

Public Libraries and SEA1

- **PROBLEM:** Annual adoption of LIT creates instability in budgeting. Libraries need sustainable funding to plan for operations and capital projects.
 - **SOLUTION:** Allow county councils to determine when and how to adopt LIT
 - Plan B: Adopt lit every 4 years
- **PROBLEM:** New supplemental homestead tax credit does not allow for protection of debt funds
 - **SOLUTION:** Protect the debt fund from the supplemental tax credits in the same way that it is protected from the circuit breaker credit.
 - This is current law, debt is protected from circuit breakers, it needs to be protected from this tax credit. Does not change the amount of taxes that residents are paying, operating funds are still subject to impact from tax credit and circuit breaker.
 - Potential downgrading on debt rating if not protected and more cost to tax payers.
- **PROBLEM:** The current limitations on growth appeals only allow appeals based on annexation. Because libraries do not "annex," they are disincentivized to grow in their service areas through expansion of districts or consolidation.
 - **SOLUTION:** Allow growth appeals based on expansion of library districts, whether through consolidation or traditional service area growth. This aligns with the perceived legislative intent of allowing appeals for annexation and adjusting budgets based on the number of taxpayers served.
- **PROBLEM:** The body holding the levy growth hearings created in IC 6-1.1-17-23 are inconsistent with the bodies holding budget hearings. This creates confusion among both the fiscal bodies and taxpayers, making it more difficult for taxpayers to file objections or support.
 - **SOLUTION:** Make the body holding the IC 6-1.1-17-23 hearing consistent with the body holding the budget hearing.
- **PROBLEM:** The percentage of income tax favors counties.
 - **Issues:** Counties could adopt LIT for themselves and no other units. There is no minimum for counties to adopt for units, only maximums. If no LIT is adopted for unit(s), then libraries have a very difficult situation planning for operation and capital projects. SEA 1 LIT adoptions pit units against each other in some buckets.
- **PROBLEM:** Libraries are uniquely funded in various manners and one size does not fit all.
 - **SOLUTION:** Any library experiencing a 30% drop in funding in 2027, may rely on a hold harmless clause that provides a minimum level of funding at 2025 levels.