

IMPACT OF HB2379 ON PIMA COUNTY FREE LIBRARY DISTRICT AND PIMA COUNTY PUBLIC LIBRARY

THE BILL:

HB2379 proposes to cap secondary tax increases for library free districts. The cap begins immediately in Tax Year 2014. Tax Year 2014 started January 1, 2014, so this proposal will place a severe and immediate limit on the Library District revenue in Fiscal Year 2014-2015.

The Impact:

If passed as written this bill will force closure of ten existing library branches on or before June 30, 2014, prevent the construction of any new libraries for at least the next decade, and terminate numerous library services including computer classes, homework help, book mobile and other delivery services, and adult and juvenile detention services. It will reduce book and e-book collection purchases and significantly reduce operating hours at all library branches. For example hours at the Main Library will be reduced to 40 hours or less per week.

Pima County Library District:

The Pima County Free Library District is the only library district in Arizona that services the entire County. The District completely finances and operates all 27 library branches in Pima County, including libraries in cities of Tucson, Marana, Oro Valley, Sahuarita and South Tucson. **Library District revenue is the only tax money used to operate those 27 branches. No County general funds or any incorporated jurisdiction tax dollars are used to support any of these libraries, the library system or Library services.**

Base Year Impact:

For Pima County Tax Year 2014 is a particularly devastating year to use as the base year to begin the secondary tax cap because in Fiscal 2013-2014, which includes the beginning of Tax Year 2014, Pima County deliberately limited its Library District tax rate in order to limit Fiscal Year 2014-2015 tax revenue and reduce its District fund balance from \$9.4 million to less than \$4 million. In other words, in the interest of good and conservative financial management, the Pima County District deliberately approved a \$5.5 million deficit budget in Fiscal 2013-2014 in order to reduce the Library District fund balance from \$9.4 million at the beginning of Fiscal 2013-2014 to less than \$4 million at the end of Fiscal 2013-2014. This was a conscious long term fiscal management decision designed to reduce the District fund balance to approximately 10 percent of the annual operating budget, which is generally considered to be an ideal, conservative fund balance level to protect the District from future economic uncertainty.

The budget intent was that with the District fund balance reduced to less than \$4 million, the tax levy would be increased to 0.43 in Fiscal 2014-2015 and then to a balanced budget level in Fiscal 2015-2016. This strategy would allow continued operation of all existing branches and of Homework Help, tutoring, job search, business data bases, bookmobile and other critical library services.

Summary:

HB2379 if passed will prevent this carefully planned, conservative financial process and will force the existing Pima County Public Library branches and services into a permanent deficit budget, making the only solution a permanent reduction in the existing Library branches, services and operating hours and an inability to build and operate any new branches or provide any new services.