

January 30, 2024

TO: Senate Committee on Local Government
Sen. Carolyn McGinn, Chair
Sen. Elaine Bowers, Vice Chair
Sen. Marci Francisco, Ranking Minority Member
Sen. John Doll, Member
Sen. Oletha Faust-Goudeau, Member
Sen. David Haley, Member
Sen. Ronald Ryckman, Member
Sen. Tim Shallenburger, Member
Sen. Mark Steffen, Member
Sen. Alicia Straub, Member
Sen. Mike Thompson, Member

FROM: Ray C. Walling, State Librarian

RE: HB 2176 Neutral Testimony (written-only)

The State Library submits the following neutral written testimony to the Senate Committee on Local Government regarding HB 2176. Since sections 7(g) and 15(g) of the bill would prohibit the South Central Kansas Library System ("SCKLS") from levying a tax on property within each newly established library district, the agency is providing background information regarding the regional system of cooperating libraries' ("system") structure and the ways in which the proposed legislation would change the symbiotic relationship of this structure. The testimony concludes with considering the concept of manifest harm regarding the pending legislation and potential future legislation.

The concept of regional systems of cooperating libraries was enacted into state law in 1965. Under K.S.A. 75-2549, local library boards could petition the state board to establish a system to improve existing library services and extend library services to those without service. A taxing district was established for each system, with a provision that territory already being taxed at .25 mill or more to support a library could be excluded from the system taxing district. This allowed each system to tax Kansans not already being taxed for library services. In return for their taxes, these Kansans were permitted to use the resources and services provided by their local library. Further, these Kansans were permitted free access to any participating library in the system, allowing them to use the most convenient library or the library with the most appropriate services and resources for their needs. Kansans already being taxed for library services could be excluded from the system taxing district in return for permitting all residents within the system territory to use their local library's services at no cost, subject to reasonable library rules. This is how the system structure extended library services to Kansans without such services.

Revenue generated from the system taxing district is used to fund grants and services that are reinvested into participating libraries, which in turn strengthens local library operations and improves existing library services throughout the system. For example, each system hires consultants with specialized training and knowledge in a variety of areas, including human resources, finances, professional development, outreach, children & youth services, automation, interlibrary loan, and/or information technology. While many libraries in our state cannot afford hiring permanent employees with expertise in all the areas needed to operate a modern library, system consultants provide an efficient way to share expertise with and support the operations of participating libraries.

The legislation before you requests exceptions be made that change the symbiotic relationship established through the system structure. Both bills seek to enlarge the respective library's taxing district at the expense of the SCKLS taxing district. Not only would this have financial consequences for the SCKLS, but also the services the SCKLS provides to its participating libraries. At the same time, it is our understanding that both libraries intend to remain participating libraries in the SCKLS. Essentially, they would continue to benefit from the services provided by the SCKLS while surrounding communities within their school districts would no longer contribute directly to the SCKLS revenue that funds these services.

It is also important to recognize that while the solution proposed for each library is similar, the purposes behind the requests are different. In Udall's case, the library's expressed desire is to spread the cost of the library among a larger taxing district at a lower mill rate without a significant increase in revenue. In Arkansas City's case, the library's expressed desire is to increase revenue for the library by increasing the size of the taxing district while modestly lowering the mill rate. In both cases, each library recognizes that there is a limit to the revenue that can be generated for library services in its existing taxing district through local ad valorem tax levies. Further, each library has seen a significant reduction in both the amount and purchasing power of state support under the State Grants-in-Aid to Libraries Act. In FY 2001, Udall Public Library received \$713 compared to \$185.52 in FY 2023. In FY 2001, Arkansas City Public Library received \$10,338 compared to \$3,363.24 in FY 2023. Meanwhile, \$1 in February 2023 had the same purchasing power as \$0.58 in February 2001. These reductions in state support have forced libraries to further rely on local ad valorem tax levies and, in the case of these two libraries, contributes to the need to compete for taxing dollars with the system that supports them.

Currently, the State Library of Kansas Board has the authority to approve the exclusion of a library taxing district from a system taxing district, so long as it does not do manifest harm to the system. We believe this same consideration should be applied when considering requests for expanding library taxing districts. Further, there is a concern that other municipalities might seek exceptions in similar situations that could cause manifest harm to a system based on (1) a significant loss of tax revenue from the district in relation to the overall tax revenue of the system and/or (2) the continued deterioration of the system taxing base from additional libraries enlarging their taxing districts.

At the same time, we recognize the challenges that our libraries face and the importance of local revenue to ensuring their ability to survive and thrive. The library staff and boards for each library deserve recognition for their continued efforts to improve the resources and services they make available to their communities. Community leaders deserve acknowledgement for recognizing the value libraries provide to the development of their municipalities and their efforts to increase funding to their libraries.

Based on these conflicting interests, the State Library provides this testimony as a neutral party.