

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13 *(a) Any state that has enacted the compact and which has not withdrawn or*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 upon a prize
20 winner claiming a prize and transferring any intellectual property necessary for
21 the manufacture and distribution of the cure in accordance with section (3)(g)(9)
22 of Article VI, including by arranging or contracting for the manufacturing,
23 production, or provision of any drug, serum, or other substance, device, or
24 process, provided that the commission does not market the cure or conduct any
25 other activity regarding the cure not specifically authorized in the compact;

26 (4) To establish a selling price for the cure, which shall be not more than the
27 expenses for the cure's manufacturing, distribution, licensing, and any other

1 necessary governmental requirements for compacting states, or those expenses
2 plus any royalty fees, for non-compacting states; the price shall not include the
3 expenses of any other activities;

4 (5) In non-compacting states and foreign countries, to establish and collect royalty
5 fees imposed on manufacturers, producers, and providers of any drug, serum, or
6 other substance, device, or process used for a cure, treatment, or therapeutic
7 protocol, for which a prize is awarded; royalty fees may be added to the sales
8 price of the cure pursuant to section (4) of this article; provided that the royalty
9 fees shall cumulatively be not more than the estimated five (5) year savings in
10 public health expenses for that state or country, as calculated by actuaries
11 employed or contracted by the commission;

12 (6) To do the following regarding the collected royalty fees:

13 (a) Pay or reimburse expenses related to the payment of a prize, which shall
14 include employing or contracting actuaries to calculate annual taxpayer
15 savings amounts in compacting states in accordance with section (3)(g)(3)
16 of Article VI, and payment of interest and other expenses related to a loan
17 obtained in accordance with section (3)(g)(6) of Article VI; and

18 (b) Annually disburse any amounts remaining after making payments or
19 reimbursements under section (6)(a) of this article as refunds to compacting
20 states based on the per cent of the state's prize obligation in relation to the
21 total obligation amount of all compacting states;

22 (7) To bring and prosecute legal proceedings or actions in its name as the
23 commission;

24 (8) To issue subpoenas requiring the attendance and testimony of witnesses and the
25 production of evidence;

26 (9) To establish and maintain offices;

27 (10) To borrow, accept, or contract for personnel services, including personnel

- 1 services from employees of a compacting state;
- 2 (11) To hire employees, professionals, or specialists, and elect or appoint officers, and
3 to fix their compensation, define their duties and give them appropriate authority
4 to carry out the purposes of the compact, and determine their qualifications; and
5 to establish the commission's personnel policies and programs relating to, among
6 other things, conflicts of interest, rates of compensation, and qualifications of
7 personnel;
- 8 (12) To accept any and all appropriate donations and grants of money, equipment,
9 supplies, materials, and services, and to receive, utilize, and dispose of the same;
10 provided that at all times the commission shall strive to avoid any appearance of
11 impropriety;
- 12 (13) To lease, purchase, or accept appropriate gifts or donations of, or otherwise to
13 own, hold, improve, or use, any property, real, personal, or mixed; provided, that
14 at all times the commission shall strive to avoid any appearance of impropriety;
- 15 (14) To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose
16 of any property, real, personal, or mixed;
- 17 (15) To monitor compacting states for compliance with the commission's bylaws and
18 rules;
- 19 (16) To enforce compliance by compacting states with the commission's bylaws and
20 rules;
- 21 (17) To provide for dispute resolution among compacting states or between the
22 commission and those who submit treatments and therapeutic protocols for the
23 cure of disease for consideration;
- 24 (18) To establish a budget and make expenditures;
- 25 (19) To borrow money;
- 26 (20) To appoint committees, including management, legislative, and advisory
27 committees comprised of members, state legislators or their representatives,

1 shall be established in the commission's bylaws.

2 ARTICLE V

3 BYLAWS

4 The commission shall, by a majority vote of all the members of the commission,
5 prescribe bylaws to govern its conduct as may be necessary or appropriate to carry out
6 the purposes, and exercise the powers, of the compact, including but not limited to:

7 (1) Establishing the fiscal year of the commission;

8 (2) Providing reasonable procedures for appointing and electing members, as well as
9 holding meetings, of the management committee;

10 (3) Providing reasonable standards and procedures:

11 (a) For the establishment and meetings of other committees;

12 (b) Governing any general or specific delegation of any authority or function of
13 the commission; and

14 (c) Voting guidelines and procedures for commission decisions;

15 (4) Providing reasonable procedures for calling and conducting meetings of the
16 commission that shall consist of requiring a quorum to be present, ensuring
17 reasonable advance notice of each such meeting, and providing for the right of
18 citizens to attend each such meeting with enumerated exceptions designed to
19 protect the public's interest and the privacy of individuals;

20 (5) Providing a list of matters about which the commission may go into executive
21 session and requiring a majority of all members of the commission vote to enter
22 into such session. As soon as practicable, the commission shall make public:

23 (a) A copy of the vote to go into executive session, revealing the vote of each
24 member with no proxy votes allowed; and

25 (b) The matter requiring executive session, without identifying the actual issues
26 or individuals involved;

27 (6) Establishing the titles, duties, authority, and reasonable procedures for the

1 **(b) Govern the methods, processes, and any other aspect of the research,**
2 **creation, and testing of a treatment or therapeutic protocol for each disease**
3 **for which a prize may be awarded.**

4 **(2) The commission shall also adopt rules establishing the criteria for defining and**
5 **classifying the diseases for which prizes shall be awarded. The commission may**
6 **define and classify subsets of diseases, for example, tubular carcinoma of the**
7 **breast. For purposes of section (3)(a) and (c) of this article, a subset of a disease**
8 **shall be considered one (1) disease. The commission may consult the most recent**
9 **edition of the international classification of disease as published by the World**
10 **Health Organization or other definitions agreed to by a two-thirds vote of the**
11 **commission.**

12 **(3) The commission shall also adopt rules regarding prizes for curing diseases that**
13 **establish the following:**

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

16 **1. The severity of the disease to a human individual's overall health and**
17 **well-being;**

18 **2. The survival rate or severity of impact of the disease; and**

19 **3. The public health expenses and treatment expenses for the disease;**

20 **(b) The criteria a treatment or therapeutic protocol must meet in order to be**
21 **considered a cure for any of the diseases for which a prize may be awarded,**
22 **which shall include the following requirements:**

23 **1. It must be approved by the federal Food and Drug Administration or**
24 **have otherwise obtained legal status for the compact to immediately**
25 **contract to manufacture and distribute in the United States;**

26 **2. Except as provided in section (4) of this article, it must yield a**
27 **significant increase in survival with respect to the diseases if early**

- 1 death is the usual outcome; and
- 2 3. It requires less than one (1) year of the treatment or protocol to
- 3 completely cure the disease;
- 4 (c) The procedure for determining the diseases for which to award prizes,
- 5 which includes the option to award prizes for more than ten (10) diseases
- 6 that meet the above criteria, if agreed to by two-thirds vote of the
- 7 commission, and a requirement to update the list every three (3) years;
- 8 (d) The submission and evaluation procedures and guidelines, including filing
- 9 and review procedures, a requirement that the person or entity submitting
- 10 the cure bears the burden of proof in demonstrating that the treatment or
- 11 therapeutic protocol meets the above criteria, and limitations preventing
- 12 public access to treatment or protocol submissions;
- 13 (e) The estimated five (5) year public health savings that would result from a
- 14 cure, which shall be equal to the five (5) year public health expenses for
- 15 each disease in each compacting state, and a procedure to update these
- 16 expenses every three (3) years in conjunction with the requirements in
- 17 section (3)(c) of this article. The estimated five (5) year public health
- 18 savings amount shall be calculated, estimated, and publicized every three
- 19 (3) years by actuaries employed or contracted by the commission;
- 20 (f) The prize amount with respect to cures for each disease, which shall be
- 21 equal to the most recent estimated total five (5) year savings in public health
- 22 expenses for the disease as calculated in section (3)(e) of this article in all of
- 23 the compacting states; amounts donated by charities, individuals, and any
- 24 other entities intended for the prize under this article of the compact; and
- 25 any other factors that the commission deems appropriate; and
- 26 (g) The prize distribution procedures and guidelines, which shall include the
- 27 following requirements:

- 1 1. Upon acceptance of a cure, the prize winner shall transfer to the
2 commission the patent and all related intellectual property for the
3 manufacture and distribution of the treatment or therapeutic protocol
4 in exchange for the prize, except in the case that the prize money is
5 considered by the commission to be too low, and that a prize will be
6 awarded only to the first person or entity that submits a successful
7 cure for a disease for which a prize may be awarded;
- 8 2. Donation amounts intended for the prize shall be kept in a separate,
9 interest-bearing account maintained by the commission. This account
10 shall be the only account in which prize money is kept;
- 11 3. Each compacting state shall have the responsibility to pay annually
12 the compacting state's actual one (1) year savings in public health
13 expenses for the particular disease for which a cure has been
14 accepted. The compacting state shall make such an annual payment
15 until it has fulfilled its prize responsibility as established in section
16 (3)(f) of this article. Each compacting state's payment responsibility
17 begins one (1) year after the date the cure becomes widely available.
18 The commission shall employ or contract with actuaries to calculate
19 each state's actual one (1) year savings in public health expenses at
20 the end of each year to determine each state's responsibility for the
21 succeeding year;
- 22 4. Compacting states may meet prize responsibilities by any method,
23 including the issuance of bonds or other obligations, with the
24 principal and interest of those bonds or obligations to be repaid only
25 from revenue derived from estimated public health expense savings
26 from a cure to a disease. If the compacting state does not make such
27 revenue available to repay some or all of the revenue bonds or

1 obligations issued, the owners or holders of those bonds or obligations
2 have no right to have excises or taxes levied to pay the principal or
3 interest on them. The revenue bonds and obligations are not a debt of
4 the issuing compacting state;

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

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

19 (4) The commission may award a prize for a treatment or therapeutic protocol that
20 yields a survival rate that is less than what is established in the cure criteria
21 through at least five (5) years after the treatment or protocol has ended. In that
22 case, the prize amount awarded for that treatment or therapeutic protocol shall be
23 reduced from the prize amount originally determined by the commission for a
24 cure for that disease. The reduction shall be in proportion to the survival rate
25 yielded by that treatment or protocol as compared to the survival rate established
26 in the cure criteria.

27 (5) The commission also shall adopt rules that do the following:

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

1 provide for:

2 1. Administrative review by a review panel appointed by the commission;

3 2. Judicial review of decisions issued after an administrative review; and

4 3. Qualifications to be appointed to a panel, due process requirements,

5 including notice and hearing procedures, and any other procedure,

6 requirement, or standard necessary to provide adequate dispute

7 resolution; and

8 (d) Establish and impose annual member dues on compacting states, which

9 shall be calculated based on the percentage of each compacting state's

10 population in relation to the population of all the compacting states.

11 (6) Recognizing that the goal of the compact is to pool the potential savings of as

12 many states and countries as possible to generate sufficient financial incentive to

13 develop a cure for many of the world's most devastating diseases, the compact

14 will respect the laws of each of these United States by adopting rules that

15 establish ethical standards for research that shall be followed in order for a prize

16 to be claimed. The compact, in the rules, shall establish a common set of ethical

17 standards that embodies the laws and restrictions in each of the states so that to

18 be eligible for claiming a prize the entity submitting a cure must not have violated

19 any of the ethical standards in any one of the fifty (50) states, whether the states

20 have joined the compact or not. The compact will publish these common ethical

21 standards along with the specific criteria for a cure for each of the diseases the

22 compact has targeted.

23 So long as a researcher follows the common ethical standards in effect at the time

24 the research is done, an entity presenting a cure will be deemed to have followed

25 the standards. On or before January 1 of each year, the compact shall review all

26 state laws to determine if additional ethical standards have been enacted by any

27 of the fifty (50) states and the federal government. Any changes to the common

1 ethical standards rules based on new state laws shall be adopted and published by
2 the compact, but shall not take effect in cure criteria for a period of three (3)
3 years to allow for sufficient notice to researchers.

4 (7) All rules may be amended as the commission sees necessary.

5 (8) All rules shall be adopted pursuant to a rulemaking process that conforms to the
6 model state administrative procedure act of 1981 by the uniform law
7 commissioners, as amended, as may be appropriate to the operations of the
8 commission.

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

12 ARTICLE VII

13 COMMITTEES

14 (1) Management Committee.

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

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

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

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

26 2. Overseeing the offices of the commission; and

27 3. Planning, implementing, and coordinating communications and

1 activities with state, federal, and local government organizations in
 2 order to advance the goals of the compact.

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

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

12 (2) Advisory Committees.

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

19 (a) Approving cure criteria;

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

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

22 (d) Addressing any other significant matter or taking any other significant
 23 action.

ARTICLE VIII

FINANCE

26 (1) The commission annually shall establish a budget to pay or provide for the
 27 payment of its reasonable expenses. To fund the cost of initial operations, the

1 commission may accept contributions and other forms of funding from the
2 compacting states and other sources. Contributions and other forms of funding
3 from other sources shall be of such a nature that the independence of the
4 commission concerning the performance of its duties shall not be compromised.

5 (2) The commission shall be exempt from all taxation in and by the compacting
6 states.

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

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

25 ARTICLE IX

26 RECORDS

27 Except as to privileged records, data, and information, the laws of any compacting

1 state pertaining to confidentiality or nondisclosure shall not relieve any member of the
2 duty to disclose any relevant records, data, or information to the commission; provided,
3 that disclosure to the commission shall not be deemed to waive or otherwise affect any
4 confidentiality requirement; and further provided, that, except as otherwise expressly
5 provided in the compact, the commission shall not be subject to the compacting state's
6 laws pertaining to confidentiality and nondisclosure with respect to records, data, and
7 information in its possession. Confidential information of the commission shall remain
8 confidential after such information is provided to any member. All cure submissions
9 received by the commission are confidential.

10 ARTICLE X

11 COMPLIANCE

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

16 ARTICLE XI

17 VENUE

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

21 ARTICLE XII

22 QUALIFIED IMMUNITY, DEFENSE, AND INDEMNIFICATION

23 (1) The members, officers, executive director, employees, and representatives of the
24 commission shall be immune from suit and liability, either personally or in their
25 official capacity, for any claim for damage to or loss of property or personal
26 injury or other civil liability caused by or arising out of any actual or alleged act,
27 error, or omission that occurred, or that such person had a reasonable basis for

1 believing occurred within the scope of the person's commission employment,
2 duties, or responsibilities; provided, that nothing in section (1) of this article shall
3 be construed to protect any such person from suit or liability for any damage,
4 loss, injury, or liability caused by the intentional or willful and wanton
5 misconduct of that person.

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

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

ARTICLE XIII

COMPACTING STATES, EFFECTIVE DATE, AND AMENDMENT

25
26
27 (1) Any state is eligible to become a compacting state.

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

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

9 (4) If funding is requested or required, the legislative authority of each compacting
 10 state shall be responsible for making the appropriations it determines necessary
 11 to pay for the costs of the compact, including annual member dues and prize
 12 distributions.

ARTICLE XIV

WITHDRAWAL, DEFAULT, AND EXPULSION

15 (1) Withdrawal.

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

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

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

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

23 b. After the repeal takes effect.

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

26 (c) The member representing the withdrawing state shall immediately notify the
 27 management committee in writing upon the introduction of legislation in

1 that state repealing the compact. If a management committee has not been
2 established, the member shall immediately notify the commission.

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

6 (e) The withdrawing state is responsible for all obligations, duties, and
7 liabilities incurred through the effective date of withdrawal, including any
8 obligations, the performance of which extend beyond the effective date of
9 withdrawal. The commission's actions shall continue to be effective and be
10 given full force and effect in the withdrawing state.

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

13 (2) Default.

14 (a) If the commission determines that any compacting state has at any time
15 defaulted in the performance of any of its obligations or responsibilities
16 under the compact or the commission's bylaws or rules, then, after notice
17 and hearing as set forth in the bylaws, all rights, privileges, and benefits
18 conferred by this compact on the defaulting state shall be suspended from
19 the effective date of default as fixed by the commission. The grounds for
20 default include failure of a compacting state to perform its obligations or
21 responsibilities, and any other grounds designated in commission rules. The
22 commission shall immediately notify the defaulting state in writing of the
23 suspension pending cure of the default. The commission shall stipulate the
24 conditions and the time period within which the defaulting state shall cure
25 its default. If the defaulting state fails to cure the default within the time
26 period specified by the commission, the defaulting state shall be expelled
27 from the compact and all rights, privileges, and benefits conferred by the

1 sentence, or provision is deemed unenforceable, the remaining provisions of the
2 compact shall be enforceable.

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

5 ARTICLE XVI

6 BINDING EFFECT OF COMPACT AND OTHER LAWS

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

9 (2) Binding Effect of the Compact.

10 (a) All lawful actions of the commission, including all commission rules, are
11 binding upon the compacting states.

12 (b) All agreements between the commission and the compacting states are
13 binding in accordance with their terms.

14 (c) Except to the extent authorized by the compacting state's constitution or, if
15 constitutional authorization is not required, by other law of the compacting
16 state, such state, by entering into the compact does not:

17 1. Commit the full faith and credit or taxing power of the compacting
18 state for the payment of prizes or other obligations under the compact;
19 and

20 2. Make prize payment responsibilities or other obligations under the
21 compact a debt of the compacting state.

22 (d) Upon the request of a party to a conflict over the meaning or interpretation
23 of commission actions, and upon a majority vote of the compacting states,
24 the commission may issue advisory opinions regarding the meaning or
25 interpretation in dispute.

26 (e) In the event any provision of the compact exceeds the constitutional limits
27 imposed on any compacting state, the obligations, duties, powers or

1 jurisdiction sought to be conferred by that provision upon the commission
2 shall be ineffective as to that compacting state, and those obligations, duties,
3 powers, or jurisdiction shall remain in the compacting state and shall be
4 exercised by the agency thereof to which those obligations, duties, powers,
5 or jurisdiction are delegated by law in effect at the time the compact
6 becomes effective.