

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 138 (Senators Ruben and Dorman)

Budget and Taxation

**Public Libraries - Participation by Eligible Municipal Corporations in the State
Minimum Library Program**

This bill expands the State minimum library program to include municipalities that have a public library system as of December 31, 1997 and a population of at least 15,000. The bill requires that the amount of funding provided to a municipality under this program be deducted from the county's amount. In addition, the bill prohibits a county from levying an annual tax for library purposes on residents of an eligible municipal corporation, if the eligible municipal corporation levies a library tax.

Fiscal Summary

State Effect: State mandatory library aid would decrease by \$32,900 in FY 1999. Future year savings reflect population increases. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(32,900)	(33,300)	(33,500)	(33,900)	(34,200)
Net Effect	\$32,900	\$33,300	\$33,500	\$33,900	\$34,200

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: State mandatory library aid would decrease by \$120,200 for Montgomery County in FY 1999 and increase by \$87,300 for Takoma Park.

Small Business Effect: None.

Fiscal Analysis

Background: The State minimum library program was established in 1962 to provide financial assistance to county public library systems. The State provides about 40% of the total cost of the minimum program and the counties provide 60%. The State share of the total is divided among the counties according to their relative wealth, with no county receiving less than 20% of its minimum program. Three counties (Montgomery, Talbot, and Worcester) receive the minimum State share. The minimum library program in fiscal 1999 totals \$47.3 million (\$9.25 per resident), with the State contribution totaling \$19.75 million.

State Effect: State mandatory library aid would decrease by \$32,900 in fiscal 1999. State library aid decreases because: (1) a portion of Montgomery County's share of the minimum library program automatically goes to Takoma Park due to the recalculation of the funding formula; and (2) the bill requires that Takoma Park's funding amount from the formula program be deducted from Montgomery County's share. As shown in **Attachment 1**, Takoma Park receives \$87,274 in new State library aid in fiscal 1999, with Montgomery County's amount decreasing by \$32,930. However, since the bill stipulates (Section 23-502(b)(1)(III) of the Education Article) that the amount of funding provided to a municipality under this program be deducted from that municipality's county funding amount, Montgomery County loses an additional \$87,274 in State library aid, for a combined loss of \$120,204.

Local Effect: The State has 12 municipalities with a population over 15,000; however, only one (Takoma Park) has its own public library system. This bill would provide Takoma Park with \$87,274 in State aid; however, Montgomery County would lose \$120,204 in State aid.

In addition, since this bill prohibits a county from levying a tax for library purposes on residents of an eligible municipal corporation, if the eligible municipal corporation levies a library tax, Montgomery County may have to provide a tax differential for residents of Takoma Park. A tax differential results in a lower county property tax rate within the boundaries of a municipal corporation. In fiscal 1997, Montgomery County established a \$0.249 tax differential for the City of Takoma Park for the provision of fire services. In addition, Takoma Park received \$946,443 in tax rebates from the county government.

Additional Comments: The Governor's proposed fiscal 1999 State budget includes \$3.2 million to increase funding for the State minimum library program from \$9.25 to \$10.75 per county resident, contingent upon the enactment of legislation to that effect.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - February 9, 1998

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Analysis by: Hiram L. Burch, Jr.

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710

Attachment 1
Library Aid Formula
Simulation - FY 1999

Rate: \$9.25
Reducing Factor: 0.01321%

<u>County</u>	<u>Wealth Base</u>	<u>Population</u>	<u>Program Amount</u>	<u>Proposed State Share</u>	<u>Current State Share</u>	<u>Difference</u>	<u>Adjusted For Section 23-502(b)(1)(III)</u>
Allegheny	\$1 638 181 416	77 600	\$671 550	\$455 146	\$455 146		
Anne Arundel	77 182 250 621	471 500	4 361 375	1 431 000	1 431 000		
Baltimore City	13 020 110 618	664 300	6 111 775	4 304 563	4 304 563		
Baltimore	30 300 070 067	770 600	6 665 550	7 640 713	7 640 713		
Calvert	3 105 510 607	60 200	610 100	178 343	178 343		
Caroline	822 470 115	20 500	272 875	164 227	164 227		
Carroll	5 058 411 760	146 700	1 356 075	560 860	560 860		
Cecil	3 005 462 588	80 600	745 550	348 528	348 528		
Charles	4 870 577 146	115 300	1 066 525	423 122	423 122		
Dorchester	060 580 174	20 000	276 575	140 681	140 681		
Frederick	7 000 528 168	184 100	1 702 025	646 187	646 187		
Garrett	1 068 600 042	20 500	272 875	131 700	131 700		
Harford	8 251 118 081	212 000	1 060 325	870 352	870 352		
Howard	12 763 550 203	220 100	2 131 200	115 134	115 134		
Kent	835 822 176	10 000	175 750	65 338	65 338		
Takoma Park	585 741 532	17 800	164 650	87 274	0	87 274	
Montgomery	50 728 226 505	806 000	7 463 825	1 402 765	1 525 605	(122 840)	(120 204)
Prince George's	27 545 020 784	778 000	7 204 825	3 566 000	3 566 000		
Queen Anne's	1 000 002 283	38 600	357 050	104 752	104 752		
St. Mary's	3 084 555 005	83 300	770 525	363 055	363 055		
Somerset	476 033 051	24 500	226 625	163 622	163 622		
Talbot	2 087 201 330	32 600	301 550	60 310	60 310		
Washington	4 140 214 800	127 800	1 182 150	635 228	635 228		
Wicomico	2 480 017 452	70 000	730 075	411 465	411 465		
Worcester	3 454 868 351	42 100	380 125	77 885	77 885		
Total	\$214 676 201 044	5 108 500	\$47 253 625	\$10 804 367	\$10 750 023	\$54 344	(632 030)

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