

Rural Pact Conference

15-16 June 2022



Law on Economic, Social and Tax Measures against Depopulation in Castilla-La Mancha

Castilla-La Mancha has been a pioneer in implementing a law that guarantees public services in depopulated areas, prioritizes the establishment of companies and applies tax relief to its inhabitants. It is in force since 1 June 2021.





Demographic overview of Castilla-La Mancha

A region of 2.049.502 inhabitants, **919 municipalities** and 79,463 km²

- 259 municipalities, a 28,2% of the total, have less than 100 inhabitants, with 12,863 residents, a 0.63% of the regional population
- 273 municipalities, a 29,7%, have between 100 and 500 inhabitants, with 67,983 residents, a 3.32% of the regional population
- **637 municipalities, the 69.3%, have less than 1,000 inhabitants, with 155,000 residents, 7.55% of the regional population**

68% of the municipalities have a population density of less than 12.5 inhabitants/km²



Law on Economic, Social and Tax Measures against Depopulation in Castilla-La Mancha

- **A pioneering law:** the first law in the whole Spanish territory
- **Cross-cutting:** it affects all the policies in which the region has powers
- **Participative:** it has gone through several participatory processes and through all the regional ministries' Advisory Councils
- **By consensus:** APPROVED UNANIMOUSLY IN THE REGIONAL ASSEMBLY OF CASTILLA-LA MANCHA
- **The planning instrument of the law is the Regional Strategy against Depopulation,** designed for a period of 10 years, with 210 concrete actions and a budget of more than 3,322 million euros



Incorporating new concepts

➤ Effective residence (“*estancia efectiva*”)

An *effective stay* in a municipality of Castilla-La Mancha is a stay that can be accredited with the **certification from the municipal census** and that matches the following indicators of permanence in the municipality:

1. **Certification by a health card** linked to the municipality's assigned health centre
2. **Certification**, where applicable, **that children of compulsory school age are enrolled in one of the educational centres in the municipality** where they are registered.

➤ Zoning of the municipalities of Castilla-La Mancha

In order to classify municipalities in sparsely populated areas (municipalities with a population density of less than 12.5 inhabitants/km²) and of areas at risk of depopulation (density between 12.5-20 inhabitants/km²).

➤ Demographic impact

Identifying and assessing the effects and results every law, plan or programme has in sparsely populated areas and at risk of depopulation to establish measures to adequate them toward the fight against depopulation.



Guaranteed access to public services

Castilla-La Mancha secures access to Public Services: Education, Health, Social Services and Transport

1. Opening rural schools with a minimum of **4 students**
2. **Contract Programme ("*Contrato Programa*")**: funding higher education for young people who decide to study out of their hometown while their family continues living in the municipality and if the young student comes back or goes to another sparsely populated area when concluding their studies.
3. **Access to health emergency services** in less than 30 minutes.
4. Boosting the **Homecare Service for the elderly** and **access to residential resources** at a distance of less than 40 kilometres.
5. **Implementation of new mobility models: Demand-sensitive transport**





Boosting companies

Target: attractive villages for investment

1. **Public aid of up to 40% more** than in other areas of the Region, for companies and self-employed workers who decide to establish in sparsely populated areas
2. **Setting up a €10 million fund** to provide financial support for business projects in sparsely populated areas or areas at risk of depopulation
3. **Talent Recruitment Programme** with incentives to return to work in rural areas
4. **Fostering innovation, digitalization and business competitiveness projects** to improve the competitiveness of SMEs in rural areas



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ECONOMY OF THE FUTURE

New technologies

- ❖ Guaranteed access to optic fibre and 5G in all towns in the region: by 2023 there will be optic fibre in all the municipalities of Castilla-La Mancha
- ❖ Aid for the deployment of fibre in industrial sites and business areas, most of them in depopulated areas (Castilla-La Mancha is the first region in Spain to launch this kind of aid)
- ❖ Launch of a social voucher on connectivity (“Bono Social de Conectividad”), with 1.3 million euros, to guarantee internet access to 5,600 vulnerable families at risk of digital exclusion

New economic sectors

- Fostering renewable energy production (Castilla-La Mancha is the leading region in wind and photovoltaic energy production in Spain)
- Promoting sustainable tourism, encouraging initiatives that contribute to the preservation of the natural and cultural elements specific to each area
- Supporting endogenous cultural resources: geological, ecological and mining tourism
- Support of bioeconomy



Leisure, a necessary condition to maintain population

Enjoying leisure time and being part of the local community also helps maintaining population in the villages. To this end, the Government of Castilla-La Mancha has included leisure in the Law on Measures against Depopulation, with the following measures:

1. Creation of networks and platforms with specific cultural content to improve access to culture in areas affected by depopulation
2. Development of cultural resources and promotion of actions to ensure culture reaches the villages
3. Ensuring access to the internet in order to grant access to media platforms that allow "home entertainment"





Tax measures

Differentiated taxation to make towns attractive to live in

- **Up to 25% personal income tax** relief for an effective stay in rural areas
- **15 % income tax** relief for the **purchase or renovation** of a home
- Deduction of **500 euros during two years when reallocating** for work purposes



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Depopulation: a State issue with a European scope

Castilla-La Mancha has led the claims of regions with demographic challenges before national and European institutions.

- ✓ As soon as it came to power in 2015, the Government of Castilla-La Mancha initiated contacts with the EU to address this problem.
- ✓ We succeeded in getting the new “Regional Aid Guidelines 2022-2027” to grant Cuenca, Teruel and Soria access to aid and tax benefits.
- ✓ We took the lead in demanding the State a national strategy for the demographic challenge. Today, the Spanish government has a specific ministry for the Demographic Challenge.
- ✓ Depopulation has been integrated into the Spanish Recovery, Transformation and Resilience Plan with the inclusion of 130 concrete measures by the central government.



A scenic landscape featuring rolling hills, a small village with red-roofed houses, and distant mountains under a cloudy sky. The foreground is filled with golden-brown grass. The text "Thank you" is overlaid in a large, white, sans-serif font.

Thank you

Thank you

