

## 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](#). 5% of the ground rent supports the community's [cellular democracy](#), with 50% used to fund the dominion's 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, ABC will purchase the 5% rent cellular democracy support stream. This module looks at the revenue from the Earth Dividend and compares that income with the replaced rental stream.

Before [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. There is no need to allocate the distribution to support the military.

While the 5% rental stream going to the cellular democracy is eliminated, the same is not true for the 30% property tax agreement. Before the ABC reaches [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 besides the property tax on private land, and do pretty well on \$1,000/month per capita.

When a [Phase II commons trust](#) is born, the community is incentivized to form a [cellular democracy](#). There are several 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 regarding residency on commons trust land or Earth Dividend holder status. Distributions for dividend holders are universal and set in the VIP Treasury charters. A community resident who received the dividend can move elsewhere, although the public services portion of their dividend will be withheld unless they move to another cellular democracy.

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 5% of 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	Notes
Food	24.20%	\$242	
Housing	40.40%	\$404	
Spending Cash	1.00%	\$10	
Universal Co-Pay	3.00%	\$30	
<b>Education</b>	<b>5.10%</b>	<b>\$51</b>	
Testing	0.20%	\$2	
<b>Health Care</b>	<b>11.10%</b>	<b>\$111</b>	
Non-universal Distribution	4.00%	\$40	
<b>Social Worker</b>	<b>1.00%</b>	<b>\$10</b>	Special handling
Treble Insurance	0.50%	\$5	Generally out of cellular control
<b>Fire Protection</b>	<b>0.60%</b>	<b>\$6</b>	For equitable use by cellular council
<b>Police Protection</b>	<b>2.00%</b>	<b>\$20</b>	
<b>Transportation</b>	<b>2.00%</b>	<b>\$20</b>	
<b>Sanitation</b>	<b>0.50%</b>	<b>\$5</b>	
<b>Infrastructure/Depreciation/Rent</b>	<b>1.80%</b>	<b>\$18</b>	
<b>Government</b>	<b>1.80%</b>	<b>\$18</b>	
<b>Judiciary</b>	<b>0.80%</b>	<b>\$8</b>	Parallel cell
	<b>8.70%</b>	<b>\$87</b>	

The table shows in **green** (from Fire Protection to Government) funds administered by the Phase II dominion district councils. 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 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 conflicts voluntarily offloaded from legacy courts.

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

The first such distribution is for the 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, the administration of the social worker is the 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 such distribution is for education. 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 such distribution is for healthcare. There will tend to be few 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, some standard distributions 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. U.S. restrictions will apply if the existing government has no acceptable food program. 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 a very low age and total disability-related distribution. 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. The city and county provide most government services, and in a typical configuration, the city and county survive on taxes and 30% of the ground rent on commons trust land. It would be next to impossible to run the city and county on 35% of the ground rent (30% county + 5% cellular democracy distribution).

In the table below, the average rent per acre is \$20,000, 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	2.50%
Ground rent per acre	\$20,000
Population	100,000
Average persons/property	2.4
Total homes	41,667
Total acres	10,417
Total ground rent	\$208,333,333
Monthly ground rent	\$17,361,111
Monthly county share	\$5,208,333
Monthly 5% Cellular Democracy Share	\$868,056
Monthly Earth dividend subsidy fund	\$8,680,556
Average present value contribution	\$250,000
New free Earth dividends/month	35
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 \$17.36 million monthly ground rent, the county takes 30%. The 5% share going to the cellular government is \$868,056.

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 \$5.2 million going to the county.

Notice the Earth dividend subsidy fund can only award 35 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.

By Year 15, about one community will enter Phase II each month. Locally, with the Phase II commons trust [EDSF](#) supporting 35 Earth Dividends per month (less if \$400,000 is used as the initial present value), 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 significant 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.

Government and public services receive \$8.7 million from the Earth Dividend, 10x more than the 5% distribution to the cellular democracy. The 5% distribution will return to the ABC Commons Trust once all Earth Dividends have been awarded. The ABC can hold this revenue source for ten years from the moment of Phase II dominion or until federation, whichever takes longer. The cellular democracy will receive [a windfall of one year's worth of 5% 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 purchases are in Elsies (subject to Phase II purchasing mode rules) as Phase II dominions have no U.S. dollar [land fund](#).

The following table shows the initial monthly ground rent and breaks down the government distribution by levels of federation.

Phase II Earth Dividend Coverage (pop. 107,800)			
Distribution	% of distribution	2021 Dollars	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	\$646,800
Police Protection	2.00%	\$20	\$2,156,000
Transportation	2.00%	\$20	\$2,156,000
Sanitation	0.50%	\$5	\$539,000
Infrastructure/Depreciation/Rent	1.80%	\$18	\$1,940,400
Government	1.80%	\$18	\$1,940,400
Per level 2 representative (of Gov)*	20.00%	1,078	\$360
Per level 3 representative (of Gov)*	60.00%	77	\$15,120
Per level 4 representative (of Gov)*	20.00%	7	\$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 \$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 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 seven barons to host the seven 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

At total funding for 107,800 people, over \$9.3 million will be distributed monthly, with some cellular control over another \$18 million 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 Elsie. 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 Elsie 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 the transfer can jeopardize no existing budgets), and the transaction is public with constituent notification. The same is true when a level diverts its 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 diverting 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 Elsie 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 modifying the charters using modification procedures found in them.

The first level of enforced budgeting is shown in the following departmental examples. These examples are not meant as requirements or suggestions to the cellular councils but 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.

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

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

The monthly \$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 purchasing 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 sufficiently convince the affected level-2 council to authorize the funds.



This use of the distribution will lower 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 more challenging 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](#) to form 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 removed or returned weapon 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 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 monthly. It is primarily uneventful, walking or driving, depending on neighborhood density.

## Sanitation

Sewage fees and taxes, provided a property tax does not fund them, can be reimbursed, provided the taxes are eliminated.

Garbage and recyclable collection are negotiated with collection companies by the appropriate levels of cellular democracy. 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 eliminating 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 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 to 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](#) 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 to negotiate with the legacy government for the use of these funds. As always, all expenditures are released through VIP-enforced budgeting.