



**House Ways and Means Committee
House Bill 1 Opponent Testimony
March 28, 2023**

Good afternoon, Chairman Roemer, Vice Chair Merrin, Ranking Member Troy, and members of the House Ways and Means Committee. Thank you for the opportunity to testify today on House Bill (HB) 1 on behalf of Ohio's public libraries.

My name is Michelle Francis, and I am the Executive Director of the Ohio Library Council. The Ohio Library Council is the statewide association representing Ohio's 251 public library systems (rural, urban, and suburban) and the 7.7 million library cardholders they serve. To be respectful of time and keeping within the rules of the committee, our testimony today will be brief.

HB 1, as introduced, would have a significant impact on funding for public libraries on multiple levels. There are multiple layers to this legislation, and each would have a devastating impact. The first impact HB 1 would have on public libraries is caused by proposed changes to the state income tax. According to the Legislative Service Commission Fiscal Note for HB 1, public libraries are estimated to lose more than \$74 million from the Public Library Fund (PLF) over the biennium. As you may know, state funding through the PLF is critically important because it remains a primary source of revenue for public libraries. Statewide, more than 51% of the total funding for Ohio's public libraries comes from the state through the PLF. In addition, 20% of Ohio's public library systems (49 of 251) do not have a local property tax levy and rely solely on their state funding as their main source of revenue for day-to-day operations. As a reminder, our libraries are separate political subdivisions, similar to our local government partners, but we do not have taxing authority to implement a local sales tax or income tax. Also, unlike counties, cities and school districts, public libraries do not receive casino revenue.

In order to make up the difference in the estimated loss to the PLF, the PLF percentage would need to be adjusted to at least 2.0% of the General Revenue Fund. Currently the PLF is set at 1.70%.

Another key area where public libraries would be impacted in HB 1 is on the proposed changes to local property taxes. HB 1 proposes to eliminate the 10% property tax

rollback on Class 1 property, reduce the real property assessment rates from 35% to 31.5% on both Class 1 & 2 property, and includes a gross domestic product deflator formula for future reductions in the property assessment percentage. In this regard, the Legislative Service Commission (LSC) is estimating the loss to local governments (including public libraries) to begin at \$239 million in Tax Year 2024. In addition, we know that public libraries currently receive about \$40 million from the rollback on Class 1 property.

We truly appreciate the bill sponsor, Rep. Mathews' willingness to work with libraries and local governments as we have ongoing dialogue about the various ramifications being considered in HB 1.

Based on state and national data, we know that Ohio's public libraries are extremely popular and in high demand with the highest usage per capita in the nation. Libraries are open to all and a resource that Ohio's citizens increasingly turn to for vital services. Our success is dependent on the strong partnership between the State and local library systems. Possible cuts in funding would be devastating to many of our communities where the public library is seen as and serves as the community hub.

The Ohio Library Council and Ohio's public libraries look forward to continuing our work with Rep. Mathews to avoid harming Ohio's public libraries. Thank you for the opportunity to testify today and I will be more than happy to answer any questions.