

Earmarking



Earmarking restricts the set of products that can be purchased with Elsie but is not a feature of the Elsie itself. It is a feature of an account holding Elsies. The producer of an earmarked account can add or remove Elsies. The consumer of an earmarked account can only spend the Elsies according to the terms of the earmark.

An earmark can include or exclude any number of products or product categories. Manufacturers classify products to capture [as much intellectual property](#) as possible. An earmark can include or exclude any number of products or product categories within each included product category.

The [Earth Dividend](#) distribution can only be moved to earmarked accounts. The entire Federation adult population sets these earmarks through [quadratic voting](#).

Funds are earmarked for food, housing, [self-insured HMO](#) premiums, and revenue accounts for various public services. [Citizen investor](#) loans are earmarked for inventory, rent, tools, and machines.

A person with a drinking problem might agree to a contract where their salary is placed in an earmarked account that excludes the purchase of alcoholic beverages. It is not foolproof, but it could help. Any holder of Elsies can create an arbitrarily complex earmarked account and grant spending access to any group of one or more people.

[VIP-enforced budgets](#) earmark every budget item in a project. They are required for sunsetted [consumption taxes](#) for infrastructure projects passed by a 2/3 plurality of the dominion. Earmarked budgets can include individual salaries but not general salaries or miscellaneous accounts.

Earmarking follows the [Lockean principle](#) that only the owner of Elsies can move them into an earmarked account. Usually, this account will give one or more others spending rights. In the case of the Earth Dividend, the community owns the land, the rents, and the Earth Dividend, and it can allocate how it is spent through quadratic voting.

Earmarks can be used for gifts, promotions, trusts, or even on wages if all parties agree. Earmarked Elsie's used as consideration without full [VOS disclosure](#) will be prosecuted as fraud.

The creator of the earmark can specify an expiration date and disposition on expiration. He or she can:

- Return the non-earmarked Elsie's to the creator.
- Delete the earmarking but keep the Elsie's with the recipient.
- Adopt a new earmark and expiration date.

There are several possible attribute settings for shopping with earmarked Elsie's:

- Automatically switch to normal spending accounts when the earmarked account is exhausted.
- Withdraw purchase if the earmarked account is exhausted.
- Automatically switch to normal spending accounts if earmarks do not cover the product.
- Withdraw purchase if the product isn't covered by earmark.
- Query if the earmark account is exhausted or the earmark does not cover the product.

Earmarking and Spending Accounts

Earmarking funds for certain products and classifications of products must be implemented using product codes prefaced by a 3-character scheme name, such as:

- FDA for product codes of the U.S. Food and Drug Administration.
- PIE for codes of the auto industries Product Information Exchange Standard.
- SAG for registered service agents such as banks, landlords, and utility companies authorized to receive automated distributions.
- AFF for product codes and classifications required for VIP-enforced budgets that are missing from well-known schemes currently in use and are agreed to by merchants. This capability is essential for the effective operation of Phase II and beyond.

Typically, an earmarked account is a spending account. The spending account attribute has important implications for taxation. There is generally no taxation in

a [land-based capitalist](#) economy. However, the [constitution](#) gives [dominions](#) the right to pass a [fully budgeted, sunsetted consumption tax](#) by a 2/3 super plurality of dominion residents.

A [spending account](#) is an account where consumption taxes have already been paid. Generally, when a purchase is made, consumption taxes levied in the consumer's dominions are automatically transferred at the point of sale. The same is true when money is moved to a spending account.

The spending account is a way to avoid expected consumption taxes. The downside is that Elsie in a spending account cannot be saved, invested, used to pay for services, or given as a gift.

While the Elsie in a spending account cannot be given as a gift, it would be typical to create an earmarked spending account in another person's space as a gift. Consumption taxes, if any, are automatically paid by the giver in the dominion of the giftee.

Most business spending is subject to the set of consumption taxes in the dominion. However, earmarked spending accounts can be created to purchase goods with an n:m relationship with sales (the good to be purchased is a physical part of a product that will be sold) that can be VIP verified. Thus, there is no consumption tax on inventory and parts, but there is one on office furniture, machinery, and tools.

Earmarking and most of the features discussed in this module are not available in the current (as of the end of 2024) version of the Elsie Toolkit.