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FISCAL IMPACT STATEMENT

LS 7150
BILL NUMBER: SB 348

NOTE PREPARED: Feb 2, 2009
BILL AMENDED: Jan 29, 2009

SUBJECT: Library Services Planning in Counties Outside Marion County.

FIRST AUTHOR: Sen. Gard
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Emergency Library Rules*- The bill requires the Indiana Library and Historical Board (ILHB) to adopt emergency rules not later than July 1, 2009, establishing statewide library standards for the delivery of library service to every resident of Indiana.

Planning Committees- The bill establishes a public library service planning committee (committee) in each county (excluding a county having a consolidated city) to prepare a library services plan for the county. The bill provides for the following library service models for a county: (1) A consolidated countywide system. (2) A consolidated system of two or more counties. (3) Two or more independently governed library systems within a county.

State Library Requirements- The bill requires the State Library (SL) to conduct regional training sessions to educate the committees on the planning process and library service models.

Plan Requirements- The bill provides that if a county is served by a countywide public library system, the county's planning committee is not required to make a library service model determination. The bill specifies that if a planning committee determines that a library service model other than a consolidated countywide public library system should be used, the committee must include in the plan the committee's specific findings and explanation concerning why: (1) the chosen library service model is preferable; and (2) the chosen library service model will result in the delivery of better library services than would result under a consolidated countywide public library system. The bill specifies that a planning committee may not approve a library services plan unless the plan provides for library services to all areas of the county. The bill provides that if a planning committee determines that there are areas in the county that are underserved by the public library systems, the planning committee must consider the option of having a public library enter

into an interlocal agreement with one or more school corporations in the county to allow the public library to use the school buildings of the school corporation to better serve the underserved areas. The bill provides that a library services plan may change the number of appointments that may be made by an appointing person or entity to the library board of a library covered by the plan. The bill specifies that the plan may not change the total number of appointments that may be made to the library board or the persons or entities that make the appointments to the library board.

State Library Requirements- The bill requires the SL and the Office of Management and Budget (OMB) to assist the counties in preparing and implementing the plan, obtaining grants and funding the plan.

Plan Preparation- The bill requires the committee to conduct a public hearing and consider public testimony when the committee has prepared the plan. The bill requires the committee to submit the plan to the State Library not later than July 1, 2010. The bill provides that if a committee fails or is unable to adopt a plan, the State Library shall prepare and adopt a plan to be implemented in the county. The bill requires the State Library to review a plan to ensure that the plan meets the statewide standards and approve it before the plan may be implemented. The bill requires libraries in each county to reorganize according to the plan adopted for the county. The bill provides that a plan approved by the State Library and any reorganization or consolidation under the plan takes effect January 1, 2012. The bill provides that if a plan provides that two or more public library systems shall be consolidated into one remaining public library system, no library operated by any of the public library systems that are consolidated may be closed during the three years following the effective date of the plan.

Annual Report- Beginning January 1, 2013, the bill requires the State Library to annually report to the General Assembly and the Governor on the implemented plans and the plan budgets.

CEDIT for Public Library Property Tax Replacement- The bill provides that (in addition to Hancock County, under current law) a county for which a library services plan has been approved and is in effect and that does not contain more than two public library districts may adopt an ordinance designating county economic development income tax (CEDIT) revenue for replacement of public library property taxes in the county. The bill allows a county to adopt an ordinance only if all territory in the county is included in a library district. The bill provides that the maximum amount that may be used for library property tax replacement purposes is the amount of revenue generated by a CEDIT rate of 0.15%. The bill provides that a public library may receive the public library property tax replacement credits under this provision only if the library has entered into reciprocal borrowing agreements with all other public libraries in the county.

Effective Date: Upon passage.

Explanation of State Expenditures: *Emergency Library Rules-* The Indiana Library and Historical Board would require additional meetings to implement the rules. The current average cost for an ILHB meeting is \$302. The ILHB was scheduled to meet five times during the course of CY 2008.

(Revised) *State Library Requirements-* The State Library (SL) estimates it would cost, at most, \$50,000, to assist county public library service planning committees. The cost would primarily be incurred for SL personnel travel and mediation expenses. The SL would likely draw on funds received annually from the federal Library Services and Technology Act fund (LSTAF). The SL annually receives approximately \$3.2 M from the LSTAF. The SL reports that grant monies are almost entirely committed to other projects for the current fiscal year. The SL applies directly to the federal government for these funds.

Ultimately, the source of funds and resources required to satisfy this requirement of the bill would depend upon legislative and administrative actions.

Plan Preparation- The SL would review and approve county plans. Counties that fail to adopt a library plan within the local committee would have a plan prepared for them by the SL. This additional responsibility would increase the workload of SL staff.

Annual Report- The SL would likely be able to prepare annual reports within their existing level of resources.

Background Information- State Library General Fund reversions for FY 2008 were as follows.

Fund/Center	Reversion Amount
State Library (Operating)	\$459,423
State Library (Extension Service)	\$50,418
Statewide Library Services	\$456,777
Library Services for the Blind	\$4,232
TOTAL	\$970,850

The following table illustrates all SL appropriations authorized by the current budget bill.

Fund Source	FY 2009 Appropriation
General	\$5,801,927
Dedicated	\$582,356
Federal	\$3,270,157
TOTAL	\$9,654,440

The State Library had as of January 5, 2009, 68 staff members and 12 vacancies.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Counties would be required to establish public library service planning committees. Committee members would serve without compensation.

Explanation of Local Revenues: (Revised) *Planning Committees-* With assistance from the SL and the OMB, local libraries could receive revenues from the: (1) federal government, (2) private foundations, or (3) any other source of funding to implement a plan.

(Revised) *CEDIT for Public Library Property Tax Replacement-* Under current statute, Hancock County is

permitted to impose a CEDIT of up to 0.15% for purposes of replacing public library property taxes via property tax replacement credits. The bill extends this provision to any county that: (1) has in effect an approved library services plan established pursuant to this bill; and (2) has no more than two public library districts. The bill prohibits a county from designating CEDIT revenue to replace public library property taxes if the designation would cause the county, or a city or town in the county, to receive a certified distribution less than the amount pledged by the county, city, or town for purposes permitted under current statute. The bill also prohibits a CEDIT designated to library property tax replacement from being decreased or rescinded if the revenue has been pledged for purposes permitted under current statute.

Currently, there are 45 counties that have no more than two public library districts. However, only 15 of these counties currently have tax rates below the CEDIT, combined CEDIT/CAGIT, and combined CEDIT/COIT rate limits and, as a result, are able to impose an additional CEDIT rate for public library property tax replacement. The table below lists these counties, the CEDIT rate available for library property tax replacement in each county, and the estimated yield from the tax rate.

			Estimated CEDIT Distribution (in millions) at Specified Tax Rate	
County	Library Districts	Available CEDIT for Library Property Tax Replacement	CY 2010	CY 2011
Bartholomew	2	0.15%	2.71	2.80
Clay	1	0.15%	0.63	0.65
Crawford	1	0.15%	0.22	0.22
Dearborn	2	0.15%	1.66	1.71
Delaware	2	0.15%	2.88	2.94
Floyd	1	0.15%	2.74	2.81
Harrison	1	0.15%	1.14	1.19
Howard	2	0.10%	1.75	1.77
Jefferson	1	0.15%	0.87	0.91
Knox	2	0.15%	0.96	0.98
Miami	2	0.15%	0.85	0.87
Morgan	2	0.05%	0.75	0.78
Ohio	1	0.15%	0.17	0.18
Sullivan	1	0.15%	0.48	0.49
Vermillion	2	0.15%	0.46	0.46

State Agencies Affected: State Library, OMB; Department of Local Government Finance.

Local Agencies Affected: Counties.

Information Sources: Roberta Brooker, State Library, 232-3693; State Budget Agency: *General and Rainy Day Fund Summaries, June 30, 2008. State of Indiana List of Appropriations Made by the 2007 Indiana General Assembly for the Biennium July 1, 2007, to June 30, 2009;* Staffing Report January 5, 2009.

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