

## **Public Mandates and Priorities**

### **PMAP - 5: Capping Funds for IN Public Libraries**

Due to a number of legislative changes, the funds allocated to Indiana's public libraries have declined for the past several years as illustrated by the attached chart for JCPL. The freezing of the Property Tax Replacement Credit and the elimination of the inventory tax has placed the local tax burden on property tax payers.

HEA 100 I - 2001 limited the growth of the maximum levy to a quotient equivalent to the average non-farm personal income growth over a six year period of time. Previously the maximum levy growth was based on the percentage of growth of the assessed valuation of each civil unit. Libraries were able to appeal their maximum levy. The tax levies for the Library Capital Projects Fund and the Bond Fund were outside the allowable maximum levy for the Operating Fund.

Going into the 2007-2008 Legislative Session many tax payers perceived that Indiana was in a property tax crisis. The direct result was ever reaching legislation resulting in the continued of dwindling of funds for all units of government, including libraries.

HEA 1001-2008 repealed twelve levy appeals and five maximum levy exceptions. For libraries the direct impact will be that the levy for the Library Capital Projects Fund will no longer be outside the Library's operating maximum levy. In order to calculate the maximum levy for the 2009 library budget, the Department of Local Government Finance will add the library's 2008 certified levy for the LCPF to the 2008 maximum property tax levy for the library. These 2008 certified levies added together will serve as the base by which the assessed value growth quotient will be applied to determine the library's maximum property tax for 2009 and into the future.

HEA 1001 - 2008 also placed caps on the amount of property taxes paid by all taxpayer classes: homeowners, rentals, apartments, agriculture, business real, and personal property. The phase-in of the Circuit Breakers happened as follows:

2009: 1.5% for Homesteads - 2.5% for Other Residential, Assisted-Living, and Agricultural Land- 3.5% for Other Real and Personal Property.

2010 and beyond 1% for Homesteads- 2% for Other Residential, Assisted-Living and Agricultural Land- 3% for Other Real and Personal Property.

These caps are now permanent as they were voted into the State Constitution on November 2, 2010.

## **Implications for JCPL**

- JCPL will continue to see minimal growth in maximum levy.
- Miscellaneous Revenues will continue to decline.
- Maximum Levies for LCPF and Operating Fund have become one levy.
- JCPL began to experience less property tax revenue in 2009 as a result of the Circuit Breakers.
- JCPL will have to actively search for new revenue streams such as fees for service, grants, and the possible establishment of a foundation.