



COMPACT FOR AMERICA PROSPERITY STATE INITIATIVE POTENTIAL FAQ'S FROM STATE LEGISLATORS

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1. Is the Prosperity State legislation legal and constitutional?

Yes. Numerous legal and constitutional experts have peer reviewed the model legislation and testify to its legality and constitutionality. The legislation is governed by each member state's constitution and the federal constitution; as well as each member state's "evil intent" criminal laws against violence, theft, and fraud and its common law. The legislation is based on best practices for prosperity from around the world and relies on the proven strength of Interstate Compacts for legal durability.

2. Why is an Interstate Compact necessary for implementation of the PD?

Interstate Compacts are a proven tool, used by states during the entire life of our nation. Both Congress and the courts recognize the sovereign power of states to enter into these agreements; they provide a level of protection that, once a PD is established, the ground rules can't be changed on a legislative whim. Finally, a compact is the only type of legislation that can give the regulatory and fiscal best practices in a PD the status of federal law. This is accomplished through securing Congressional consent for the compact, which can take many forms but usually involves the passage of a joint resolution.

3. Why is a five-year sunset on the regulations included during the formation of the District?

It is a check-and-balance measure to determine if the regulation is necessary and working properly. One of the challenges we're trying to eliminate within a Prosperity District is the long-term build-up of regulations with no way to periodically check their usefulness. At least 17 states have adopted sunset review procedures to assess the merits of their regulations at the statewide level. This provision merely adopts and strengthens a well-established best practice.

4. Does the PD concept appeal to anyone regardless of their position on the political spectrum? What would be an example of why it would appeal to those on the left?

Most importantly, because privileging special interests is illegal within a PD. This creates a level playing field that guarantees progress for all Americans. In addition, it takes 100% consent of residents and property owners to form a PD, so anyone forming a PD will be able to establish a community that advances their ideals. Through restrictive covenants running with all of the land in the district, for example, a Prosperity District could be wholly committed to the use of renewable energy.

5. Will reasonable regulations be implemented to protect the health and well-being of the general public within the district?

Yes. Life, liberty and property are protected in the core Prosperity State legislation. The guarantees of both criminal laws against violence, theft, fraud and other “evil intent” crimes and the common law are maintained. Communities forming a PD can include any other desired regulation in their initial charter, and legislators can further tailor the bill to preserve select statewide regulations in the PD prior to passage.

6. Will OSHA regulations intended to protect workers be nullified within the district?

The status of all federal regulations in the PD will remain unchanged unless Congress consents to the compact, which may include consent to the repeal of OSHA regulations in whole or in part within a PD. The success of self-regulation in the PD will likely be a strong factor in determining the willingness of Congress to do so.

7. What are some illustrative examples of laws that would be repealed within the district?

The people who are part of each PD will decide for themselves which of the current regulations they will impose upon themselves in their initial charter – but regulatory protection of third parties is fully authorized; and regulatory protection of those outside of a PD is guaranteed. One would expect that most communities would reject imposing on themselves explicitly anti-competitive and unnecessary licensing requirements, such as laws against Uber and AirBnB, overly restrictive zoning and building permitting requirements, and licensing for barbers, interior design, and landscaping. What regulations remain beyond five years after formation of the PD will depend on whether a regulatory impact study shows their necessity and effectiveness.

8. Would the establishment of a PD allow residents to legally engage in polygamy or the possession, use and sale of marijuana within the PD?

If the state passing the legislation or the community implementing the legislation wish to retain prohibitions on polygamy or the possession, use and sale of marijuana, they can. Every state legislature can preserve any regulation they wish through specifying the regulation in the statewide tailoring section of the legislation. Additionally, communities that form a PD have the authority to adopt additional regulation in the initial charter for their PD.

9. If the Member or any local taxing authority increases tax rates outside the district, will the revenue agreement automatically be increased at a commensurate rate?

No. Increases in taxes outside the district will not affect the revenue agreement. The revenue agreement is designed to provide certainty and constancy in the fiscal policy it establishes. However, if taxing authority is preserved in the PD through statewide tailoring or the tax is constitutionally required, it is possible that the tax increase will be felt within the PD.

10. For the revenue agreement, what formula will be used to determine the various taxes previously paid within the district?

As a floor, but not a ceiling, any revenue agreement authorized by the Compact is required to guarantee the payment of revenues in an amount equal to all revenues generated from the area of the PD in the fiscal year prior to formation. Prospectively, the allocation of revenues between taxing authorities based on a percentage of land value is the recommended revenue agreement. The language for this revenue agreement is included in the Compact. It is also possible for a different revenue agreement to be negotiated between the people who form the PD and the governor, subject to approval by the legislature.

11. Would state licensing of medical, legal and other professional providers practicing within the PD be suspended?

See answer to #7.

12. How would zoning and drainage laws be affected within the PD?

See answer to #7.

13. How will this benefit traditionally disadvantaged socio-economic groups?

Everyone benefits when it's easier to establish businesses and create jobs, including members of those groups. The disadvantaged are often so because the playing field is skewed against them by unreasonable regulation – the Prosperity States legislation mitigates this problem in the PDs.

14. What will prevent these zones from becoming havens for criminal activity or polluters etc?

The PD will provide security either directly or by contracting with outside agencies, such as the County Sheriff, and the criminal code of the state remains effective in PDs. Outside law enforcement and national security agencies will continue to have jurisdiction in the PD to address "evil intent" criminal acts. See also answer #7.

15. Can anyone be forced by an employer etc. to reside in one of these zones? What safeguards exist to prevent this?

No. The PD is designed to enforce freedom of contract, which includes freedom from unwanted employment contracts.

16. Will any social safety nets exist within these zones? If someone lives in a Prosperity District, can they receive Medicaid, food stamps, SSI or other benefits?

The status of all federal safety net programs in the PD will remain unchanged unless Congress consents to their repeal in a separate resolution consenting to the Prosperity States Compact. State benefit programs that are not required to be maintained under state constitutional law, ballot measure, federal grant, or interstate compact, will not be offered or delivered within the PD, but may still be available to PD residents outside of the PD if the location of residency is not a determinative qualification for access.

17. If a PD-based business employs a person who does not reside within the zone, what employment laws and safeguards apply? Unemployment etc.?

The status of all federal employment laws and safeguards will remain unchanged within the PD unless Congress consents to their repeal in a separate resolution consenting to the Prosperity States Compact. State-based employment regulations that are not required to be maintained under state constitutional law, ballot measure, federal grant or interstate compact will be ineffective with respect to any employment relationship existing entirely within the PD unless the PD-based employer and employee agree otherwise.

18. How does an enacting member state benefit from participation?

Participation allows a member state to create the most attractive jurisdictions in the country – and, by some measures, even in the world. Jobs, and incomes (including that of the State) have risen tremendously in jurisdictions which have adopted these measures.

Moreover, a rising tide lifts all boats – even a moderately successful Prosperity District will generate more revenue for the state and boost the state’s overall economy. Plus, there is the very real, long-term benefit of being known as a state embracing growth and prosperity on behalf of its citizens.

19. If there are no zones likely in my district, why should I support the Compact?

The economic activity created within a Prosperity District can have a positive impact statewide, as it will create lots of positive externalities. And there’s no fiscal downside for the state, since the Prosperity State legislation guarantees that existing minimum tax-revenue levels will be maintained.

Also, early zones will pave the way for later zones to come into existence, so your district could have some in the near future.

20. Who is held responsible if environmental damage is caused outside the district? What is the mechanism?

The legislation authorizes all outside governmental agencies to exercise jurisdiction within a PD to remedy any cause of environmental damage outside of the district.

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