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Ohio House Ways and Means Committee

House Bill 1 – Interested Party Testimony

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Chairman Roemer, Vice Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee, thank you for the opportunity to present this written testimony as an interested party to House Bill 1. My name is Joshua Figley, and I am the Fiscal Officer for Huron County Community Library (HCCL). HCCL is a school district library organized under Chapter 3375 of the Ohio Revised Code and provides services for a population of 22,945 with branches in Willard, Greenwich, North Fairfield, and Wakeman. House Bill 1, a substantial reform of both personal income tax and property tax law in Ohio, would have a negative impact on HCCL's revenue as it is currently written.

We appreciate that House Bill 1 is still in its early stages, and that changes to the bill are likely forthcoming. HCCL presents this testimony to help members fully understand the expected impact of the current bill on the library and to outline our concerns as the legislation moves forward. There are three primary issues we would like the committee keep in mind as HB 1 moves forward:

1. Personal income tax cuts contained in House Bill 1 will cost public libraries money through losses to the Public Library Fund (PLF)
2. The property tax reform contained within House Bill could complicate matters for libraries that rely on local support in addition to the PLF
3. Public libraries are a great investment for the state.

HB 1 Income Tax Cuts - Impact

The Public Library Fund (PLF) is a critically important funding source for Ohio's public libraries. While HCCL is grateful to have a local property tax levy, the PLF still makes up over half of our operating revenue.

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Any cuts to the PLF are sure to be felt throughout Ohio's public library community. Recent estimates show the property tax cuts in HB 1 will result in a \$34 million annual loss to the PLF.¹ The library's own analysis shows that this would translate to a loss of at least \$50,000.00 per year for HCCL. This large of a loss in our revenue will undoubtedly lead to significant budget cuts going forward, the options for which may include:

1. Closing an entire branch
2. Cutting all library programming
3. Cutting our materials budget nearly in half
4. Cutting all advertising and printing costs, plus some combination of cuts to materials and programming.

None of these, in our view, present an attractive option.

HB 1 Property Tax Reform - Impact

The property tax reform provisions within House Bill 1 could substantially complicate matters for those public libraries, like HCCL, who rely on local support in addition to PLF funding. According to recent analysis, these provisions will create a situation in which one of the following is likely true:

1. Local governments, including public libraries, lose out on property tax revenue
2. Property tax owners will have to make up the difference.²

Regardless of which possibility ultimately comes to fruition, this reform would almost certainly disrupt the understanding that was in place when we sought out, and voters consented to, a local property tax levy. Voters agreed to the levy with a certain understanding of what they would be expected to pay and how much revenue the library could expect to generate from it. Changing that arrangement, now that the levy is in place, could complicate the situation for both taxpayers and the library.

Public Libraries as an Investment

Public libraries are an outstanding investment for the state. A Pew Research survey found that Americans overwhelmingly believe that libraries are important to themselves and families (76% of respondents), that libraries are important to their communities (91% of respondents), and that their experiences patronizing libraries have been positive (98% of respondents).³ Furthermore, *Entrepreneur.com* recommends upstart business owners consider community resources for both

¹ Howard Fleeter, "Overview of House Bill 1 Income Tax and Property Tax Changes," *On the Money: A Hannah News Service Publication* 135, no. 4 (February 27, 2023).

² Ibid.

³ Pew Research Center, "Library Services in the Digital Age: Part 1: The role of libraries in people's lives and communities," January 22, 2013, <https://www.pewresearch.org/internet/2013/01/22/part-1-the-role-of-libraries-in-peoples-lives-and-communities/>

workforce development and cultural amenities when choosing a location for a new business.⁴ Finally, research shows that for every \$1.00 spent on Ohio's public libraries, \$4.98 of value is returned.⁵ That means a loss of \$34 million to the PLF could actually cost the state \$169.32 million in lost value. Bringing that down to the local level, a loss of \$50,000.00 in PLF revenue represents a loss of \$249,000.00 in value per year to our service area.

Given the high value proposition of Ohio's public libraries, we encourage the General Assembly to continue our longstanding, fruitful partnership, and to hold public libraries harmless for any revenue loss associated with HB 1. We thank you for your time and consideration on this matter.

⁴ The Staff of Entrepreneur Media, Inc., "10 Things to Consider When Choosing a Location for your Business," Entrepreneur.com, March 25, 2019, <https://www.pewresearch.org/internet/2013/01/22/part-1-the-role-of-libraries-in-peoples-lives-and-communities/>

⁵ Howard Fleeter & Associates, The Return on Investment of Ohio's Public Libraries & a Comparison of Other States," Prepared for the Ohio Library Council, August 2021, <https://olc.org/wp-content/uploads/2022/03/The-Return-on-Investment-of-Ohios-Public-Libraries-and-National-Comparison-08.21.pdf>