number] (\_\_\_\_%) of the fair market value of the owners’ respective ownership interest, or the total amount of revenue respectively collected by [insert legal name of each county] in the fiscal year immediately preceding [the formation or expansion] of the [insert legal name of new or expanded Prosperity District] from all activities, properties and entities located within the area of the relevant land, including, but not limited to, all fees, fines, assessments, as well as income, sales and property taxes, if any;
- c) to [insert legal name of new or expanded Prosperity District] an annual amount equal to [insert number] (\_\_\_\_%) of the fair market value of their respective ownership interest.

[insert the following if any part of a new or expanded Prosperity District is located within the jurisdiction of any municipality: “d) to [insert legal name of each municipality in which the new or expanded Prosperity District will be located] respectively an annual amount equal to the greater of [insert number] (\_\_\_\_%) of the fair market value of the owners’ respective ownership interest, or the total amount of revenue respectively collected by [insert legal name of each municipality] in the fiscal year immediately preceding [the formation or expansion] of the [insert legal name of new or expanded Prosperity District] from all activities, properties and entities located within the area of the relevant

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

Said amounts shall be:

a) assessed by the managing board of the [insert legal name of new or expanded Prosperity District] as a first priority lien against the relevant land and a joint and several debt of each owner of the relevant property interest in favor of the relevant payee on the first business day of each calendar year after the formation or expansion, as the case may be, of the [insert legal name of Prosperity District] to include the relevant land based on the average of contemporaneous appraisals, formulated in accordance with reasonable and customary appraisal standards, previously submitted to the managing board of the [insert legal name of the new or expanded Prosperity District] by each owner of the relevant land and the [insert legal name of Member]; and

b) paid by each owner of the relevant ownership interest on the last business day of each calendar year following [the formation or expansion] of the [insert legal name of new or expanded Prosperity District], prorated for any period of any calendar year in which the [insert legal name of new or expanded Prosperity District] was not recognized by [insert legal name of Member], provided that no adverse judicial or administrative proceedings involving owners and [insert legal name of Member], or any political subdivision or agency thereof, had been brought by [insert legal name of Member] or any of its political subdivisions or agencies against owners (excluding claims subject to the alternative dispute resolution process specified in Article V of the Prosperity District Compact, as enacted by [insert legal name of Member] and amended from time to time) in the preceding twelve (12) months. Upon such payment, the lien specified above shall be deemed released. subject to modification by written agreement of all affected parties, laws generally applicable to the foreclosure of real property liens in the [insert legal name of Member] shall determine available procedures and remedies in the event of nonpayment or untimely payment of the assessment hereunder due. The foregoing Revenue Sharing Covenant is a covenant running with the land encompassed by the [insert legal name of new or expanded Prosperity District] for the benefit of the previously identified recipients of revenues.

[insert the following if it is desired for the provisions of the default Revenue Sharing Covenant to be modified or superseded by a subsequent negotiated Revenue Sharing Covenant: “this default Revenue Sharing Covenant is subject to modification or supersession based on negotiations being conducted pursuant to Article III of the Prosperity District Compact, as enacted by the [insert legal name of Member] and amended from time to time.]

## **Article VII**

### **Definitions**

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

Section 1. "**Compact**" is a descriptive term used for convenience to reference the entirety of the text of the Prosperity Zone Compact advanced by this legislative act, including all of its sections and Articles



regardless of whether they initially only have the status of statute law, serve to manifest an intent to enter into an interstate compact, or furnish the terms of a binding interstate compact.

Section 2. "**Consent of Congress**" means any act of the Congress of the United States, including any statute, appropriation, joint resolution or concurrent resolution, that expressly or impliedly consents to this Compact such that the Compact attains equivalent status to a Law of the United States. An act giving such consent to this Compact shall be regarded as the Consent of Congress even if it includes stipulations, conditions and exceptions that limit the extent to which Ordinary Federal Law is repealed or held for naught under the terms of this Compact; and all such stipulations, conditions and exceptions, if any, shall be honored by the Member governed thereby until and unless they are repealed or amended.

Section 3. "**District Externality**" means any condition, state of affairs, action or omission occurring outside of the boundaries of a Prosperity District that violates Ordinary Member Law, Ordinary Federal Law, malum in se criminal law, or the common law of torts, contracts or property in effect outside of the boundaries of the district, which was proximately caused by a condition, state of affairs, person, entity, service, property, action or omission located, committed or occurring within the boundaries of a Prosperity District.

Section 4. "**Eligible Land**" means real property that fulfills the following criteria:

a) to form a new Prosperity District, it either consists of at least one square mile of contiguous land or such other quantity of contiguous land within the territorial and extraterritorial jurisdiction (up to six miles from the boundary of the territorial jurisdiction) of a municipality in which the population density as determined by the most recent United States Census Bureau statistics consists of at least 1000 natural person residents; and, to expand an existing Prosperity District, it either consists of any quantity of adjacent contiguous land or any quantity of land that is contiguous to land that is adjacent to the district to be expanded and included in the same expansion petition (the "land");

b) the land is held in unencumbered fee title or is otherwise held in encumbered fee title provided that all persons holding valid and enforceable property or security interests in the real property consent in writing to the classification of the real property as Eligible Land under this Compact;

c) the land is outside of the jurisdiction of an existing Prosperity District or is otherwise within the jurisdiction of an existing Prosperity District provided that the following entities consent in writing to the classification of the real property as Eligible Land under this Compact:

(1) all bondholders of each such existing Prosperity District; and

(2) any other person or entity holding a valid and enforceable security interest secured by the existing Prosperity District's rights under an existing Revenue Sharing Covenant.

d) the land is outside of the jurisdiction of a special taxing district or is otherwise within the jurisdiction of a special taxing district provided that the following entities consent in writing to the classification of the real property as Eligible Land:

- (1) all bondholders of the respective special taxing district; and
- (2) any other person or entity holding a valid and enforceable security interest secured by the district's taxing authority.

e) the land is outside of the territorial and extraterritorial jurisdiction (up to six miles from the boundary of the territorial jurisdiction) of a municipality or is otherwise within the territorial and extraterritorial jurisdiction (up to six miles from the boundary of the territorial jurisdiction) of a municipality provided that the governing body of the municipality consents by local law to the classification of the real property as Eligible Land under this Compact; and

f) the land was not acquired through the exercise of eminent domain or civil forfeiture by any owner in its chain of title within the ten (10) years preceding the inclusion of the land in any petition to form or expand a Prosperity District.

Section 5. "**Member**" means a State that has passed legislation that enacts, adopts and agrees to be bound to this Compact. For any State to be regarded as a Member with regard to any other State, each such State must have passed substantively identical legislation enacting, adopting and agreeing to be bound to this Compact. However, provided that the legislation is otherwise substantively identical, material differences among States in regard to terms or provisions set forth in Article VI of this Compact within the categories specified in section 7 of Article VIII of this Compact ("Authorized Local Tailoring"), shall not preclude the attainment of Member status with regard to any other State. Terms or provisions set forth in Article VI of this Compact which are not encompassed by the categories of Authorized Local Tailoring shall be regarded as void ab initio and shall not obstruct the formation of Compact between the respectively enacting Member and any other Member, provided that all other terms of the legislation enacting, adopting and agreeing to be bound by this Compact are substantively identical.

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

Section 7. "**Ordinary Federal Law**" means any treaty, statute, agreement, regulation or executive order, as well as any other similar act that has the force of law, that is lawfully and constitutionally ratified, enacted, adopted, consented-to or otherwise promulgated by the government of the United States, or any of its agencies, instrumentalities, or political subdivisions, that is under the authority of, and subordinate to, the United States Constitution and that is subject to amendment, repudiation or repeal by a legislative act or resolution that has the same ultimate passage requirements as the legislation or resolution giving Consent of Congress to this Compact, if any; excepting only: a) any act that furnishes Consent of Congress for all or any portion of this Compact; and b) any treaty, statute, regulation, ordinance or executive order that is essential to enforcing, strictly performing or complying with this Compact or the Consent of Congress in accordance with its terms.

Section 8. "**Ordinary Member Law**" means any measure, statute, regulation, ordinance or executive order, as well as any other similar act that has the force of law, that is enacted, adopted or otherwise

promulgated by the government of a Member or any of its agencies, instrumentalities or political subdivisions, that is under the authority of, and subordinate to, the United States Constitution and the constitution of this Member, and that is subject to amendment or repeal by a legislative act that has the same ultimate passage requirements as the respective Member’s legislation enacting, adopting and agreeing to be bound to this Compact; excepting only: a) the legislative act of this Member that enacts, adopts and agrees to be bound by this Compact; b) this Compact itself; c) any measure, statute, regulation, ordinance or executive order that is essential to enforcing, strictly performing or complying with this Compact in accordance with its terms; and d) the malum in se criminal law of this Member, its common law or equitable remedies, and the common law of torts, contracts, and property of this Member.

Section 9. **“Person”** means a natural person and any entity, organization, or association that possesses some or all of the rights and powers of a natural person.

Section 10. **“Prosperity District”** means a governing unit and political subdivision of this State that is formed pursuant to Article III of this Compact and strictly limited to the powers and authorities specified in Articles II and IV of this Compact, as they may be modified by Article VI.

Section 11. **“Regulation”** means a rule of governance for the general public within the jurisdiction of the regulator that is meant to be enforced through direct or indirect physical coercion or violence or under the threat of direct or indirect physical coercion or violence without the actual consent of the person against whom the rule is applied. The term includes both civil and criminal rules of governance; however, the term excludes the district charter, bylaws, directives, policies or procedures that limit the power and jurisdiction of a Prosperity District’s managing board or otherwise that are applicable to the internal management and administration of the district’s authorized powers and authorities by its managing board, contractors and employees, if any, in their capacity as agents or servants of the Prosperity District rather than as members of the general public.

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

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

Section 14. **“Subsidy to Private Enterprise”** means an economic benefit, direct or indirect, granted by a governmental unit or an instrumentality or agency of a governmental unit with the primary purpose or predominate effect of encouraging or maintaining particular or specific classes of ventures, in which private persons have a substantial financial or ownership interest; including, but not limited to, cash, cash-equivalents, goods, property or services given or contributed to or invested in such ventures for less than equivalent fair market value in exchange, gratuitous bail-outs of actual or anticipated economic losses sustained by such ventures, gratuitous loan or liability guarantees benefitting such

ventures, insurance at below market rates or terms against investment losses by such ventures, loans or extensions of credit given to such ventures at below-market rates or terms or without recourse, gratuitous forgiveness of debts or liabilities owed by such ventures, compensation in excess of fair market value for goods, services or property furnished by such ventures, and the promulgation or enforcement of regulations or fees that restrict competition directly or indirectly to the benefit of such ventures. Economic benefits to private enterprise from the following shall not be considered a subsidy to private enterprise: a) the Prosperity District's performance of any authorized municipal service in compliance with Article II; b) the retention of private enterprise to perform any authorized municipal service in compliance with Article II for fair market value; c) the procurement of supplies and services from private enterprise for the Prosperity District's internal management and administrative operations for fair market value; and d) the relaxation or repeal of regulations.

Section 15. "**Third Party Beneficiary**" means any non-governmental person petitioning for the formation or expansion of a Prosperity District, contributing real property to, residing or domiciled within, owning real property within, or lawfully doing business within a Prosperity District, either on formation of the district or after formation or expansion.

## **Article VIII**

### **Miscellaneous**

Section 1. **Nature of Enactment and Effective Date.** Articles I, II, III, section 1 of Article IV, VI, VII, and sections 1 through 8 of Article VIII of this Compact shall have the effect and authority of statute law in this Member upon passage of its legislation enacting, adopting and agreeing to be bound to this Compact regardless of whether at such time a conforming interstate compact has been formed embracing this Member as contemplated by section 1 of Article IV; and their effective date as such is the earliest date permitted by law, subject to their express terms, which effectiveness is not to be delayed until the formation of an interstate compact embracing them. The effective date of sections 2 through 17 of Article IV, Article V, and section 9 of Article VIII of this Compact, and the sovereign contractual obligation to maintain and enforce this Compact as both law and a sovereign contract with respect to this Member is the earliest date permitted by law, subject to their express terms, upon the formation of an interstate compact embracing this Member as contemplated in section 1 of Article IV.

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

**Section 3. Severance.** If any phrase, clause, sentence or provision of this Compact, or the applicability of any phrase, clause, sentence or provision of this Compact to any government, agency, person or circumstance, is declared in a final judgment by a court of competent jurisdiction to be contrary to the United States Constitution, contrary to the state constitution of any Member, subject to the prohibition on states impairing the obligation of contract under United States Constitution, article I, section 10, clause 1, or is otherwise held invalid by a court of competent jurisdiction, such phrase, clause, sentence or provision shall be severed and held for naught, and the validity of the remainder of this Compact and the applicability of the remainder of this Compact to any government, agency, person or circumstance shall not be affected. Furthermore, if this Compact is declared in a final judgment by a court of competent jurisdiction to be entirely contrary to the state constitution of any Member, violative of the prohibition on States impairing the obligation of contract under United States Constitution, article I, section 10, clause 1, or otherwise entirely invalid as to any Member, such Member shall be deemed to have withdrawn from the Compact, and the Compact shall remain in full force and effect as to any remaining Member. Finally, if this Compact or any amendment thereto is declared in a final judgment by a court of competent jurisdiction to be wholly or substantially in violation of article I, section 10, clause 3, of the United States Constitution (the “Compact Clause”), then it shall be construed and enforced solely as reciprocal legislation enacted by each of the affected Members with none of the provisions of Article IV of this Compact being in effect until such time as the legal deficiency prompting such judgment is cured.

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

**Section 5. Termination.** This Compact shall terminate and be held for naught as to this Member if a Prosperity District within the jurisdiction of this Member is not formed and operating within 10 years after the respective Member passes legislation enacting, adopting and agreeing to be bound to this Compact.

**Section 6. Third Party Beneficiary and Vested Rights.** Every Third Party Beneficiary has a vested property right to strict compliance with the Compact's provisions by all governmental units that are governed by it. The Governor of each Member or his nominee may negotiate and enter into separate contractual arrangements to protect the investment-backed expectations of any Third Party Beneficiary that Prosperity Districts, once formed, shall be maintained and expanded as herein contemplated.

**Section 7. Authorized Local Tailoring.** Article VI of this Compact may only include provisions that clarify, modify, supplement or supersede provisions of this Compact in the following categories:

- a) provisions that conform the Compact to a Member's respective local political structure, usage and style;
- b) modifications to the definition of “Eligible Land” with respect to the respectively enacting Member provided that such modifications do not have the purpose or effect of rendering the authority to form or

- expand a Prosperity District a law, privilege or immunity for a closed class of one or more identifiable persons;
- c) modifications to the petition process for the formation or expansion of or withdrawal from Prosperity Districts provided that such modifications do not have the purpose or effect of rendering the authority to form or expand a Prosperity District a law, privilege or immunity for a closed class of one or more identifiable persons;
- d) provisions consisting of one or more optional default Revenue Sharing Covenants with respect to the respectively enacting Member;
- e) provisions specifying interstate compacts, laws, regulations or policies, or prosecution or administrative or enforcement actions or agency, political subdivision or instrumentality jurisdictions that will continue to have effect in a Prosperity District within the respectively enacting Member notwithstanding any contrary provision in this Compact, provided that the specified compact, law, regulation, policy or jurisdiction is existing, identifiable and subject to sunset review for effectiveness, or the prosecution or administrative or enforcement action is pending, in the respectively enacting Member on the enactment date of its legislation enacting, adopting and agreeing to be bound to this Compact;
- f) provisions limiting or modifying the effect of any provision of this Compact as necessary to enforce the respectively enacting Member's constitution or the United States Constitution;
- g) provisions limiting or modifying the effect of any provision of this Compact as necessary to enforce conditions on the receipt of federal grants by the respectively enacting Member to the extent such conditions exist and are effective in such Member on the enactment date of its legislation enacting, adopting and agreeing to be bound to this Compact;
- h) provisions limiting or modifying reciprocity with respect to the recognition of activities deemed lawful in Prosperity Districts located within the respectively enacting Member;
- i) provisions requiring insurance, performance bonding or sureties to indemnify the Member and any county or municipality, in which any part of a proposed new or expanded Prosperity District is to be located, from damages, liabilities and costs incurred by them as a result of: (1) any District Externality; (2) a default under a Revenue Sharing Covenant applicable to lands within the new or expanded district; or (3) the abandonment of the district;
- j) provisions including authority for counties or municipalities within the respectively enacting Member to further modify, limit and condition the terms of this Compact by local law with such provisions as fall within the categories of Section 7(a), (b), (c), (e), (g), (h), and (i) of this Article with respect to Prosperity Districts formed or expanded within their territorial and extraterritorial jurisdictions (up to six miles from the boundary of the territorial jurisdiction) provided that any such local law: (1) shall be uniform for each Prosperity District to be formed or expanded within each respective jurisdiction; (2) may not impose unique conditions or requirements for the formation or expansion of any particular Prosperity District; and (3) does not have the purpose or effect of rendering

the authority to form or expand a Prosperity District a law, privilege or immunity for a closed class of one or more identifiable persons;

k) provisions including national security, international travel, international commerce and immigration policies governing Prosperity Districts within the respectively enacting Member that shall have effect upon the Compact becoming an interstate compact and receiving the Consent of Congress; and

l) provisions modifying the definitions used in the Compact to allow a Native American community located within the respectively enacting Member and recognized as sovereign by the government of the United States to qualify as a Member under this Compact on the Compact becoming an interstate compact and receiving Consent of Congress, if necessary.

**Section 8. Preservation of Person Status for Artificial Persons.** A corporation, trust, company, association, organization or other non-natural person entity (“artificial person”) that enjoys or is capable of enjoying certain duties, rights and powers of a natural person under law existing outside of the boundaries of a Prosperity District, such as the right to sue or be sued, contract or own property in its own name, shall be recognized as enjoying the corresponding duties, rights and powers, if any, of a natural person within the boundaries of a Prosperity District upon giving notice in such form and with such content as may be specified in the district’s charter or bylaws to the managing board of the district of its intent to conduct operations, do business or establish a place of business or domicile within the Prosperity District. Further, the articles of incorporation, certificate of formation, articles of organization, charter, bylaws, operating agreement or equivalent governing instrument of a foreign artificial person, if any, shall be recognized as contractually binding the trustees, owners, officers, managers, agents, beneficiaries and employees, as the case may be, of such foreign artificial person within the boundaries of a Prosperity District. However, an artificial person shall otherwise be governed by the law and regulations, if any, existing within the boundaries of a Prosperity District.

**Section 9. Venue.** Subject to strict compliance with the alternative dispute resolution process required by Article V of this Compact and the exercise of such original or appellate jurisdiction of the United States Supreme Court that is required by the United States Constitution, any legal action concerning this Compact, including any litigation proceeding, shall only be conducted in a court of competent jurisdiction located in the same State in which the principal place of business for either the Commission or the Compact Administrator is located, or otherwise within the jurisdiction of the United States Court of Appeals for the Circuit in which such principal place of business is located; and such court shall be the only venue for all litigation concerning this Compact.