



**House
Legislative
Analysis
Section**

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**LOWER MILLAGE CAP IN DISTRICT
LIBRARY AGREEMENT**

**House Bill 5336 (Substitute H-2)
First Analysis (5-16-02)**

**Sponsor: Rep. David Mead
Committee: Local Government and
Urban Policy**

THE APPARENT PROBLEM:

When it took effect in 1989, the District Library Establishment Act replaced Public Act 164 of 1955, which had previously provided for the creation and maintenance of district libraries. The new act allows two or more municipalities, with the exception of school districts in certain cases, to jointly establish a district library by agreement, as long as each of the municipalities is legally authorized to establish and maintain a library or library services. A district library established under the new act may propose to levy a tax on all taxable property in the district in order to raise some or all of the money necessary for the creation and operation of such a library. As amended in 1994, a district library created under the new act may levy a district wide tax for up to four mills, if approved by voters according to procedures set forth in the act. The act also states that a districtwide tax in effect or authorized to be levied by a district library established under the provisions of the old law may be levied at the rate originally authorized under that law without being subject to voter approval.

A municipality or part of a municipality other than a school district may become a party to an existing agreement under certain conditions. Municipalities may wish to join established districts in order to offer their residents full access to the wide range of services that libraries provide without having to build and maintain their own libraries. A district library may envision widening their service area as a way to capture a larger tax base, which in turn would allow the library to increase its holdings or offer additional services. Current law states that if the established district has levied a districtwide library tax, the library board is to condition acceptance of the municipality or part thereof on the approval of a majority of voters in the municipality or part of the municipality who vote on the proposal.

According to committee testimony, conditioning acceptance on the approval of a tax levied at the

district's current rate constitutes an obstacle for some libraries that would like to expand their districts and for some communities that would like to join existing districts. While the current law may work well for an existing district and interested municipality with roughly equivalent property values, some people believe that it does not adequately address the case of a library district that has lower property values than the municipality that would like to join the district. In such a case, it may well be possible to simultaneously improve library services, expand the number of residents served by the library, and reduce the existing tax rate. For instance, representatives of the Benzie Shores District Library acknowledge that many of the townships surrounding the library's district have far higher property values than those in the district. They suggest that neighboring township governments are reluctant to ask their residents to approve the existing districtwide tax rate when the library's representatives themselves acknowledge that by adding even one of its neighbors to the existing district, the library could increase its revenue and "serve more people with more resources" even if the current rate was halved. Legislation has been introduced to allow a district library district to expand and reduce the number of mills authorized in its existing agreement if the voters of the existing district and the voters of the various jurisdictions seeking to join the district approve the measure.

THE CONTENT OF THE BILL:

House Bill 5336 would amend the District Library Establishment Act (MCL 397.183) to allow an existing district library agreement to be changed to reduce the number of mills authorized in the agreement if one or more municipalities or parts thereof joined the existing district library district. The reduction of the number of mills to be levied in the district would be contingent on the approval by a majority of the voters of the existing district who vote on the question and on the approval of a majority of

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the voters of each municipality of part of a municipality seeking to join the existing district who vote on the question. Defeat of the proposal by the electors of the existing district would not have any effect on the validity of the library's continued levy at the previously authorized rate.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill would have no fiscal impact on state government, and an indeterminate impact on local units of government. (5-15-02)

ARGUMENTS:

For:

The bill seeks to eliminate what can only be considered an unintended consequence of current legislation. Currently the act prevents district libraries from lowering taxes levied on property owners when they seek to expand their districts, even when charging the same rate on an expanded district would yield more money than the libraries would know how to spend. The bill would simply acknowledge that by bringing in surrounding communities, district libraries can improve services, provide services to a greater number of people, and cut costs all at the same time. The bill represents a perfect solution insofar as it would create no losers. Residents of communities seeking to join a district gain immediate access to the library's services without having to spend the money and time involved in building their own library. Residents of the existing district benefit from the improved services that the library would be able to provide while benefiting from a reduced tax rate. If for some reason, voters in either the existing district believed that the proposed reduction would result in an undue strain on the existing library district, they would have the opportunity to make their case and vote against the proposed expansion.

POSITIONS:

The Michigan Library Association supports the bill. (5-15-02)

Analyst: J. Caver

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.