

Phase II Phaseouts



When a community enters [Phase II](#), 10% of the [ground rent](#) that once went to the [ABC](#) goes to the [cellular democracy](#). It is anticipated that shortly thereafter, the cellular democracy will be fully funded by the [Earth Dividend](#). The transition should be easy, since the Earth Dividend distribution is over 9x the initial ground rent of a [typical Phase II dominion](#).

However, once in Phase II, rents skyrocket. All original residents have a free Earth Dividend, public services are overly funded, property taxes are gone, and new residents have a good chance of getting an Earth Dividend at a low cost. Should the ground rent increase by a factor of 9 before the free Earth Dividends are issued, the cellular democracy could lose money transitioning to Earth Dividend funding.

Why not let the cellular democracy keep the 10% rental stream in addition to the Earth Dividend distributions? After all, land value is created by the community, and this is simply keeping some of the rents local. Modules [Community is Global](#) and [Problems with Local Distribution](#) show both the reasons for global distribution and the hazards of local distribution.

All dominions must be on an equal per capita footing in terms of Earth Dividend distributions. Otherwise, failed enterprises can lead to a vicious cycle of blight, rather than an opportunity for rebirth.

The 10% of net rent going to the cellular democracy is a far easier problem to solve than the 30% of ground rent going to the county. The rent is surrendered back to the ABC once it has awarded an Earth Dividend to all original members of the Phase II dominion. In return, the ABC pays a windfall of one year of the 10% net rent payments from the [Land Account](#) (a draw against the [Freedom Tax](#)).

The [property tax agreement](#) with the county was a contract; an agreement that the county would receive that 30% "in perpetuity". At [federation](#), the county no longer

exists as a legal entity, but the cellular democracy does, and more likely than not, Phase II counties would have long since surrendered their revenue and decision-making powers to the [level-4 dominion](#).

At federation, we would have Phase II dominions, not only receiving the Earth Dividend, but receiving a total of 37% of all ground rents in their dominion (30% + 10% x 70%). Why should they federate? These Phase II communities are the wealthiest places on Earth. The rest of the world is clamoring to get on board. If Phase II communities agree to federate, they lose all ground rent outside of the Earth Dividend. Not a pretty picture.

This unhealthy situation must be prevented without coercion. There is a win-win solution; windfalls.

The 10% net rent going to the Phase II cellular democracy will only be in place for a short while. Once the ABC has given all original dominion residents an Earth dividend, the rent at that moment shall be noted. Those dominion residents who were residents at the original time of Phase II dominion will have one month from the moment rent is noted to obtain a biometric ID or photo-ID secured e-wallet, along with the Earth Dividend.

Should there be waiting lines at the local DMV, the time period must be extended until there are no more lines. Once lines have abated, the 10% net rent going to the cellular democracy shall be stopped. The cellular democracy shall receive a one-time windfall of one year of 10% net rent evaluated at the moment the rent was noted.

Where does this money come from? The ABC fronts the money, and it does not come from the operations fund in [Phase I](#). Normally untouchable Phase I Land Fund money is used. In Phase II, the ABC must use its operations fund, although that fund is overflowing with cash in need of a place to invest.

In return, the ABC gets that 10% net rental stream back into their ABC operations and profit fund. The rental stream lasts for a period of 10 years from the date of Phase II dominion or federation, whichever is longer. This gives the ABC an incentive to pursue Phase II dominions and to quickly provide an Earth Dividend for all residents. But the ABC has an even bigger incentive.

The 30% of ground rent going to the county disappears at federation with the county. However, when a county enters a Phase II dominion, and all original

residents who want an Earth Dividend have received one, the county is eligible for a three-year windfall of 30% ground rent (at the moment rent was noted) for surrendering the contract.

To juice up the pot, counties which are eligible to surrender their contract, and do not, are ineligible for the Freedom Tax. The number of counties which opt out of the windfall will be too small a minority to stop federation.

Furthermore, it is almost certain that residents vote out legacy county officials who refuse to take the offer, as the windfall and Freedom Tax revenue provide far more benefit to the county than keeping the 30% ground rent until losing it at federation.

Once again, the windfall money comes from the ABC Land Account in Phase I and operations account in Phase II. The entire 30% rental stream goes to the ABC operations fund as superprofits for 10 years from the date the associated dominion entered Phase II or federation, whichever is longer.

Projected windfalls total \$3.3 billion per Phase II dominion. The ABC land fund at the start of year 5 is over [\\$197 billion](#). Funds will be quickly replenished by rising rents in Phase II dominions. There is no financial issue.