

Phase II Cellular Democracy Revenue and Distributions



When a community becomes a [Phase II dominion](#), the land is moved from the [ABC Commons Trust](#) into their own [Phase II commons trust](#). 10% of the [net ground rent](#) supports the community's [cellular democracy](#), with 75% of net ground rent being used to fund the dominions own Earth Dividend Subsidy Fund ([EDSF](#)) for future residents.

Current residents will have their own [Earth Dividends](#) awarded by the [ABC EDSF](#). Once this occurs, the ABC will purchase the 10% net rent cellular democracy support stream. This module looks at the revenue from the Earth Dividend, and compares that revenue with the replaced rental stream.

Prior to [federation](#), Earth Dividend distributions pay out only \$1,000/month per capita, rather than the \$1,200 after federation. Services offered by [legacy governments](#) allow for the reduction. Particularly, there is no need to allocate the distribution to support a military.

While the 10% rental stream going to the cellular democracy is eliminated, the same is not true for the 30% property tax agreement. Prior to the ABC reaching [Phase II](#), the [property tax agreement](#), is not phased out, even with 100% Earth Dividend coverage. Thus, early [Phase II dominions](#) become megacities, have high wealth with no taxes beside the property tax on private land, and do quite well on \$1,000/month per capita.

When a [Phase II commons trust](#) is born, the community has an incentive to form a [cellular democracy](#). There are a number of motivating factors. For one, cellular representatives earn a salary, without the responsibility of governing in the near term.

Would-be [cellular aristocrats](#) cannot assume their title, until a cellular democracy is formed. Most significantly, lifetime Earth Dividends cannot be given freely to residents until cellular democracy is in place.

A suggested cell structure will be available from [LGATS](#), however, residents are free to move suggested dominion boundaries, provided the [rules of cellular democracy mechanics are not broken](#).

One question to ask when planning budgets is “What does a governmental body do with its funds when it does not have the responsibility of governing?”

The cellular democracy represents all adult residents (over 18 in Phase II). There is no litmus test as to residency on commons trust land, or Earth Dividend holder status. Distributions for dividend holders are set in the VIP Treasury charters and are universal. They can only be easily changed with quadratic voting **after** federation.

All residents of the dominion have equal access to the public goods and services provided by cellular government or negotiated with legacy governments, whether those services are funded from the 10% of net ground rent going to the cellular councils, the per capita Earth Dividend distributions administered by the cellular councils, the [30% of ground rent at the county level](#), windfalls for phaseouts of those rental streams, or from any [consumption taxes](#) approved by a 2/3 plurality of the [direct democracy](#).

Cellular Council Control of Phase II Earth Dividend Distributions			
Distribution	% of distribution	2021 Dollars	Net rent \$14,583,333
Food	24.20%	\$242	
Housing	40.40%	\$404	
Spending Cash	1.00%	\$10	
Universal Co-Pay	3.00%	\$30	
Education	5.10%	\$51	
Testing	0.20%	\$2	
Health Care	11.10%	\$111	
Non-universal Distribution	4.00%	\$40	
Social Worker	1.00%	\$10	Special handling
Treble Insurance	0.50%	\$5	Generally out of cellular control
Fire Protection	0.60%	\$6	For equitable use by cellular council
Police Protection	2.00%	\$20	
Transportation	2.00%	\$20	
Sanitation	0.50%	\$5	
Infrastructure/Depreciation/Rent	1.80%	\$18	
Government	1.80%	\$18	
Judiciary	0.80%	\$8	Parallel cell
	8.70%	\$87	

The table shows in **green** (from Fire Protection to Government) those funds that are administered by the [district councils](#) of the Phase II dominion. This represents 8.7% of Earth Dividend distributions (\$87/month/capita). These funds are administered equitably, even if all residents of the dominion do not have the Earth dividend.

Distributions in **red** (from Food through [Treble Insurance](#) with exceptions in **brown**) are administered directly by the [VIP Treasury](#) and have no role in district council budgets.

The judiciary in **blue** is a parallel cellular democracy, independent of the primary cellular democracy, with the direct democracy at level 2 in common. Because the legacy state has a recognized judiciary, the judiciary is concerned primarily with organizing itself for the time it must take responsibility for administering justice, [chancery court](#) for [treble](#) disputes, and other local disputes voluntarily offloaded from legacy courts.

The distributions in **brown** are each a special situation where the distributions are partially under control of the district council.

The first special situation distribution is Social Worker. Most of the \$10/capita/month goes directly to the social worker. Administrative costs of the level-2 council, up to \$0.40/capita/month, can be withheld, however social worker administration is a responsibility of the level-2 council and should not be treated as a revenue source. This is the social workers' day job, while level-2 council members will likely have day jobs outside the council.

The second special situation is the Education distribution. Generally, K-12 is a responsibility of the legacy government. This allows education funds to be dedicated to pre-K, higher education, and trade schools. For details, see [The Phase II Education Distribution](#).

The final special situation is Healthcare. There will tend to be few, if any, healthcare systems that are in conformance with the [AFFEERCE self-insured HMO](#) paradigm for early Phase II commons trusts. The state of legacy healthcare will vary widely from nation to nation. For details see [The Phase II Healthcare Distribution](#).

Outside of special situations, there are some standard distributions that have a slightly altered implementation in Phase II.

The food distribution goes to an account earmarked to purchase products the [product codes](#) of which indicate they are acceptable food purchases in standard food programs of the legacy government. If the existing government has no acceptable food program, U.S. restrictions will apply. If product codes are not locally supported in food sales, only 50% of the food distribution will be distributed as cash. For more information, see the module [Food Distribution](#).

With age and disability services typically provided by legacy governments, [non-universal distribution](#) pays very low age and total disability-related distributions. The society-changing [wellness](#) and [no-recidivism annuities](#) are paid.

Ground Rent Revenue

Rents in Phase II commons trusts are not high to begin with. Full government is provided by the city and county and in a typical configuration, the city and county survive on taxes, as well as the 30% of the ground rent on commons trust land. It would be next to impossible to run both the city and county on 33% of the ground rents even if 30% of the ground rents were no longer taken off the top.

In the table below, the average rent per acre is \$24,000 with only 67% of the land in the commons trust, as required to create a Phase II commons trust.

Ballpark Stats for a Typical Phase II Commons Trust	
Average full property value of homes	\$200,000
Average number of homes/acre	4
Average rent as percent purchase price with constant yearly purchases	2%
Ground rent per acre	\$16,000
Population	100,000
Average persons/property	2.4
Total homes	41,667
Total acres	10,417
Total ground rent	\$166,666,667
Monthly ground rent	\$13,888,889
Monthly county share	\$4,166,667
Monthly 10% Cellular Democracy Share	\$972,222
Monthly Earth dividend subsidy fund	\$7,291,667
Average present value contribution	\$250,000
New free Earth dividends/month	29
Monthly Earth dividend	\$1,000
Fully funded monthly dividend at 100,000	\$100,000,000
Monthly dividend for government, public goods and services @8.7%	\$8,700,000

Of the \$13.89 million of monthly ground rent, the county takes 30% off the top, leaving a net rent of \$9.72 million. Of that, the 10% share going to the cellular government is \$972,000.

However, a fully funded Earth Dividend brings in total revenue of \$8.7 million/month for the cellular democracy, allocated by level and for the various public goods and services. That is more than the \$4.17 million going to the county.

Notice the Earth dividend subsidy fund can only award 29 free Earth Dividends per month based on an average present

value of \$250,000. The vast majority of Earth Dividends for people of the Phase II dominion were funded by the ABC, which by the end of year 4 is awarding over [150,000 Earth Dividends](#) per month.

If an average two communities enter Phase II per month, the ABC can fully award a community in two to three weeks. With the Phase II commons trust [EDSF](#) supporting 29 Earth Dividends per month, dividends can be awarded to newborn or adopted children of resident dividend holding families.

New residents can win Earth Dividends in [auction lotteries](#). The Phase II dominion should expect a large increase in rents due to the availability of Earth Dividends. As rents increase, so too will the size of the EDSF. Early Phase II dominions will tend to become megacities, all other things being equal.

The government distribution represents 1.8% divided by the 8.7% of the 10% of ground rent coming into the community. This is 20.7% of the \$972,222 of original ground rent at the transition to Phase II, or \$201,250.

However, the government fund will receive over 9 times more or \$1.9 million monthly from the Earth Dividend. The 10% of ground rent will return to the ABC Commons Trust for 10 years from the moment of Phase II dominion, or until federation, whichever takes longer. The cellular democracy will receive [a windfall of one year of 10% ground rent payments](#).

Owners of privately held land contiguous with the Phase II dominion have a right to sell their land into the Phase II commons trust and expand the high-level dominion, provided the boundaries of legacy jurisdictions do not present a material obstacle. Such a union gives them the right to enter resident-only Earth Dividend auction lotteries. All sales are in VIP\$ as Phase II dominions have no U.S. dollar [land fund](#).

The following table shows the initial monthly ground rent versus the Earth dividend distributions for public services and breaks down the government distribution by levels of federation.

Phase II 10% Net Rent Vs. 100% Earth Dividend Coverage (pop. 107,800)				
Distribution	% of distribution	2021 Dollars	Monthly Rent Distribution	Monthly Earth Dividend Distribution
Education	5.10%	\$51		\$5,497,800
Health Care	11.10%	\$111		\$11,965,800
Social Worker	1.00%	\$10		\$1,078,000
Fire Protection	0.60%	\$6	\$100,575	\$646,800
Police Protection	2.00%	\$20	\$335,249	\$2,156,000
Transportation	2.00%	\$20	\$335,249	\$2,156,000
Sanitation	0.50%	\$5	\$83,812	\$539,000
Infrastructure/Depreciation/Rent	1.80%	\$18	\$301,724	\$1,940,400
Government	1.80%	\$18	\$301,724	\$1,940,400
Per level 2 representative (of Gov)*	20.00%	1,078	\$56	\$360
Per level 3 representative (of Gov)*	60.00%	77	\$2,351	\$15,120
Per level 4 representative (of Gov)*	20.00%	7	\$8,621	\$55,440

* Representative funding is per capita. Figures shown assume average 100 people at level 1, 14 level 1 cells at level 2, 11 level 2 cells at level 3, and 7 level 3 cells at level 4.

Government distributions are broken down per representative. There are 1,078 level-2 representatives, each receiving \$56 per month from the ground rent, transitioning to \$360/month from the Earth Dividend. The 77 level-3 representatives are each allocated \$15,120 from the Earth Dividend, and the 7

level-4 representatives are each allocated \$55,440 from the Earth Dividend. **Except for level 2, these are not salaries.**

These figures support staff, supplies, equipment, furniture, rent, utilities, and all local services not covered by distributions for social workers, education, healthcare, firefighting, police, transportation, sanitation, and infrastructure. Recall that all government employees, by virtue of holding the Earth Dividend, receive food, housing, healthcare, and access to education, as do their families. Salaries can reflect these benefits.

If the Phase II dominion chooses to take part in [the new landed aristocracy](#), it could call on the 7 barons to host the 7 level-3 councils and possibly level-3 government buildings, and for the count to host the level-4 council and level-4 government buildings, thereby eliminating rent and utility expenses.

Budget Control

The cellular democracy has \$1.4 million+ to distribute every single month from the very first day of Phase II (amounts will vary based on actual ground rents). At full funding for 107,800 people, over \$9.3 million will be distributed each month, with some cellular control over another \$18 million+ per month, for education, healthcare, and social workers.

Before images of larceny and horrendous corruption capture your imagination, temper those images with the following. All distributions are in earmarked VIP\$. That is, the [VIP enforces](#) the requirement that the funds are spent only on a well-defined set of goods, described in an approved budget, or salaries.

Constituents receive notification when budgets are approved or modified. A descriptive reason is required for a budget modification transaction. All approvals and modifications require a 2/3 council plurality with a quorum. All cellular government vendors must be able to receive funds in VIP\$ and supply product identifiers in receipts.

[Diverting rent and dividends from one allocation](#) (such as police protection) to a different allocation (such as transportation) requires a 2/3 plurality of the council, a 2/3 plurality of the parent council (expected to be a rubber stamp, provided no existing budgets can be jeopardized by the transfer), and a public VIP transaction with constituent notification. The same is true when a level diverts their own

allocation to a different level (there is no way to divert receipts **from** another level, except for [sovereignty](#), which eliminates internal levels).

Budget enforcement and procedures for the diversion of allocations are not unique to Phase II, but apply equally to federation cellular democracies. Routing into a petty cash or [miscellaneous account](#) cannot exceed 1% of an allocation.

Moving VIP\$ from a [holding account](#) to a budgeted account requires approval by a majority of the council. Whatever the rules, they are specified in the [business plan](#) and must be included in charters from the birth of the ABC Commons Trust. Changes to the rules can only be accomplished by modifications to the charters using [modification procedures found in the charters themselves](#).

In the departmental examples that follow, only routing (the flow of VIP\$), the first level of enforced budgeting, is shown. These routes are not meant as requirements, or even suggestions to the cellular councils, but rather, as possibilities.

Fire Protection



In those rare communities where residents must pay a fee for fire protection, the fund will cover the fee for all residents, not just Earth Dividend holders. Fees can also be a line item on the property tax bill.

Reimbursement on property tax line items would not be acceptable, as it would benefit residents on private land and penalize residents on commons trust land. This is contrary to our goals.

However, any fire department revenue funded from a sales tax or local income tax can be paid from the distribution, provided those taxes are eliminated. This is an item to be negotiated between the district councils, typically at level 3, and the legacy government.

The monthly \$105,575 through \$646,800 might exceed any fee or tax reimbursement, or the legacy government might be unwilling or unable to meet the terms of the cellular democracy. If so, level 2 councils can meet directly with firefighters at local stations to assess their needs. VIP-enforced budgets can be specified for the purchase of fire engines, helicopters, ambulances, other special vehicles, uniforms, and protective gear.

LGATS, in suggesting a [dominion](#) framework at the birth of the Phase II commons trust, creates level-2 cells such that fire districts are [composed of one or more sibling level-2 cells](#), allowing unambiguous calculations of the per capita funding available to each district.

Otherwise, an estimate of the population ratio of the level-2 cell within the fire district should be sufficiently convincing for the affected level-2 council to authorize the funds.

This use of the distribution will have the effect of lowering overall taxation, benefitting the community and increasing property values and ground rent. Here is the budget for a hypothetical fire district, one of 77 in the county.

Per Fire District (Using 77 level 2 cells) - \$8,400/month

50%	Sales Tax Reimbursement	\$4,200
33%	Vehicle Fund	\$2,772
12%	Protective Gear	\$1,008
4%	Holding Account	\$336
1%	Petty Cash Account	\$84

Police Protection



The same tax and fee reimbursement for fire protection applies to police protection. Negotiations between the cellular democracy and the legacy government might be tougher because of the various demands the people might make. Policing generates strong emotions, and often the demands will be contradictory.

There are other options. [A level 3 decision could move funds to level 2](#) for the purpose of forming neighborhood patrols. This would require a 2/3 plurality of levels 4 and 3, and budgeting decisions by level 2.

Patrol officers might carry non-lethal weapons, with lethal weapons available in nearby VIP-secured mini-armories. Armories would only be accessible to neighborhood patrol officers and regular police with [VIP identities](#). Armories create transactions for each weapon that is removed or returned, and by whom.

The [lessons of both history and human psychology](#) say that officers should not have lethal weapons during suddenly heated incidents, or when encountering suspicious outsiders in a neighborhood. Subconscious racial and ethnic biases cannot be overcome when the adrenaline is pumping. That same history and psychology tell us that lethal weapons must be readily available nearby in the event of emergencies.

Of the \$2,156,000 for police protection, it is routed equally per capita to the 7 level-3 cells. Incorrectly assuming all cells to have the same population, these funds would be further routed to the [11 level-2 cells per level-3 cell](#). This yields a monthly per level-2 allocation for neighborhood patrols of \$28,000, although the number could be smaller for smaller cells.

A staff of 16 neighbors is easily supported, forming round the clock 2-person shifts at \$1,500 per month. It is mostly uneventful, walking or driving depending on neighborhood density.

Sanitation

Sewage fees and taxes, provided they are not funded from a property tax, can be reimbursed, provided the taxes are eliminated.

Garbage and recyclable collection are negotiated with collection companies by the appropriate levels of the cellular democracy. In order to use this free collection service, all fees, taxes, and assessments for garbage collection by homeowner associations and villages must be eliminated.

There is only \$5 per person, or just over \$10 per household per month for these services, making sanitation a good candidate for [reallocation](#) from an area where the distribution supply exceeds the demand.

Transportation



In some dominions, subsidizing mass transit in exchange for frequent schedules and the elimination of fares is the clear choice. The \$20/person/month would generate the same revenue as if every person in the dominion,

regardless of age, bought a monthly pass for \$20. VIP readers on the buses or at train stations could demand fares from non-residents, increasing revenue.

Mass transit passes will not be feasible or popular in many dominions.

Transportation funds could be budgeted for a large transportation construction project that will energize the population, such as high-speed rail to a major city, people movers, or automated distribution networks.

This distribution is well-suited for negotiation with the legacy government. Joint projects can build mutual trust. [VIP-enforced budgets](#) do require that all funds are spent on materials and salaries, not services, unless the service consents to a VIP-enforced budget for materials and salaries.

The [auto-pass](#) is not likely to be possible until after federation.

Infrastructure



There is \$1.94 million/month available to the cellular councils for infrastructure, rent, and depreciation. This money could be used to augment projects in other areas, including building a new police or fire station, a modern dominion hall (e.g., city hall or county building), repairing or rebuilding the grid, roadwork, mass transit rail, or any transportation project.

The cellular government will have considerable power in negotiating with the legacy government for the use of these funds. As always, all expenditures are released through VIP-enforced budgeting.