

1 AN ACT relating to the Solemn Covenant of the States to Award Prizes for Curing  
2 Diseases Interstate Compact.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 214 IS CREATED TO  
5 READ AS FOLLOWS:

6 *The Solemn Covenant of the States to Award Prizes for Curing Diseases Interstate*  
7 *Compact is hereby enacted and entered into with all other jurisdictions that legally join*  
8 *in the compact, which is, in form, substantially as follows:*

9 ARTICLE I

10 DEFINITIONS

11 *For purposes of this compact:*

12 *(1) "Compacting state" means either of the following:*

13 *(a) Any state that has enacted the compact and which has not withdrawn or*  
14 *been suspended pursuant to Article XIV of the compact; or*

15 *(b) The federal government in accordance with the commission's bylaws;*

16 *(2) "Compact" means the Solemn Covenant of the States to Award Prizes for Curing*  
17 *Diseases enacted in this section;*

18 *(3) "Non-compacting state" means any state or the federal government, if it is not at*  
19 *the time a compacting state;*

20 *(4) "Public health expenses" means the amount of all costs paid by taxpayers in a*  
21 *specified geographic area relating to a particular disease; and*

22 *(5) "State" means any state, district, or territory of the United States of America.*

23 ARTICLE II

24 ESTABLISHMENT OF THE COMMISSION

25 MEMBERSHIP

26 *(1) Upon the enactment of the compact by six (6) states, the compacting states shall*  
27 *establish the Solemn Covenant of States Commission.*

1 (2) The commission is a body corporate and politic and an instrumentality of each of  
2 the compacting states and is solely responsible for its liabilities, except as  
3 otherwise specifically provided in the compact.

4 (3) Each compacting state shall be represented by one (1) member as selected by the  
5 compacting state. Each compacting state shall determine its member's  
6 qualifications and period of service and shall be responsible for any action to  
7 remove or suspend its member or to fill the member's position if it becomes  
8 vacant. Nothing in the compact shall be construed to affect a compacting state's  
9 authority regarding the qualification, selection, or service of its own member.

### 10 ARTICLE III

#### 11 POWERS OF THE COMMISSION

12 (1) To adopt bylaws and rules pursuant to Articles V and VI of the compact, which  
13 shall have the force and effect of law and shall be binding in the compacting  
14 states to the extent and in the manner provided in the compact;

15 (2) To receive and review in an expeditious manner treatments and therapeutic  
16 protocols for the cure of disease submitted to the commission and to award prizes  
17 for submissions that meet the commission's standards for a successful cure  
18 treatment or therapeutic protocol;

19 (3) To make widely available a cure treatment or therapeutic protocol for which a  
20 prize is awarded, including by arranging or contracting for the manufacturing,  
21 production, or provision of any drug, serum, or other substance, device, or  
22 process;

23 (4) To establish and collect royalty fees imposed on manufacturers, producers, and  
24 providers in non-compacting states or foreign countries of any drug, serum, or  
25 other substance, device, or process used for a cure treatment or therapeutic  
26 protocol, for which a prize is awarded; provided that the royalty fees for a  
27 particular state or country shall cumulatively be not more than the estimated five

- 1       (5) year savings in public health expenses for that state or country, as calculated  
2       by actuaries employed or contracted by the commission;
- 3       (5) To do the following regarding the collected royalty fees:
- 4       (a) Pay or reimburse expenses related to the payment of a prize, which shall  
5       include employing or contracting actuaries to calculate annual taxpayer  
6       savings amounts in compacting states in accordance with section (3)(g)(3)  
7       of Article VI, and payment of interest and other expenses related to a loan  
8       obtained in accordance with section (3)(g)(6) of Article VI; and
- 9       (b) Annually disburse any amounts remaining after making payments or  
10       reimbursements under section (5)(a) of this article as refunds to compacting  
11       states based on the per cent of the state's prize obligation in relation to the  
12       total obligation amount of all compacting states;
- 13       (6) To bring and prosecute legal proceedings or actions in its name as the  
14       commission;
- 15       (7) To issue subpoenas requiring the attendance and testimony of witnesses and the  
16       production of evidence;
- 17       (8) To establish and maintain offices;
- 18       (9) To borrow, accept, or contract for personnel services, including personnel  
19       services from employees of a compacting state;
- 20       (10) To hire employees, professionals, or specialists, and elect or appoint officers, and  
21       to fix their compensation, define their duties and give them appropriate authority  
22       to carry out the purposes of the compact, and determine their qualifications; and  
23       to establish the commission's personnel policies and programs relating to, among  
24       other things, conflicts of interest, rates of compensation, and qualifications of  
25       personnel;
- 26       (11) To accept any and all appropriate donations and grants of money, equipment,  
27       supplies, materials, and services, and to receive, utilize, and dispose of the same;

1 provided that at all times the commission shall strive to avoid any appearance of  
2 impropriety;

3 (12) To lease, purchase, or accept appropriate gifts or donations of, or otherwise to  
4 own, hold, improve, or use, any property, real, personal, or mixed; provided, that  
5 at all times the commission shall strive to avoid any appearance of impropriety;

6 (13) To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose  
7 of any property, real, personal, or mixed;

8 (14) To monitor compacting states for compliance with the commission's bylaws and  
9 rules;

10 (15) To enforce compliance by compacting states with the commission's bylaws and  
11 rules;

12 (16) To provide for dispute resolution among compacting states or between the  
13 commission and those who submit treatments and therapeutic protocols for the  
14 cure of disease for consideration;

15 (17) To establish a budget and make expenditures;

16 (18) To borrow money;

17 (19) To appoint committees, including management, legislative, and advisory  
18 committees comprised of members, state legislators or their representatives,  
19 medical professionals, and such other interested persons as may be designated by  
20 the commission;

21 (20) To establish annual membership dues for compacting states;

22 (21) To adopt and use a corporate seal; and

23 (22) To perform such other functions as may be necessary or appropriate to achieve  
24 the purposes of this compact.

#### 25 ARTICLE IV

#### 26 MEETINGS AND VOTING

27 (1) The commission shall meet and take such actions as are consistent with the



- 1        (a) For the establishment and meetings of other committees;
- 2        (b) Governing any general or specific delegation of any authority or function of
- 3                the commission; and
- 4        (c) Voting guidelines and procedures for commission decisions;
- 5        (4) Providing reasonable procedures for calling and conducting meetings of the
- 6                commission that shall consist of requiring a quorum to be present, ensuring
- 7                reasonable advance notice of each such meeting, and providing for the right of
- 8                citizens to attend each such meeting with enumerated exceptions designed to
- 9                protect the public's interest and the privacy of individuals;
- 10        (5) Providing a list of matters about which the commission may go into executive
- 11                session and requiring a majority of all members of the commission vote to enter
- 12                into such session. As soon as practicable, the commission shall make public:
- 13                (a) A copy of the vote to go into executive session, revealing the vote of each
- 14                        member with no proxy votes allowed; and
- 15                (b) The matter requiring executive session, without identifying the actual issues
- 16                        or individuals involved;
- 17        (6) Establishing the titles, duties, authority, and reasonable procedures for the
- 18                election of the officers of the commission;
- 19        (7) Providing reasonable standards and procedures for the establishment of the
- 20                personnel policies and programs of the commission. Notwithstanding any civil
- 21                service or other similar laws of any compacting state, the commission's bylaws
- 22                shall exclusively govern the personnel policies and programs of the commission;
- 23        (8) Allowing a mechanism for:
- 24                (a) The federal government to join as a compacting state; and
- 25                (b) Foreign countries or subdivisions of those countries to join as liaison
- 26                        members by adopting the compact; provided that adopting countries or
- 27                        subdivisions shall not have voting power or the power to bind the

1           commission in any way;

2   (9) Adopting a code of ethics to address permissible and prohibited activities of  
3       members and employees;

4   (10) Providing for the maintenance of the commission's books and records;

5   (11) Governing the acceptance of and accounting for donations, annual member dues,  
6       and other sources of funding and establishing the proportion of these funds to be  
7       allocated to prize amounts for treatments and therapeutic protocols that cure  
8       disease;

9   (12) Governing any fundraising efforts in which the commission wishes to engage;  
10       and

11   (13) Providing a mechanism for winding up the operations of the commission and the  
12       equitable disposition of any surplus funds that may exist after the termination of  
13       the compact after the payment and reserving of all its debts and obligations.

14                                   ARTICLE VI

15                                   RULES

16   (1) The commission shall adopt rules to effectively and efficiently achieve the  
17       purposes of this compact.

18   (2) The commission shall also adopt rules establishing the criteria for defining and  
19       classifying the diseases for which prizes shall be awarded. The commission may  
20       consult the most recent edition of the international classification of disease as  
21       published by the World Health Organization or other definitions agreed to by a  
22       two-thirds vote of the commission.

23   (3) The commission shall also adopt rules regarding prizes for curing diseases that  
24       establish the following:

25       (a) At least ten (10) major diseases for which to create prizes, which shall be  
26           determined based on the following factors:

27           1. The severity of the disease to a human individual's overall health and

- 1                    well-being;
- 2                    2. The survival rate or severity of impact of the disease; and
- 3                    3. The public health expenses and treatment expenses for the disease.
- 4                    (b) The criteria a treatment or therapeutic protocol must meet in order to be
- 5                    considered a cure for any of the diseases for which a prize may be awarded,
- 6                    which shall include the following requirements:
- 7                    1. It must yield a ninety-five percent (95%) survival rate through at least
- 8                    five (5) years after the treatment or protocol has ended; and
- 9                    2. It requires not more than one (1) year of the treatment or protocol.
- 10                   (c) The procedure for determining the diseases for which to award prizes,
- 11                   which includes the option to award prizes for more than ten (10) diseases
- 12                   that meet the above criteria, if agreed to by two-thirds vote of the
- 13                   commission, and a requirement to update the list every three (3) years.
- 14                   (d) The submission and evaluation procedures and guidelines, including filing
- 15                   and review procedures, and limitations preventing public access to
- 16                   treatment or protocol submissions.
- 17                   (e) The estimated five (5) year public health expenses for each disease in each
- 18                   compacting state and a procedure to update these expenses every three (3)
- 19                   years in conjunction with the requirements in section (3)(c) of this article.
- 20                   The estimated five (5) year public health expenses amount shall be
- 21                   calculated, estimated, and publicized every three (3) years by actuaries
- 22                   employed or contracted by the commission.
- 23                   (f) The prize amount with respect to cures for each disease, which shall be
- 24                   equal to the most recent estimated total five (5) year savings in public health
- 25                   expenses for the disease as calculated in section (3)(e) of this article in all of
- 26                   the compacting states; amounts donated by charities, individuals, and any
- 27                   other entities intended for the prize under this article of the compact; and

1 any other factors that the commission deems appropriate.

2 (g) The prize distribution procedures and guidelines, which shall include the  
3 following requirements:

4 1. Upon acceptance of a cure, the prize winner shall transfer to the  
5 commission the patent and all related intellectual property for the  
6 treatment or therapeutic protocol in exchange for the prize, except in  
7 the case that the prize money is considered by the commission to be  
8 too low, and that a prize will be awarded only to the first person or  
9 entity that submits a successful cure for a disease for which a prize  
10 may be awarded;

11 2. Donation amounts intended for the prize shall be kept in a separate,  
12 interest-bearing account maintained by the commission. This account  
13 shall be the only account in which prize money is kept;

14 3. Each compacting state shall have the responsibility to pay annually  
15 the compacting state's actual one (1) year savings in public health  
16 expenses for the particular disease for which a cure has been  
17 accepted. The compacting state shall make such an annual payment  
18 until it has fulfilled its prize responsibility as established in section  
19 (3)(f) of this article. Each compacting state's payment responsibility  
20 begins one (1) year after the date the cure becomes widely available.  
21 The commission shall employ or contract with actuaries to calculate  
22 each state's actual one (1) year savings in public health expenses at  
23 the end of each year to determine each state's responsibility for the  
24 succeeding year;

25 4. Compacting states may meet prize responsibilities by any method,  
26 including the issuance of bonds or other obligations, with the  
27 principal and interest of those bonds or obligations to be repaid only

1 from revenue derived from estimated public health expense savings  
2 from a cure to a disease. If the compacting state does not make such  
3 revenue available to repay some or all of the revenue bonds or  
4 obligations issued, the owners or holders of those bonds or obligations  
5 have no right to have excises or taxes levied to pay the principal or  
6 interest on them. The revenue bonds and obligations are not a debt of  
7 the issuing compacting state;

8 5. A compacting state may issue bonds or other debt that are general  
9 obligations, under which the full faith and credit, revenue, and taxing  
10 power of the state is pledged to pay the principal and interest under  
11 those obligations, only if authorized by the compacting state's  
12 constitution or, if constitutional authorization is not required, by other  
13 law of the compacting state; and

14 6. Upon acceptance of a cure, the commission shall obtain a loan from a  
15 financial institution in an amount equal to the most recently  
16 calculated total estimated five (5) year public health expenses for the  
17 disease in all compacting states, in accordance with section (3)(f) of  
18 this article. The commission reserves the right to continuously  
19 evaluate the cure in the interim and rescind a prize offer if the  
20 commission finds that the cure no longer meets the commission's  
21 criteria.

22 (4) The commission also shall adopt rules that do the following:

23 (a) Establish the following regarding commission records:

24 1. Conditions and procedures for public inspection and copying of its  
25 information and official records, except such information and records  
26 involving the privacy of individuals or would otherwise violate privacy  
27 laws under federal law and the laws of the compacting states;

- 1            2. Procedures for sharing with federal and state agencies, including law  
2            enforcement agencies, records and information otherwise exempt  
3            from disclosure; and
- 4            3. Guidelines for entering into agreements with federal and state  
5            agencies to receive or exchange information or records subject to  
6            nondisclosure and confidentiality provisions;
- 7            (b) Provide a process for commission review of submitted treatments and  
8            therapeutic protocols for curing diseases that includes the following:
- 9            1. An opportunity for an appeal, not later than thirty (30) days after a  
10           rejection of a treatment or protocol for prize consideration, to a review  
11           panel established under the commission's dispute resolution process;
- 12           2. Commission monitoring and review of treatment and protocol  
13           effectiveness consistent with the cure criteria established by the  
14           commission for the particular disease; and
- 15           3. Commission reconsideration, modification, or withdrawal of approval  
16           of a treatment or protocol for prize consideration for failure to  
17           continue to meet the cure criteria established by the commission for  
18           the particular disease;
- 19           (c) Establish a dispute resolution process to resolve disputes or other issues  
20           under the compact that may arise between two (2) or more compacting  
21           states or between the commission and individuals or entities who submit  
22           treatments and therapeutic protocols to cure diseases, which process shall  
23           provide for:
- 24           1. Administrative review by a review panel appointed by the commission;  
25           2. Judicial review of decisions issued after an administrative review; and  
26           3. Qualifications to be appointed to a panel, due process requirements,  
27           including notice and hearing procedures, and any other procedure,

1           requirement, or standard necessary to provide adequate dispute  
2           resolution; and

3           (d) Establish and impose annual member dues on compacting states, which  
4           shall be calculated based on the percentage of each compacting state's  
5           population in relation to the population of all the compacting states.

6           (5) Recognizing that the goal of the compact is to pool the potential savings of as  
7           many states and countries as possible to generate sufficient financial incentive to  
8           develop a cure for many of the world's most devastating diseases, the compact  
9           will respect the laws of each of these United States by adopting rules that  
10           establish ethical standards for research that shall be followed in order for a prize  
11           to be claimed. The compact, in the rules, shall establish a common set of ethical  
12           standards that embodies the laws and restrictions in each of the states so that to  
13           be eligible for claiming a prize the entity submitting a cure must not have violated  
14           any of the ethical standards in any one of the fifty (50) states, whether the states  
15           have joined the compact or not. The compact will publish these common ethical  
16           standards along with the specific criteria for a cure for each of the diseases the  
17           compact has targeted.

18           So long as a researcher follows the common ethical standards in effect at the time  
19           the research is done, an entity presenting a cure will be deemed to have followed  
20           the standards. On or before January 1 of each year, the compact shall review all  
21           state laws to determine if additional ethical standards have been enacted by any  
22           of the fifty (50) states and the federal government. Any changes to the common  
23           ethical standards rules based on new state laws shall be adopted and published by  
24           the compact, but shall not take effect in cure criteria for a period of three (3)  
25           years to allow for sufficient notice to researchers.

26           (6) All rules may be amended as the commission sees necessary.

27           (7) All rules shall be adopted pursuant to a rulemaking process that conforms to the

1 model state administrative procedure act of 1981 by the uniform law  
2 commissioners, as amended, as may be appropriate to the operations of the  
3 commission.

4 (8) In the event the commission exercises its rulemaking authority in a manner that  
5 is beyond the scope of the purpose of this compact, or the powers granted  
6 hereunder, then such rule shall be invalid and have no force and effect.

7 ARTICLE VII

8 COMMITTEES

9 (1) Management Committee.

10 (a) The commission may establish a management committee composed of not  
11 more than fourteen (14) members when twenty-six (26) states enact the  
12 compact.

13 (b) The committee shall consist of those members representing compacting  
14 states whose total public health expenses of all of the established diseases  
15 are the highest.

16 (c) The committee shall have such authority and duties as may be set forth in  
17 the commission's bylaws and rules, including:

18 1. Managing authority over the day-to-day affairs of the commission in a  
19 manner consistent with the commission's bylaws and rules and the  
20 purposes of the compact;

21 2. Overseeing the offices of the commission; and

22 3. Planning, implementing, and coordinating communications and  
23 activities with state, federal, and local government organizations in  
24 order to advance the goals of the compact.

25 (d) The commission annually shall elect officers for the committee, with each  
26 having such authority and duties as maybe specified in the commission's  
27 bylaws and rules.

1       (e) The management committee, subject to commission approval, may appoint  
2       or retain an executive director for such period, upon such terms and  
3       conditions, and for such compensation as the committee determines. The  
4       executive director shall serve as secretary to the commission, but shall not  
5       be a member of the commission. The executive director shall hire and  
6       supervise such other staff as may be authorized by the committee.

7       (2) Advisory Committees.

8       The commission may appoint advisory committees to monitor all operations  
9       related to the purposes of the compact and make recommendations to the  
10       commission; provided that the manner of selection and term of any committee  
11       member shall be as set forth in the commission's bylaws and rules. The  
12       commission shall consult with an advisory committee, to the extent required by  
13       the commission's bylaws or rules, before doing any of the following:

14       (a) Approving cure criteria;

15       (b) Amending, enacting, or repealing any bylaw or rule;

16       (c) Adopting the commission's annual budget; and

17       (d) Addressing any other significant matter or taking any other significant  
18       action.

19                               ARTICLE VIII

20                               FINANCE

21       (1) The commission annually shall establish a budget to pay or provide for the  
22       payment of its reasonable expenses. To fund the cost of initial operations, the  
23       commission may accept contributions and other forms of funding from the  
24       compacting states and other sources. Contributions and other forms of funding  
25       from other sources shall be of such a nature that the independence of the  
26       commission concerning the performance of its duties shall not be compromised.

27       (2) The commission shall be exempt from all taxation in and by the compacting

1 states.

2 (3) The commission shall keep complete and accurate accounts of all of its internal  
3 receipts, including grants and donations, and disbursements of all funds under its  
4 control. The internal financial accounts of the commission shall be subject to the  
5 accounting procedures established under the commission's bylaws or rules. The  
6 financial accounts and reports, including the system of internal controls and  
7 procedures of the commission, shall be audited annually by an independent  
8 certified public accountant. Upon the determination of the commission, but not  
9 less frequently than every three (3) years, the review of the independent auditor  
10 shall include a management and performance audit of the commission. The  
11 commission shall make an annual report to the governors and legislatures of the  
12 compacting states, which shall include a report of the independent audit. The  
13 commission's internal accounts shall not be confidential and such materials may  
14 be shared with any compacting state upon request provided, however, that any  
15 work papers related to any internal or independent audit and any information  
16 subject to the compacting states' privacy laws, shall remain confidential.

17 (4) No compacting state shall have any claim or ownership of any property held by or  
18 vested in the commission or to any commission funds held pursuant to the  
19 provisions of the compact.

## 20 ARTICLE IX

### 21 RECORDS

22 Except as to privileged records, data, and information, the laws of any compacting  
23 state pertaining to confidentiality or nondisclosure shall not relieve any member of the  
24 duty to disclose any relevant records, data, or information to the commission; provided,  
25 that disclosure to the commission shall not be deemed to waive or otherwise affect any  
26 confidentiality requirement; and further provided, that, except as otherwise expressly  
27 provided in the compact, the commission shall not be subject to the compacting state's

1 laws pertaining to confidentiality and nondisclosure with respect to records, data, and  
2 information in its possession. Confidential information of the commission shall remain  
3 confidential after such information is provided to any member. All cure submissions  
4 received by the commission are confidential.

5 ARTICLE X

6 COMPLIANCE

7 The commission shall notify a compacting state in writing of any noncompliance with  
8 commission bylaws and rules. If a compacting state fails to remedy its noncompliance  
9 within the time specified in the notice, the compacting state shall be deemed to be in  
10 default as set forth in Article XIV.

11 ARTICLE XI

12 VENUE

13 Venue for any judicial proceedings by or against the commission shall be brought in  
14 the appropriate court of competent jurisdiction for the geographical area in which the  
15 principal office of the commission is located.

16 ARTICLE XII

17 QUALIFIED IMMUNITY, DEFENSE, AND INDEMNIFICATION

18 (1) The members, officers, executive director, employees, and representatives of the  
19 commission shall be immune from suit and liability, either personally or in their  
20 official capacity, for any claim for damage to or loss of property or personal  
21 injury or other civil liability caused by or arising out of any actual or alleged act,  
22 error, or omission that occurred, or that such person had a reasonable basis for  
23 believing occurred within the scope of the person's commission employment,  
24 duties, or responsibilities; provided, that nothing in section (1) of this article shall  
25 be construed to protect any such person from suit or liability for any damage,  
26 loss, injury, or liability caused by the intentional or willful and wanton  
27 misconduct of that person.

1 (2) The commission shall defend any member, officer, executive director, employee,  
2 or representative of the commission in any civil action seeking to impose liability  
3 arising out of any actual or alleged act, error, or omission that occurred within  
4 the scope of the person's commission employment, duties, or responsibilities, or  
5 that such person had a reasonable basis for believing occurred within the scope  
6 of commission employment, duties, or responsibilities; provided, that nothing in  
7 the compact or commission bylaws or rules shall be construed to prohibit that  
8 person from retaining his or her own counsel; and provided further, that the  
9 actual or alleged act, error, or omission did not result from that person's  
10 intentional or willful and wanton misconduct.

11 (3) The commission shall indemnify and hold harmless any member, officer,  
12 executive director, employee, or representative of the commission for the amount  
13 of any settlement or judgment obtained against the person arising out of any  
14 actual or alleged act, error, or omission that occurred within the scope of the  
15 person's commission employment, duties, or responsibilities, or that such person  
16 had a reasonable basis for believing occurred within the scope of commission  
17 employment, duties, or responsibilities; provided, that the actual or alleged act,  
18 error, or omission did not result from the intentional or willful and wanton  
19 misconduct of that person.

### 20 ARTICLE XIII

#### 21 COMPACTING STATES, EFFECTIVE DATE, AND AMENDMENT

22 (1) Any state is eligible to become a compacting state.

23 (2) The compact shall become effective and binding upon legislative enactment of the  
24 compact into law by two (2) compacting states; provided, the commission shall  
25 only be established after six (6) states become compacting states. Thereafter, the  
26 compact shall become effective and binding as to any other compacting state  
27 upon enactment of the compact into law by that state.

1 (3) Amendments to the compact may be proposed by the commission for enactment  
2 by the compacting states. No amendment shall become effective and binding until  
3 all compacting states enact the amendment into law.

4 ARTICLE XIV

5 WITHDRAWAL, DEFAULT, AND EXPULSION

6 (1) Withdrawal.

7 (a) Once effective, the compact shall continue in force and remain binding  
8 upon each and every compacting state; provided, that a compacting state  
9 may withdraw from the compact by doing both of the following:

10 1. Repealing the law enacting the compact in that state; and

11 2. Notifying the commission in writing of the intent to withdraw on a  
12 date that is both of the following:

13 a. At least three (3) years after the date the notice is sent; and

14 b. After the repeal takes effect.

15 (b) The effective date of withdrawal is the date described in section (1)(a)(2) of  
16 this article.

17 (c) The member representing the withdrawing state shall immediately notify the  
18 management committee in writing upon the introduction of legislation in  
19 that state repealing the compact. If a management committee has not been  
20 established, the member shall immediately notify the commission.

21 (d) The commission or management committee, as applicable, shall notify the  
22 other compacting states of the introduction of such legislation within ten  
23 (10) days after its receipt of notice thereof.

24 (e) The withdrawing state is responsible for all obligations, duties, and  
25 liabilities incurred through the effective date of withdrawal, including any  
26 obligations, the performance of which extend beyond the effective date of  
27 withdrawal. The commission's actions shall continue to be effective and be

1 given full force and effect in the withdrawing state.

2 (f) Reinstatement following a state's withdrawal shall become effective upon  
3 the effective date of the subsequent enactment of the compact by that state.

4 (2) Default.

5 (a) If the commission determines that any compacting state has at any time  
6 defaulted in the performance of any of its obligations or responsibilities  
7 under the compact or the commission's bylaws or rules, then, after notice  
8 and hearing as set forth in the bylaws, all rights, privileges, and benefits  
9 conferred by this compact on the defaulting state shall be suspended from  
10 the effective date of default as fixed by the commission. The grounds for  
11 default include failure of a compacting state to perform its obligations or  
12 responsibilities, and any other grounds designated in commission rules. The  
13 commission shall immediately notify the defaulting state in writing of the  
14 suspension pending cure of the default. The commission shall stipulate the  
15 conditions and the time period within which the defaulting state shall cure  
16 its default. If the defaulting state fails to cure the default within the time  
17 period specified by the commission, the defaulting state shall be expelled  
18 from the compact and all rights, privileges, and benefits conferred by the  
19 compact shall be terminated from the effective date of the expulsion. Any  
20 state that is expelled from the compact shall be liable for any cure prize or  
21 prizes for three (3) years after its removal. The commission shall also take  
22 appropriate legal action to ensure that any compacting state that withdraws  
23 from the compact remains liable for paying its responsibility towards a prize  
24 for a cure that was accepted while the compacting state was a member of  
25 the commission.

26 (b) The expelled state must reenact the compact in order to become a  
27 compacting state.

1 (3) Dissolution of Compact.

2 (a) The compact dissolves effective upon the date of either of the following:

3 1. The withdrawal or expulsion of a compacting state, which withdrawal  
4 or expulsion reduces membership in the compact to one (1)  
5 compacting state; and

6 2. The commission votes to dissolve the compact.

7 (b) Upon the dissolution of the compact, the compact becomes null and void  
8 and shall be of no further force or effect, and the business and affairs of the  
9 commission shall be wound up and any surplus funds shall be distributed in  
10 accordance with the commission's bylaws, provided, that the commission  
11 shall pay all outstanding prizes awarded before the dissolution of the  
12 compact, as well as any other outstanding debts and obligations incurred  
13 during the existence of the compact. Any unawarded funds donated to be a  
14 part of a prize shall be returned to the donor, along with any interest earned  
15 on the amount.

16 ARTICLE XV

17 SEVERABILITY AND CONSTRUCTION

18 (1) The provisions of the compact shall be severable; and if any phrase, clause,  
19 sentence, or provision is deemed unenforceable, the remaining provisions of the  
20 compact shall be enforceable.

21 (2) The provisions of the compact shall be liberally construed to effectuate its  
22 purposes.

23 ARTICLE XVI

24 BINDING EFFECT OF COMPACT AND OTHER LAWS

25 (1) Other Laws: Nothing herein prevents the enforcement of any other law of a  
26 compacting state, except as provided in section (2)(b) of this article.

27 (2) Binding Effect of the Compact.

- 1        (a) All lawful actions of the commission, including all commission rules, are  
2                binding upon the compacting states.
- 3        (b) All agreements between the commission and the compacting states are  
4                binding in accordance with their terms.
- 5        (c) Except to the extent authorized by the compacting state's constitution or, if  
6                constitutional authorization is not required, by other law of the compacting  
7                state, such state, by entering into the compact does not:
- 8                1. Commit the full faith and credit or taxing power of the compacting  
9                state for the payment of prizes or other obligations under the compact;  
10                and
- 11                2. Make prize payment responsibilities or other obligations under the  
12                compact a debt of the compacting state.
- 13        (d) Upon the request of a party to a conflict over the meaning or interpretation  
14                of commission actions, and upon a majority vote of the compacting states,  
15                the commission may issue advisory opinions regarding the meaning or  
16                interpretation in dispute.
- 17        (e) In the event any provision of the compact exceeds the constitutional limits  
18                imposed on any compacting state, the obligations, duties, powers or  
19                jurisdiction sought to be conferred by that provision upon the commission  
20                shall be ineffective as to that compacting state, and those obligations, duties,  
21                powers, or jurisdiction shall remain in the compacting state and shall be  
22                exercised by the agency thereof to which those obligations, duties, powers,  
23                or jurisdiction are delegated by law in effect at the time the compact  
24                becomes effective.