

ILF Statement on Amended SB 1: Property Tax Reform

The Indiana Library Federation (ILF) opposes the amended version of SB 1 as it heads to a vote in the Indiana House of Representatives. It presents a serious threat to the continued operation of public libraries in Indiana by undermining their primary source of funding—property taxes.

The Legislative Services Agency's updated fiscal impact statement shows that SB 1 would reduce public library funding by over \$12.2 million in 2026, growing to nearly \$16.8 million by 2028. Without stable funding, Indiana libraries would face irreversible harm and jeopardize their ability to serve the public. While the intention to provide property tax relief is reasonable, the proposed changes would have significant and lasting consequences for public libraries.

KEY CONCERNS

- There is a lack of comprehensive fiscal analysis. Sweeping policy decisions are being proposed without a full picture of their financial implications, especially the long-term impact on public libraries.
- The proposed restructuring of tax revenue does not adequately address the impact to existing library debt and challenges the structured repayment of current bonds.
- The absence of clear details on how local income tax (LIT) rates will be allocated risks undermining the safeguards needed to ensure future fair and equitable revenue sharing. Currently, many libraries do not receive LIT distributions.
- The proposed adjustments to LIT distribution will be nowhere near sufficient to offset the substantial loss of property tax revenue.
- The financial instability affecting libraries and other local government entities, without providing substantial, lasting relief for homeowners, ultimately serves to benefit businesses/corporations that are already prospering in one of the country's most advantageous business climates.
- The amended SB 1, is long, complex, and makes many changes. It creates new layers of bureaucratic processes, creating undue complexity for both taxpayers and local officials.
- Indiana libraries play a vital role in fostering thriving Hoosier communities, particularly in rural areas, but SB 1 hinders their ability to continue providing this essential support.
- Limiting public libraries' ability to serve their communities will lead to unintended consequences, including undermining the vital role Indiana's libraries play in driving the state's economic growth and supporting recent improvements in reading scores and literacy rates.
- Beyond the challenges posed by SB 1, the elimination of federal support from the Institute of Museum and Library Services (IMLS), coupled with other state-level funding setbacks — including a 30% budget cut to the Indiana State Library and the loss of state funding for Dolly Parton's Imagination Library — creates significant obstacles for public libraries to sustain their current level of services.

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