

Legislative Analysis



SCHOOL DISTRICTS: CREATING NEW DISTRICT LIBRARIES

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Senate Bill 108 (reported from House committee)

Sponsor: Sen. Dale W. Zorn

House Committee: Local Government

Senate Committee: Local Government

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 108 of 2015)

Complete to 6-3-15

BRIEF SUMMARY: The bill would eliminate the January 1, 2015, sunset that prohibits school districts from partnering to establish a new district library after that date.

FISCAL IMPACT: Senate Bill 108 would have no fiscal impact on the state, and a possible, but indeterminate, revenue increase for local units of government. The bill would allow local libraries the possibility of increasing their funding base as a district library. Becoming a district library may allow a local library to access additional funding streams, a higher millage rate, and a larger tax base.

THE APPARENT PROBLEM:

Following Michigan's 2007-2010 economic recession, local officials reported significantly reduced revenue, because their property tax collections declined after houses and other property lost resale value. While property values are now increasing, property tax revenue is slow to follow, given tax limitation provisions in the state constitution. Some say the return to pre-recession tax revenue collections will take as long as two decades. Consequently, local officials seek to cut the costs of local services, often by forming collaborative partnerships with officials in other local units of government.

For example, last year, the City of Morenci and the Morenci Area Schools explored the creation of a district library following the city's 16 percent decrease in funding for the Stair Public Library. Library funding was cut because Morenci experienced a \$20 million decrease in property values after 2010, which resulted in a \$130,000 decrease in property tax collections. The declining revenue required a 30 percent reduction in funding for police, a 15 percent decrease in funding for fire, and a 16 percent decrease in funding for the library.

In another case, the Milan Public Library is pursuing a service area beyond the city limits and hopes to create a district library with the Milan Area Schools. Currently, the Milan library serves some parts of the Milan school district that are located outside the city limits—a service the city's taxpayers subsidize. See *Background Information*.

Michigan's District Library Establishment Act allows two or more municipalities—defined to include cities, villages, school districts, townships, and counties—to join together to create a district library. However, a current "sunset provision" in the act prevents school

districts from doing so after January 1, 2015. Legislation has been introduced again this legislative session to eliminate that sunset date. See ***Background Information***.

THE CONTENT OF THE BILL:

Senate Bill 108 would amend the District Library Establishment Act (MCL 397.172) to eliminate the January 1, 2015, sunset that prohibits school districts from establishing a new district library after that date.

Currently the act defines the term "municipality" as follows: *municipality means a city, village, school district, township or county. Municipality shall not include a school district for the purpose of establishing a new district library after January 1, 2015.* Senate Bill 108 would eliminate the underlined portion of the definition.

In addition, the bill changes the definition of the term "department" by eliminating a reference to the now-disbanded Department of History, Arts, and Libraries, and substituting, instead, the Department of Education, which is now responsible for administering library services.

Finally, the bill changes the definition of the term "state librarian" to mean the Department of Education (eliminating a reference to the librarian appointed under Section 5 of the Library of Michigan Act).

HOUSE COMMITTEE ACTION:

The members of the House Local Government committee reported out the Senate-passed version of Senate Bill 108 without amendments.

BACKGROUND INFORMATION:

For more information about the Milan Public Library, visit www.milanlibrary.org

Legislative History. Senate Bill 108 is similar to House Bill 5597 (Zemke) introduced during the last legislative session. House Bill 5597 passed the House on December 4, 2014, by a vote of 109 to 0. It died in the Senate Committee on Local Government and Elections at the end of the two-year legislative session.

ARGUMENTS:

For:

This legislation allows local units of government—including school districts—to form partnerships, thereby saving taxpayers money. In particular, by removing a January 1, 2015, "sunset" date, this bill allows the city of Milan (located in Washtenaw and Monroe counties) to expand its public library service area by incorporating the geographic area of its school district—Milan Area Schools. In doing so, the new partners will share costs of library services that are now borne by the city taxpayers only. Further, the new partnership

will offer Milan school district residents more convenient access to library services, because citizens who reside in the parts of the school district not now served by Milan Library often travel 20 miles to use the library in Monroe.

POSITIONS:

The Michigan Department of Education supports the bill. (6-3-15)

The Michigan Library Association supports the bill. (6-3-15)

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