

After Tax Caps, a Librarian Watches the Funds Dwindle

“Did you ever have trouble getting out of bed on a Friday morning? Did you lie in bed and argue with yourself whether or not it was necessary to go to work? I've actually heard of people who like to go to work. Come to think of it, I guess there was a time when I, too, liked to go to work. Unfortunately, that time is not now. Now I'd just as soon stay at home under the covers and hide from all of those problems that others force upon us. You know — those who make the rules but don't have to live with the consequences?”

In the late 1970s, California passed Proposition 13, a tax cap ruling. At that time, the state supplemented local communities for their losses in tax revenues. In the 1990s, Illinois looked at California and decided it would offer the tax cap option on a county-by-county vote. Granted, Illinois didn't make it mandatory statewide, but then it didn't offer to supplement local units of government for their lost revenue either.

How do tax caps work? In a non-tax cap county, a library can increase its tax levy request by up to 5 percent annually. If inflation forces it to ask for more than 5 percent, the library must hold a truth-in-taxation hearing and demonstrate to its constituents why.

In a tax capped county, with non-home rule forms of government, the law says a library can raise its tax levy request by 5 percent **or** the federal consumer price index, **whichever is less**. Since 1991, the CPI has not risen above 3.2 percent. Last year, the CPI was 1.9 percent. In other words, no matter how much the cost of living increases; no matter if insurance rates increase as much as 35 percent in one year, and minimum wage increases 25 percent, the library could not ask for more than a 1.9 percent increase.

To put this a little more in perspective, think how much you spend on your home for maintenance in a single year. Now, increase that 10 times. Do this for several years without a pay increase.

So where are we today? Well, in California, when the federal government started cutting state funding, the state stopped supplementing local government. In the most extreme example, Salinas, a city of 150,000, announced it was closing all of its libraries due to lack of funds. But Illinois didn't have to wait another decade to catch up. Since the state wasn't supplementing local units of government for losses from the tax caps, libraries are already cutting services, staff, and in extreme instances, they are closing libraries for a week or two, or reducing the number of days a week they are open.

And where do the rule-makers stand on this issue? Most of the lawmakers I've spoken to acknowledge that the tax cap law in effect today is a bad law; it was never intended to shut down quality-of-life services. So what are they going to do about this fiasco? Pretty much nothing, as any action could impact their ability to get re-elected. The county commissioners I've contacted have been shocked and sympathetic; but that's as far as the conversation goes. State legislators' comments have ranged from

"It's a county issue, not a state issue" to "It's a waste of time to pass legislation concerning tax caps because the governor will just veto it." I guess my high school civics teacher was wrong when he said the Legislature could override a veto. I even contacted my U.S. congressman's office about the problem of keeping Illinois' public libraries open; but he said that while he was sympathetic, it was a state issue. So, where do we turn next?

Illinois' public libraries rely on property tax dollars for 85 percent to 95 percent of their revenue. Unlike other units of government, public libraries do not receive sales tax dollars, and many are unable to collect impact fees for new development. Some libraries have endowment funds — but not all. Some libraries have foundations, but not all, and since there are so many new foundations established annually, the return on investment doesn't always match the hours of work required, if you could find the volunteers to run it. Add to the problem of running a business on a budget established one to two years in advance, with not only the headaches of tax caps, but also the added headaches resulting from TIF districts, economic incentives and tax refunds. National chain stores have been doing it for years. Now, the local chamber of commerce and the village are holding workshops to teach others how to file for property reassessment to get their property taxes lowered.

Our public library submits a tax levy request in November to the village. In December, the village adds it to theirs and files it with the county. Our fiscal year starts May 1. Around September or October, the county sends us a report telling us how much we are allowed under the tax cap. Then, as tax refunds are approved throughout the year, the county withholds collected dollars to pay off these refunds — some for cases going back 10 to 12 years.

So, the public library gets maybe a 2 percent increase in property tax dollars to cover an increase of maybe 20 percent in mandatory costs; and then the county can take back maybe 23 percent in tax refunds. Anyone care to try to run a business like this?

So, going back to getting out of bed. I was feeling really good last spring. Additional dollars from a tax rate increase referendum were coming in, and we were starting to make building repairs that had been ignored for 10 years. Attendance at the library was increasing, and we were able to restore the book budget, enlarge the computer network and replace cut staff. And then the tax refund reports started rolling in. They weren't too bad in May and through the summer. By September, the number of refunds and amounts going back as far as the 1992 tax year started increasing. We lost more than \$36,000 one day for a five-year-old tax case. This week, the biggie was a collection adjustment that took away more than \$131,000. In fact, since our fiscal year began May 1, we have lost more than \$203,000, and our fiscal year is only half over.

For several years, librarians have been asking their state legislators for help. Before it's too late, citizens and voters need to step up and start putting pressure on their state representatives. Either we find a way to supplement property taxes, or we watch our public libraries lock their doors one by one."

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