



March 27, 2023

Dear Chairman Roemer, Vice Chair Merrin, Ranking Member Troy and members of the House Ways and Means Committee, thank you for the opportunity to submit written opposition testimony on House Bill 1.

The Alger Public Library (APL) is organized as a school district library under Chapter 3375 of Ohio's Revised Code. The Library is proud to serve approximately 1,000 cardholding patrons and to provide them with a wide array of services that benefit the entirety of the USV School district and our region of Hardin County. House Bill 1 would significantly reform Ohio's state income and local property tax structures. The legislation in its current form would adversely impact several key APL revenue streams. I, the Library Director, and the Board of Trustees of APL understand that this legislation remains a work in progress and will likely undergo further changes. However, I want to share this information with you today to help inform our lawmakers of the possible impact of this bill and offer constructive suggestions for moving forward.

Estimated Impact of HB 1

1. Reduction in Public Library Funds

HB 1 would significantly reform Ohio's income tax rate structure. APL does not take a position on state income tax reform. However, the impact of income tax rate reductions in the bill as written would result in sizable decreases to the Public Library Fund (PLF), which currently receives 1.7 percent of state General Revenue Funds. As state revenue declines, so too do PLF distributions.

We are a small Library in Ohio, I think we're in the top five smallest libraries in the state, with the temporarily of the PLF to 1.7, we've been able to do more in the past few years for our little library than in our history and all that would be halted if the PLF were to be less than it is currently.

Our Library building was able to get a new roof in the Fall of 2021. We had to get a new furnace/AC unit Jan. of 2023, and currently we NEED to update 50-year-old plumbing. None of that includes the ability to add much needed: books, movies, programing for patrons and staff/staffing hours.

The Legislative Service Commission Fiscal Note for HB 1 estimates reductions of \$43 million and \$31 million to the PLF in FY 2024 and FY 2025, respectfully. At this time, APL estimates that this would result in a big decrease, and since we are fully funded by the PLF, we would see a drastic change in our library funding each month. This translates into a revenue reduction of APL's operating revenue.

2 Reduction of property assessment rate

HB 1 proposes to reduce the real property assessment rate from 35 percent to 31.5 percent, with further reductions tied to inflation. Presumably, this change is made to avoid property tax increases for Class 1 property taxpayers due to the elimination of the 10 percent rollback. However, the complex interaction between the property tax assessment rate and tax reduction factors could have negative impacts on future Library revenues and lead to short-term tax increases on taxpayers.

APL currently does not have a levy for operating expenses, mostly due to our poor rural area, our residents can't afford to vote yes on one, we're fully funded by the PLF and any fundraiser we can do. Increases in property values have caused a lot of homeowners' hardship in the Hardin County community. This section of the bill paired with the elimination of the 10 percent rollback is a significant departure from established property tax law in Ohio. The complex implications of the property tax changes contemplated by HB 1 may have widely varying and unexpected results. Such sweeping revisions to Ohio's property tax law warrant a thorough review that may be better suited to a study committee.

3. Revenue replacement

APL asks that as the General Assembly debates tax reform that libraries be held harmless from any adverse fiscal impacts. The intent clause included in HB 1 indicates the willingness of the legislature to work with local governments, but additional clarity and permanency in this area is needed. APL requests that payments be made to libraries to make whole any local fiscal losses brought on by state tax reform, and that these payments be established in permanent law. An increase to the PLF percentage may be the easiest avenue to achieve this request.

Thank you for the opportunity to share feedback on how HB 1 would currently impact the Alger Public Library. We hope this information is helpful to lawmakers as discussions continue. As further changes to HB 1 are considered, please feel free to utilize APL as a resource. We thank the General Assembly for their longstanding support of public libraries in Ohio, and we look forward to continuing that partnership well into the future.

Sincerely,



Stacey Hensley, Director