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Local Control of Assets

During the 2010 Central Appalachia Policy Summit, 140 community members, elected officials, and policy advocates identified local control of assets (natural, human, and philanthropic) as a pressing policy area with three key issues.

Transfer of Wealth and Rural Development Philanthropy

A recent transfer of wealth study in Kentucky documented that within 10 years, billions of dollars will transfer from one generation to the next in its Appalachian counties. Much of the next generation does not live in these communities, meaning that without infrastructure and incentives to receive contributions, these assets may be lost forever.

Permanent endowments, focused on philanthropy as a community development activity where anyone can become a donor, are an important tool that can provide stewardship of wealth that has already been created in Central Appalachian communities. CARN advocates for (1) **incentives, such as tax credits for contributions to permanent unrestricted endowments in communities**; (2) **state and federal policies that provide grants to support the infrastructure to create community endowments**; and (3) **committed public resources to be matched 2:1 by communities to build their endowments**.

Severance Taxes

In Central Appalachian states, severance taxes on extracted minerals are often used for immediate local and state needs, but could create a legacy for our resource-rich communities. States including New Mexico, Wyoming, Colorado, Alaska and Montana have created severance endowments ranging in size from about $800 million in Montana to more than $37 billion in Alaska. Earnings from these funds are available for a wide range of development needs.

Endowments derived from severance tax revenue can:

- Protect against booms and busts driven by commodity prices;
- Turn non-renewable resources into sustainable wealth for communities;
- Create intergenerational equity so future residents continue to benefit from the extraction of resources today.

CARN is assessing existing severance tax policies and will develop policy positions to facilitate retention of public revenue derived from resource extraction for development in the communities where the resources were extracted.

Fostering Community Capacity

Building and leveraging local assets in Central Appalachia requires diverse leadership and resilient governance structures rooted in the cultures of regional communities. Many rural areas have yet to develop the social and philanthropic infrastructure that is necessary to capitalize and sustain structures to govern local assets, and rural communities are often perceived as reliant on corporations and government agencies to support community development.

Community Foundations, Community Development Financial Institutions, and Community Action Agencies are three approaches to managing local assets to complement local, state, and federal resources for education, health and welfare, and other efforts that build community capacity and local economy. CARN believes that fostering community capacity for wealth creation and stewardship in Central Appalachia will require a regional network of community leaders, elected officials, policy advocates, and philanthropists to share resources, case studies, and best practices.

In 2012, CARN will co-host regional convenings to bring together community members and members of the non-profit, education, academic, and public sectors to build public discourse and a community of practice to foster community capacity for local control of assets.

The Central Appalachia Regional Network is comprised of diverse organizations located in the Appalachian counties of West Virginia, Kentucky, Maryland, Ohio, Tennessee and Virginia, promoting policy and action to improve the quality of life in the region.