Tax Capture Districts and Their Impact on Michigan Libraries

Presentation to the House Local Government Committee

October 14, 2015

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Helping Libraries and Library Professionals Succeed

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385 Michigan Public Libraries served 5 million public library card holders in their communities last year

11 million computer uses	87 million materials checked out	53 million visits	3 million attended education classes	230,000 summer reading students

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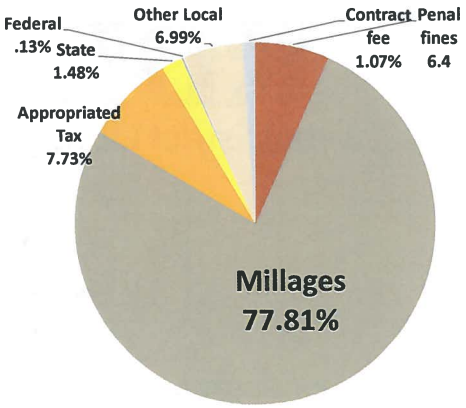
Libraries are Unique
Millages are Critical to Library Funding

- **On average, 78% of library funding comes from locally dedicated special library millages.**
  - Voters go to the polls and choose to support their libraries by approving a dedicated library millage.
  - These locally dedicated taxes approved by voters for library funding are being captured without the taxpayer's knowledge or approval.



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2013 Library of Michigan Statistics

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Tax Captures Reduce Library Services

Captured Library Millages

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Defeated Millage Due to Disclosure of Tax Capture

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Fewer Library Services for the Entire Community

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Decreased Budgets = Decreased Service

116 Tax Captures

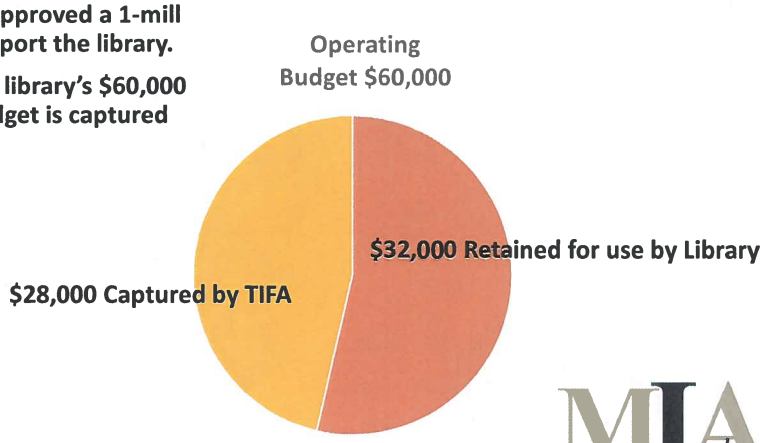
49 Libraries

$3,026,236 Captured Dollars

This includes just 13% of our public libraries.

Litchfield District Library – Class 1 Library

- Voters in the city of 1,300 residents approved a 1-mill levy to support the library.
- 47% of the library's $60,000 annual budget is captured by a TIFA.



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South Haven Memorial Library – Class 3 Library

- 13 Tax capture districts siphon taxes from the dedicated library millage
- $36,499 or 16% of their operating budget is captured each year
- Annual collections budget is $29,000

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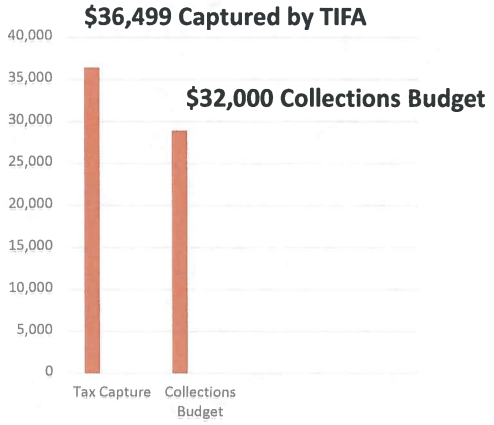

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Libraries and Tax Captures Can Work Together

- **Tax captures and libraries can work harmoniously.**
  - As partners to ensure a vibrant community.
  - Allow the library to become an investor.

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Solution: Working Together

Transparency:
Be transparent in their activities

Accountability:
Explain their value to library boards

Build a Partnership:
Let the library make an informed decision

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Solution = Transparency

Voters want to know where their taxes are going.

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Solution = Accountability

Explain the projects and what they mean to the library community.

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Solution = Partnership

- Tax captures can begin by building relationships with their library and ending automatic tax capture.
- Libraries should have the ability to opt in and partner with the tax capture when appropriate.

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