

Senate Bill 484

By: Senators Kirkpatrick of the 32nd and Burke of the 11th

**AS PASSED SENATE**

**A BILL TO BE ENTITLED  
AN ACT**

1 To amend Title 31 of the Official Code of Georgia Annotated, relating to health, so as to  
2 adopt the Solemn Covenant of the States to Award Prizes for Curing Diseases; to provide for  
3 the entry of the state into a multistate compact to incentivize the development of cures for  
4 diseases through substantial financial awards; to provide for a commission to administer the  
5 compact; to establish the powers and duties of the commission; to provide for committees;  
6 to provide for financing; to provide for effectiveness; to provide for withdrawal, default, and  
7 expulsion; to provide for severability and construction; to provide for related matters; to  
8 repeal conflicting laws; and for other purposes.

9 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

10 **SECTION 1.**

11 Title 31 of the Official Code of Georgia Annotated, relating to health, is amended by adding  
12 a new chapter to read as follows:

13 "CHAPTER 54

14 31-54-1.

15 The Solemn Covenant of the States to Award Prizes for Curing Diseases is entered into and  
16 enacted into law with all jurisdictions legally joining therein, in the form substantially as  
17 follows:

18 'Solemn Covenant of the States to Award Prizes for Curing Diseases

19 Article I. Definitions

20 For purposes of this compact, the term:

- 21 1. "Compact" means the Solemn Covenant of the States to Award Prizes for Curing  
 22 Diseases enacted in this Code section.
- 23 2. "Compacting state" means either of the following:
- 24 a. Any state that has enacted the compact and which has not withdrawn or been  
 25 suspended pursuant to Article XIV of the compact; or
- 26 b. The federal government in accordance with the commission's bylaws.
- 27 3. "Noncompacting state" means any state or the federal government, if it is not at the time  
 28 a compacting state.
- 29 4. "Public health expenses" means the amount of all costs paid by taxpayers in a specified  
 30 geographic area relating to a particular disease.
- 31 5. "State" means any state, district, or territory of the United States of America.

32 Article II. Establishment of the Commission; Membership

- 33 1. Upon the enactment of the compact by six states, the compacting states shall establish  
 34 the Solemn Covenant of States Commission.
- 35 2. The commission is a body corporate and politic and an instrumentality of each of the  
 36 compacting states and is solely responsible for its liabilities, except as otherwise  
 37 specifically provided in the compact.
- 38 3. Each compacting state shall be represented by one member as selected by the  
 39 compacting state. Each compacting state shall determine its member's qualifications and  
 40 period of service and shall be responsible for any action to remove or suspend its member  
 41 or to fill the member's position if it becomes vacant. Nothing in the compact shall be  
 42 construed to affect a compacting state's authority regarding the qualification, selection, or  
 43 service of its own member.

44 Article III. Powers of the Commission

- 45 1. To adopt bylaws and rules pursuant to Articles V and VI of the compact, which shall  
 46 have the force and effect of law and shall be binding in the compacting states to the extent  
 47 and in the manner provided in the compact;
- 48 2. To receive and review in an expeditious manner treatments and therapeutic protocols  
 49 for the cure of disease submitted to the commission and to award prizes for submissions  
 50 that meet the commission's standards for a successful cure treatment or therapeutic  
 51 protocol;
- 52 3. To make widely available a cure treatment or therapeutic protocol upon a prize winner  
 53 claiming a prize and transferring any intellectual property necessary for the manufacture

54 and distribution of the cure in accordance with section 3.g.i. of Article VI of the compact,  
55 including by arranging or contracting for the manufacturing, production, or provision of  
56 any drug, serum, or other substance, device, or process, provided that the commission does  
57 not market the cure or conduct any other activity regarding the cure not specifically  
58 authorized in the compact;

59 4. To establish a selling price for the cure, which shall be not more than the expenses for  
60 the cure's manufacturing, distribution, licensing, and any other necessary governmental  
61 requirements for compacting states, or those expenses plus any royalty fees, for  
62 noncompacting states; the price shall not include the expenses of any other activities;

63 5. In noncompacting states and foreign countries, to establish and collect royalty fees  
64 imposed on manufacturers, producers, and providers of any drug, serum, or other  
65 substance, device, or process used for a cure treatment or therapeutic protocol, for which  
66 a prize is awarded; royalty fees may be added to the sales price of the cure pursuant to  
67 section 4 of this article; provided that the royalty fees shall cumulatively be not more than  
68 the estimated five-year savings in public health expenses for that state or country, as  
69 calculated by actuaries employed or contracted by the commission;

70 6. To do the following regarding the collected royalty fees:

71 a. Pay or reimburse expenses related to the payment of a prize, which shall include  
72 employing or contracting actuaries to calculate annual taxpayer savings amounts in  
73 compacting states in accordance with section 3.g.iii. of Article VI of the compact, and  
74 payment of interest and other expenses related to a loan obtained in accordance with  
75 section 3.g.vi. of Article VI of the compact; and

76 b. Annually disburse any amounts remaining after making payments or reimbursements  
77 under section 6.a. of this article as refunds to compacting states based on the percent of  
78 the state's prize obligation in relation to the total obligation amount of all compacting  
79 states;

80 7. To bring and prosecute legal proceedings or actions in its name as the commission;

81 8. To issue subpoenas requiring the attendance and testimony of witnesses and the  
82 production of evidence;

83 9. To establish and maintain offices;

84 10. To borrow, accept, or contract for personnel services, including personnel services  
85 from employees of a compacting state;

86 11. To hire employees, professionals, or specialists, and elect or appoint officers, and to  
87 fix their compensation, define their duties and give them appropriate authority to carry out  
88 the purposes of the compact, and determine their qualifications; and to establish the  
89 commission's personnel policies and programs relating to, among other things, conflicts of  
90 interest, rates of compensation, and qualifications of personnel;

- 91 12. To accept any and all appropriate donations and grants of money, equipment, supplies,  
 92 materials, and services, and to receive, utilize, and dispose of the same; provided that at all  
 93 times the commission shall strive to avoid any appearance of impropriety;  
 94 13. To lease, purchase, or accept appropriate gifts or donations of, or otherwise to own,  
 95 hold, improve, or use, any property, real, personal, or mixed; provided, that at all times the  
 96 commission shall strive to avoid any appearance of impropriety;  
 97 14. To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of  
 98 any property, real, personal, or mixed;  
 99 15. To monitor compacting states for compliance with the commission's bylaws and rules;  
 100 16. To enforce compliance by compacting states with the commission's bylaws and rules;  
 101 17. To provide for dispute resolution among compacting states or between the commission  
 102 and those who submit treatments and therapeutic protocols for the cure of disease for  
 103 consideration;  
 104 18. To establish a budget and make expenditures;  
 105 19. To borrow money;  
 106 20. To appoint committees, including management, legislative, and advisory committees  
 107 comprised of members, state legislators or their representatives, medical professionals, and  
 108 such other interested persons as may be designated by the commission;  
 109 21. To establish annual membership dues for compacting states, which shall be used for  
 110 daily expenses of the commission and not for interest or prize payments;  
 111 22. To adopt and use a corporate seal; and  
 112 23. To perform such other functions as may be necessary or appropriate to achieve the  
 113 purposes of this compact.

114 Article IV. Meetings and Voting

- 115 1. The commission shall meet and take such actions as are consistent with the compact,  
 116 bylaws, and rules.  
 117 2. A majority of the members of the commission shall constitute a quorum necessary in  
 118 order to conduct business or take actions at meetings of the commission.  
 119 3. Each member of the commission shall have the right and power to cast one vote  
 120 regarding matters determined or actions to be taken by the commission. Each member  
 121 shall have the right and power to participate in the business and affairs of the commission.  
 122 4. A member shall vote in person or by such other means as provided in the commission's  
 123 bylaws. The commission's bylaws may provide for members' participation in meetings by  
 124 telephone or other means of communication.

- 125 5. The commission shall meet at least once during each calendar year. Additional  
 126 meetings shall be held as set forth in the commission's bylaws.
- 127 6. No decision of the commission with respect to the approval of an award for a treatment  
 128 or therapeutic process for the cure of a disease shall be effective unless two-thirds of all the  
 129 members of the commission vote in favor thereof.
- 130 7. Guidelines and voting requirements for all other decisions of the commission shall be  
 131 established in the commission's bylaws.

132 Article V. Bylaws

- 133 The commission shall, by a majority vote of all the members of the commission, prescribe  
 134 bylaws to govern its conduct as may be necessary or appropriate to carry out the purposes,  
 135 and exercise the powers, of the compact, including, but not limited to:
- 136 1. Establishing the fiscal year of the commission;
- 137 2. Providing reasonable procedures for appointing and electing members, as well as  
 138 holding meetings, of the management committee;
- 139 3. Providing reasonable standards and procedures:
- 140 a. For the establishment and meetings of other committees;
- 141 b. Governing any general or specific delegation of any authority or function of the  
 142 commission; and
- 143 c. Establishing voting guidelines and procedures for commission decisions;
- 144 4. Providing reasonable procedures for calling and conducting meetings of the commission  
 145 that shall consist of requiring a quorum to be present, ensuring reasonable advance notice  
 146 of each such meeting, and providing for the right of citizens to attend each such meeting  
 147 with enumerated exceptions designed to protect the public's interest and the privacy of  
 148 individuals;
- 149 5. Providing a list of matters about which the commission may go into executive session  
 150 and requiring a majority of all members of the commission to vote their approval to enter  
 151 into such session. As soon as practicable, the commission shall make public:
- 152 a. A copy of the vote to go into executive session, revealing the vote of each member  
 153 with no proxy votes allowed; and
- 154 b. The matter requiring executive session, without identifying the actual issues or  
 155 individuals involved;
- 156 6. Establishing the titles, duties, authority, and reasonable procedures for the election of  
 157 the officers of the commission;
- 158 7. Providing reasonable standards and procedures for the establishment of the personnel  
 159 policies and programs of the commission. Notwithstanding any civil service or other

- 160 similar laws of any compacting state, the commission's bylaws shall exclusively govern the  
 161 personnel policies and programs of the commission;  
 162 8. Allowing a mechanism for:  
 163 a. The federal government to join as a compacting state; and  
 164 b. Foreign countries or subdivisions of those countries to join as liaison members by  
 165 adopting the compact; provided that adopting countries or subdivisions shall not have  
 166 voting power or the power to bind the commission in any way;  
 167 9. Adopting a code of ethics to address permissible and prohibited activities of members  
 168 and employees;  
 169 10. Providing for the maintenance of the commission's books and records;  
 170 11. Governing the acceptance of and accounting for donations, annual member dues, and  
 171 other sources of funding and establishing the proportion of these funds to be allocated to  
 172 prize amounts for treatments and therapeutic protocols that cure disease;  
 173 12. Governing any fundraising efforts in which the commission wishes to engage; and  
 174 13. Providing a mechanism for winding up the operations of the commission and the  
 175 equitable disposition of any surplus funds that may exist after the termination of the  
 176 compact after the payment and reserving of all its debts and obligations.

177 Article VI. Rules

- 178 1. The commission shall adopt rules to do the following:  
 179 a. Effectively and efficiently achieve the purposes of this compact; and  
 180 b. Govern the methods, processes, and any other aspect of the research, creation, and  
 181 testing of a treatment or therapeutic protocol for each disease for which a prize may be  
 182 awarded.  
 183 2. The commission shall also adopt rules establishing the criteria for defining and  
 184 classifying the diseases for which prizes shall be awarded. The commission may define  
 185 and classify subsets of diseases, for example, tubular carcinoma of the breast. For purposes  
 186 of sections 3.a. and c. of this article, a subset of a disease shall be considered one disease.  
 187 The commission may consult the most recent edition of the International Classification of  
 188 Diseases as published by the World Health Organization or other definitions agreed to by  
 189 a two-thirds' vote of the commission.  
 190 3. The commission shall also adopt rules regarding prizes for curing diseases that establish  
 191 the following:  
 192 a. At least ten major diseases for which to create prizes, which shall be determined based  
 193 on the following factors:  
 194 i. The severity of the disease to a human individual's overall health and well-being;

- 195 ii. The survival rate or severity of impact of the disease; and  
196 iii. The public health expenses and treatment expenses for the disease;  
197 b. The criteria a treatment or therapeutic protocol must meet in order to be considered  
198 a cure for any of the diseases for which a prize may be awarded, which shall include the  
199 following requirements:  
200 i. It must be approved by the federal Food and Drug Administration or have otherwise  
201 obtained legal status for the compact to immediately contract to manufacture and  
202 distribute in the United States;  
203 ii. Except as provided in section 4. of this article, it must yield a significant increase  
204 in survival with respect to the diseases if early death is the usual outcome; and  
205 iii. It requires less than one year of the treatment or protocol to completely cure the  
206 disease;  
207 c. The procedure for determining the diseases for which to award prizes, which includes  
208 the option to award prizes for more than ten diseases that meet the above criteria, if  
209 agreed to by two-thirds' vote of the commission, and a requirement to update the list  
210 every three years;  
211 d. The submission and evaluation procedures and guidelines, including filing and review  
212 procedures, a requirement that the person or entity submitting the cure bears the burden  
213 of proof in demonstrating that the treatment or therapeutic protocol meets the above  
214 criteria, and limitations preventing public access to treatment or protocol submissions;  
215 e. The estimated five-year public health savings that would result from a cure, which  
216 shall be equal to the five-year public health expenses for each disease in each compacting  
217 state, and a procedure to update these expenses every three years in conjunction with the  
218 requirements in section 3.c. of this article. The estimated five-year public health savings  
219 amount shall be calculated, estimated, and publicized every three years by actuaries  
220 employed or contracted by the commission;  
221 f. The prize amount with respect to cures for each disease, which shall be equal to the  
222 most recent estimated total five-year savings in public health expenses for the disease as  
223 calculated in section 3.e. of this article in all of the compacting states; amounts donated  
224 by charities, individuals, and any other entities intended for the prize under Article I of  
225 the compact; and any other factors that the commission deems appropriate; and  
226 g. The prize distribution procedures and guidelines, which shall include the following  
227 requirements:  
228 i. Upon acceptance of a cure, the prize winner shall transfer to the commission the  
229 patent and all related intellectual property for the manufacture and distribution of the  
230 treatment or therapeutic protocol in exchange for the prize, except in the case that the  
231 prize money is considered by the commission to be too low, and that a prize will be

232 awarded only to the first person or entity that submits a successful cure for a disease for  
233 which a prize may be awarded;

234 ii. Donation amounts intended for the prize shall be kept in a separate, interest-bearing  
235 account maintained by the commission. This account shall be the only account in  
236 which prize money is kept;

237 iii. Each compacting state shall have the responsibility to pay annually the compacting  
238 state's actual one-year savings in public health expenses for the particular disease for  
239 which a cure has been accepted. The compacting state shall make such an annual  
240 payment until it has fulfilled its prize responsibility as established in section 3.f. of this  
241 article. Each compacting state's payment responsibility begins one year after the date  
242 the cure becomes widely available. The commission shall employ or contract with  
243 actuaries to calculate each state's actual one-year savings in public health expenses at  
244 the end of each year to determine each state's responsibility for the succeeding year;

245 iv. Compacting states may meet prize responsibilities by any method including the  
246 issuance of bonds or other obligations, with the principal and interest of those bonds or  
247 obligations to be repaid only from revenue derived from estimated public health  
248 expense savings from a cure to a disease. If the compacting state does not make such  
249 revenue available to repay some or all of the revenue bonds or obligations issued, the  
250 owners or holders of those bonds or obligations have no right to have excises or taxes  
251 levied to pay the principal or interest thereon. The revenue bonds and obligations are  
252 not a debt of the issuing compacting state;

253 v. A compacting state may issue bonds or other debt that are general obligations, under  
254 which the full faith and credit, revenue, and taxing power of the state is pledged to pay  
255 the principal and interest under those obligations, only if authorized by the compacting  
256 state's constitution or, if constitutional authorization is not required, by other law of the  
257 compacting state; and

258 vi. Upon acceptance of a cure, the commission shall obtain a loan from a financial  
259 institution in an amount equal to the most recently calculated total estimated five-year  
260 public health expenses for the disease in all compacting states, in accordance with  
261 section 3.f. of this article. The commission reserves the right to continuously evaluate  
262 the cure in the interim and rescind a prize offer if the commission finds that the cure no  
263 longer meets the commission's criteria.

264 4. The commission may award a prize for a treatment or therapeutic protocol that yields  
265 a survival rate that is less than what is established in the cure criteria through at least five  
266 years after the treatment or protocol has ended. In that case, the prize amount awarded for  
267 that treatment or therapeutic protocol shall be reduced from the prize amount originally  
268 determined by the commission for a cure for that disease. The reduction shall be in

269 proportion to the survival rate yielded by that treatment or protocol as compared to the  
270 survival rate established in the cure criteria.

271 5. The commission also shall adopt rules that do the following:

272 a. Establish the following regarding commission records:

273 i. Conditions and procedures for public inspection and copying of its information and  
274 official records, except such information and records involving the privacy of  
275 individuals or otherwise violating privacy laws under federal law and the laws of the  
276 compacting states;

277 ii. Procedures for sharing with federal and state agencies, including law enforcement  
278 agencies, records and information otherwise exempt from disclosure; and

279 iii. Guidelines for entering into agreements with federal and state agencies to receive  
280 or exchange information or records subject to nondisclosure and confidentiality  
281 provisions;

282 b. Provide a process for commission review of submitted treatments and therapeutic  
283 protocols for curing diseases that includes the following:

284 i. An opportunity for an appeal, not later than 30 days after a rejection of a treatment  
285 or protocol for prize consideration, to a review panel established under the  
286 commission's dispute resolution process;

287 ii. Commission monitoring and review of treatment and protocol effectiveness  
288 consistent with the cure criteria established by the commission for the particular  
289 disease; and

290 iii. Commission reconsideration, modification, or withdrawal of approval of a  
291 treatment or protocol for prize consideration for failure to continue to meet the cure  
292 criteria established by the commission for the particular disease;

293 c. Establish a dispute resolution process to resolve disputes or other issues under the  
294 compact that may arise between two or more compacting states or between the  
295 commission and individuals or entities who submit treatments and therapeutic protocols  
296 to cure diseases, which process shall provide for:

297 i. Administrative review by a review panel appointed by the commission;

298 ii. Judicial review of decisions issued after an administrative review; and

299 iii. Qualifications to be appointed to a panel, due process requirements, including  
300 notice and hearing procedures, and any other procedure, requirement, or standard  
301 necessary to provide adequate dispute resolution; and

302 d. Establish and impose annual member dues on compacting states, which shall be  
303 calculated based on the percentage of each compacting state's population in relation to  
304 the population of all the compacting states.

305 6. Recognizing that the goal of the compact is to pool the potential savings of as many  
 306 states and countries as possible to generate sufficient financial incentive to develop a cure  
 307 for many of the world's most devastating diseases, the compact will respect the laws of  
 308 each of these United States by adopting rules that establish ethical standards for research  
 309 that shall be followed in order for a prize to be claimed. The compact, in the rules, shall  
 310 establish a common set of ethical standards that embodies the laws and restrictions in each  
 311 of the states so that to be eligible for claiming a prize the entity submitting a cure must not  
 312 have violated any of the ethical standards in any one of the fifty states, whether the states  
 313 have joined the compact or not. The compact will publish these common ethical standards  
 314 along with the specific criteria for a cure for each of the diseases the compact has targeted.  
 315 So long as a researcher follows the common ethical standards in effect at the time the  
 316 research is done, an entity presenting a cure will be deemed to have followed the standards.  
 317 On or before January 1 of each year, the compact shall review all state laws to determine  
 318 if additional ethical standards have been enacted by any of the fifty states and the federal  
 319 government. Any changes to the common ethical standards rules based on new state laws  
 320 shall be adopted and published by the compact, but shall not take effect in cure criteria for  
 321 a period of three years to allow for sufficient notice to researchers.

322 7. All rules may be amended as the commission sees necessary.

323 8. All rules shall be adopted pursuant to a rule-making process that conforms to the  
 324 "Model State Administrative Procedure Act" of 1981 by the uniform law commissioners,  
 325 as amended, as may be appropriate to the operations of the commission.

326 9. In the event the commission exercises its rule-making authority in a manner that is  
 327 beyond the scope of the purpose of this compact, or the powers granted hereunder, then  
 328 such rule shall be invalid and have no force and effect.

## 329 Article VII. Committees

### 330 1. Management Committee

331 a. The commission may establish a management committee comprised of not more than  
 332 fourteen members when twenty-six states enact the compact.

333 b. The committee shall consist of those members representing compacting states whose  
 334 total public health expenses of all of the established diseases are the highest.

335 c. The committee shall have such authority and duties as may be set forth in the  
 336 commission's bylaws and rules, including:

337 i. Managing authority over the day-to-day affairs of the commission in a manner  
 338 consistent with the commission's bylaws and rules and the purposes of the compact;

339 ii. Overseeing the offices of the commission; and

340 iii. Planning, implementing, and coordinating communications and activities with state,  
 341 federal, and local government organizations in order to advance the goals of the  
 342 compact.

343 d. The commission annually shall elect officers for the committee, with each having such  
 344 authority and duties as may be specified in the commission's bylaws and rules.

345 e. The management committee, subject to commission approval, may appoint or retain  
 346 an executive director for such period, upon such terms and conditions, and for such  
 347 compensation, as the committee determines. The executive director shall serve as  
 348 secretary to the commission, but shall not be a member of the commission. The  
 349 executive director shall hire and supervise such other staff as may be authorized by the  
 350 committee.

## 351 2. Advisory Committees

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

358 a. Approving cure criteria;

359 b. Amending, enacting, or repealing any bylaw or rule;

360 c. Adopting the commission's annual budget; or

361 d. Addressing any other significant matter or taking any other significant action.

## 362 Article VIII. Finance

363 1. The commission annually shall establish a budget to pay or provide for the payment of  
 364 its reasonable expenses. To fund the cost of initial operations, the commission may accept  
 365 contributions and other forms of funding from the compacting states and other sources.  
 366 Contributions and other forms of funding from other sources shall be of such a nature that  
 367 the independence of the commission concerning the performance of its duties shall not be  
 368 compromised.

369 2. The commission shall be exempt from all taxation in and by the compacting states.

370 3. The commission shall keep complete and accurate accounts of all of its internal receipts,  
 371 including grants and donations, and disbursements of all funds under its control. The  
 372 internal financial accounts of the commission shall be subject to the accounting procedures  
 373 established under the commission's bylaws or rules. The financial accounts and reports  
 374 including the system of internal controls and procedures of the commission shall be audited

375 annually by an independent certified public accountant. Upon the determination of the  
376 commission, but not less frequently than every three years, the review of the independent  
377 auditor shall include a management and performance audit of the commission. The  
378 commission shall make an annual report to the governors and legislatures of the  
379 compacting states, which shall include a report of the independent audit. The commission's  
380 internal accounts shall not be confidential, and such materials may be shared with any  
381 compacting state upon request; provided, however, that any work papers related to any  
382 internal or independent audit and any information subject to the compacting states' privacy  
383 laws shall remain confidential.

384 4. No compacting state shall have any claim to or ownership of any property held by or  
385 vested in the commission or to any commission funds held pursuant to the provisions of  
386 the compact.

387 Article IX. Records

388 Except as to privileged records, data, and information, the laws of any compacting state  
389 pertaining to confidentiality or nondisclosure shall not relieve any member of the duty to  
390 disclose any relevant records, data, or information to the commission; provided that  
391 disclosure to the commission shall not be deemed to waive or otherwise affect any  
392 confidentiality requirement; and provided, further, that, except as otherwise expressly  
393 provided in the compact, the commission shall not be subject to the compacting state's laws  
394 pertaining to confidentiality and nondisclosure with respect to records, data, and  
395 information in its possession. Confidential information of the commission shall remain  
396 confidential after such information is provided to any member. All cure submissions  
397 received by the commission are confidential.

398 Article X. Compliance

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

403

Article XI. Venue

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

407

Article XII. Qualified Immunity, Defense, and Indemnification

408 1. The members, officers, executive director, employees, and representatives of the  
409 commission shall be immune from suit and liability, either personally or in their official  
410 capacity, for any claim for damage to or loss of property or personal injury or other civil  
411 liability caused by or arising out of any actual or alleged act, error, or omission that  
412 occurred, or that such person had a reasonable basis for believing occurred, within the  
413 scope of the person's commission employment, duties, or responsibilities; provided that  
414 nothing in this section shall be construed to protect any such person from suit or liability  
415 for any damage, loss, injury, or liability caused by the intentional or willful and wanton  
416 misconduct of that person.

417 2. The commission shall defend any member, officer, executive director, employee, or  
418 representative of the commission in any civil action seeking to impose liability arising out  
419 of any actual or alleged act, error, or omission that occurred within the scope of the  
420 person's commission employment, duties, or responsibilities, or that such person had a  
421 reasonable basis for believing occurred within the scope of his or her commission  
422 employment, duties, or responsibilities; provided that nothing in the compact or  
423 commission bylaws or rules shall be construed to prohibit that person from retaining his  
424 or her own counsel; and provided, further, that the actual or alleged act, error, or omission  
425 did not result from that person's intentional or willful and wanton misconduct.

426 3. The commission shall indemnify and hold harmless any member, officer, executive  
427 director, employee, or representative of the commission for the amount of any settlement  
428 or judgment obtained against the person arising out of any actual or alleged act, error, or  
429 omission that occurred within the scope of the person's commission employment, duties,  
430 or responsibilities, or that such person had a reasonable basis for believing occurred within  
431 the scope of his or her commission employment, duties, or responsibilities; provided that  
432 the actual or alleged act, error, or omission did not result from the intentional or willful and  
433 wanton misconduct of that person.

434 Article XIII. Compacting States, Effective Date, and Amendment

- 435 1. Any state is eligible to become a compacting state.  
 436 2. The compact shall become effective and binding upon legislative enactment of the  
 437 compact into law by two compacting states; provided that the commission shall only be  
 438 established after six states become compacting states. Thereafter, the compact shall  
 439 become effective and binding as to any other compacting state upon enactment of the  
 440 compact into law by that state.  
 441 3. Amendments to the compact may be proposed by the commission for enactment by the  
 442 compacting states. No amendment shall become effective and binding until all compacting  
 443 states enact the amendment into law.  
 444 4. If funding is requested or required, the legislative authority of each compacting state  
 445 shall be responsible for making the appropriations it determines necessary to pay for the  
 446 costs of the compact, including annual member dues and prize distributions.

447 Article XIV. Withdrawal, Default, and Expulsion

- 448 1. Withdrawal  
 449 a. Once effective, the compact shall continue in force and remain binding upon each and  
 450 every compacting state; provided that a compacting state may withdraw from the compact  
 451 by doing both of the following:  
 452 i. Repealing the law enacting the compact in that state; and  
 453 ii. Notifying the commission in writing of the intent to withdraw on a date that is both  
 454 of the following:  
 455 I. At least three years after the date the notice is sent; and  
 456 II. After the repeal takes effect.  
 457 b. The effective date of withdrawal is the date described in section 1.a.ii. of this article.  
 458 c. The member representing the withdrawing state shall immediately notify the  
 459 management committee in writing upon the introduction of legislation in that state  
 460 repealing the compact. If a management committee has not been established, the member  
 461 shall immediately notify the commission.  
 462 d. The commission or management committee, as applicable, shall notify the other  
 463 compacting states of the introduction of such legislation within ten days after its receipt  
 464 of notice thereof.  
 465 e. The withdrawing state is responsible for all obligations, duties and liabilities incurred  
 466 through the effective date of withdrawal, including any obligations, the performance of

467 which extend beyond the effective date of withdrawal. The commission's actions shall  
468 continue to be effective and be given full force and effect in the withdrawing state.  
469 f. Reinstatement following a state's withdrawal shall become effective upon the effective  
470 date of the subsequent enactment of the compact by that state.

471 2. Default

472 a. If the commission determines that any compacting state has at any time defaulted in  
473 the performance of any of its obligations or responsibilities under the compact or the  
474 commission's bylaws or rules, then, after notice and hearing as set forth in the bylaws, all  
475 rights, privileges, and benefits conferred by this compact on the defaulting state shall be  
476 suspended from the effective date of default as fixed by the commission. The grounds  
477 for default include failure of a compacting state to perform its obligations or  
478 responsibilities and any other grounds designated in commission rules. The commission  
479 shall immediately notify the defaulting state in writing of the suspension pending cure of  
480 the default. The commission shall stipulate the conditions and the time period within  
481 which the defaulting state shall cure its default. If the defaulting state fails to cure the  
482 default within the time period specified by the commission, the defaulting state shall be  
483 expelled from the compact and all rights, privileges, and benefits conferred by the  
484 compact shall be terminated from the effective date of the expulsion. Any state that is  
485 expelled from the compact shall be liable for any cure prize or prizes for three years after  
486 its removal. The commission shall also take appropriate legal action to ensure that any  
487 compacting state that withdraws from the compact remains liable for paying its  
488 responsibility towards a prize for a cure that was accepted while the compacting state was  
489 a member of the commission.

490 b. The expelled state must reenact the compact in order to become a compacting state.

491 3. Dissolution of Compact

492 a. The compact dissolves effective upon the date of either of the following:  
493 i. The withdrawal or expulsion of a compacting state, which withdrawal or expulsion  
494 reduces membership in the compact to one compacting state; or  
495 ii. The commission votes to dissolve the compact.  
496 b. Upon the dissolution of the compact, the compact becomes null and void and shall be  
497 of no further force or effect, and the business and affairs of the commission shall be  
498 wound up and any surplus funds shall be distributed in accordance with the commission's  
499 bylaws; provided that the commission shall pay all outstanding prizes awarded before the  
500 dissolution of the compact, as well as any other outstanding debts and obligations  
501 incurred during the existence of the compact. Any unawarded funds donated to be a part  
502 of a prize shall be returned to the donor, along with any interest earned on the amount.

503 Article XV. Severability and Construction

504 1. The provisions of the compact shall be severable; and if any phrase, clause, sentence,  
 505 or provision is deemed unenforceable, the remaining provisions of the compact shall be  
 506 enforceable.

507 2. The provisions of the compact shall be liberally construed to effectuate its purposes.

508 Article XVI. Binding Effect of Compact and Other Laws

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

511 2. Binding Effect of the Compact

512 a. All lawful actions of the commission, including all commission rules, are binding  
 513 upon the compacting states.

514 b. All agreements between the commission and the compacting states are binding in  
 515 accordance with their terms.

516 c. Except to the extent authorized by the compacting state's constitution or, if  
 517 constitutional authorization is not required, by other law of the compacting state, such  
 518 state, by entering into the compact, does not:

519 i. Commit the full faith and credit or taxing power of the compacting state for the  
 520 payment of prizes or other obligations under the compact; or

521 ii. Make prize payment responsibilities or other obligations under the compact a debt  
 522 of the compacting state.

523 d. Upon the request of a party to a conflict over the meaning or interpretation of  
 524 commission actions, and upon a majority vote of the compacting states, the commission  
 525 may issue advisory opinions regarding the meaning or interpretation in dispute.

526 e. In the event any provision of the compact exceeds the constitutional limits imposed  
 527 on any compacting state, the obligations, duties, powers, or jurisdiction sought to be  
 528 conferred by that provision upon the commission shall be ineffective as to that  
 529 compacting state, and those obligations, duties, powers, or jurisdiction shall remain in the  
 530 compacting state and shall be exercised by the agency thereof to which those obligations,  
 531 duties, powers, or jurisdiction are delegated by law in effect at the time the compact  
 532 becomes effective."

533 **SECTION 2.**

534 All laws and parts of laws in conflict with this Act are repealed.