METRO PULSE

Printer-friendly story
Read more at metropulse.com

Why Rural Counties Should Tax the 1%

Clues to Appalachian poverty can be found in the county property assessor's office

By Rikki Hall

Wednesday, November 16, 2011

The Appalachian Public Interest Environmental Law conference, held last month at the UT law school, was a wonderful blend of attorneys and activists. In only its second year, the conference drew in panelists and participants from several surrounding states for talks on coal mining, forest management, public health, clean water laws and more.

I came away with lessons that resonate with the Occupy Wall Street movement. Income inequality has always been a fact of life in rural Appalachia, but I gained insights into both how inequality perpetuates itself and how communities can counter the flow of wealth from their lands and labor to the balance sheets of distant owners.

In the late 1970s, Save Our Cumberland Mountains conducted a detailed survey of property deeds in Appalachia and found that more than half of the land in rural counties was in the hands of absentee landowners, typically large coal or timber interests. This year, SOCM resurveyed a few counties and found absentee owners still dominant, but they found that much of the property has changed hands.

Increasingly, parcels are owned by small holding companies that are owned by larger corporations and institutional investors. This makes it difficult to find an actual person associated with the land, and even county property assessors are sometimes unsure who is behind whatever corporate acronym appears on the deed. Predictably, taxes are often delinquent on such parcels, and even when they know who should be paying, county officials are reluctant to apply pressure since rural communities are so dependent on the coal and timber industries for employment.

In West Virginia, counties with the most productive mines also have the highest poverty rates, and it is a simple fact that little wealth remains in communities where absentee owners control the resources. This is as true in Mingo County as it is in Ecuador or Indonesia.

Andrew Gunnoe, a UT sociology grad student who spoke at the conference, has studied changes in ownership of timber lands. Tracts once owned by big companies like Bowater are now in the hands of timber management organizations and real estate trusts, part of what Gunnoe calls the financialization of the industry.

A common trend in recent decades, financialization adds layers between the means of production and financial products traded in abstract markets among hedge funds, banks and the like. Investors think of 10 or 15 years as long term, but forests can take 50 years or more to mature for timber harvest. This puts pressures on timberland that can be detrimental to both forest ecology and local economies.

In Oregon, loggers who once thought the spotted owl was the biggest threat to their livelihood are now watching sawmills close simply because profitability falls short of Wall Street expectations. They are teaming up with environmentalists to develop more localized and sustainable economies, hoping to stave off forest fragmentation and conversion to other uses like golf courses and subdivisions.

What can rural communities do to retain wealth and jobs? Ted Boettner, a policy analyst, wants West Virginia to raise its mineral severance tax from 5 to 6 percent and use the added revenue to start a trust fund. In the 1970s, several Western states started trust funds with revenues generated from resource extraction, and they now have several billion dollars available for education, job training, small-business support and other initiatives. If Eastern coal states had created such funds decades ago (or a century ago), they would also have billions to offset the dire outlook in places like Harlan and Boone counties.

With the Marcellus shale natural gas boom just getting started, it's not too late for Appalachia to take control of its economic future through severance tax trust funds. Rather than letting our natural resources be mined and cleared and shipped off to create distant fortunes, a simple, proven tax structure can turn extraction economies into sustainable wealth.

After a few decades, rural communities might have enough clout to start buying back their land from Wall Street firms and global conglomerates.
