

LIBRARY FUNDING UPDATE & FAQs

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Big changes are coming to our four-community library.
The Town of Hudson voted Monday to leave the joint library.
North Hudson votes on leaving tonight (Aug. 2).
St. Joseph is expected to vote next week.

The impact? It depends.

Our message:

The partners should delay these decisions until we have answers from the Department of Revenue regarding an existing library funding proposal as well as the partners' withdrawal plans.

Our message: Learn, listen, vote.

Learn what the Department of Revenue, the authoritative agency has to say about both options.

Listen to residents' feedback.

Then vote.

What's going on at the Hudson Area Public Library?

News stories, magazine covers, social media posts and lots of talk—all about a funding crisis at the library. While it may seem like a sudden development to community members, this crisis has been brewing for almost 20 years.

Now it's boiling over.

In the past 18 months, we've been advocating hard for a solution that will prevent the library from cutting days we're open. There's a feasible plan on the table (see number 8 and 12); now the partners have initiated another option (see numbers 3 and 4).

Hopefully these answers to frequently asked questions will provide context and understanding. We intended the answers to be short and simple as possible.

1. About the Hudson Area Public Library

- The Hudson Area Public Library (HAPL) is a partnership formed in 2002-2003 by the City of Hudson, the Village of North Hudson and the Towns of Hudson and St. Joseph.
- The reason stated for the partnership is written into the agreement: *to substantially increase library funding*. That never happened.
- HAPL serves 30,500 residents.
- HAPL is the 32nd largest library out of the 380 in Wisconsin.
- HAPL is unique. It's one of only 28 joint libraries in Wisconsin.

2. How did we end up with this mess?

In 2012, it was discovered the four partners had not been following a state law that sets minimum funding levels for libraries.

In that year alone, the library *was not paid \$415,000* it was owed. The library never got the money, and the law was changed *just for joint libraries* so the partners could keep funding flat.

This change in state law protected the four partners' budgets. Strict state-imposed limits on property tax increases prevented the communities from raising taxes to cover the shortfall. Leaders had tough decisions to make, and they did the best they could with the tools they had at that time.

But the Hudson Area Public Library has never recovered.

The current proposal involving the county (the county funding mechanism) would return the library to *the funding level required in 2012*.

3. Why are three of the partners (North Hudson & the Towns of Hudson/St. Joseph) voting on withdrawal?

At the Town of Hudson's work session on Monday, these were the points board members raised:

- The library will receive significantly more money. (See our response below.)
- Everyone in all four communities will pay more for the library (true).
- Because the town is up against state-imposed levy limits, it's challenging to increase library funding, especially to the level of funding the library needs to recover (true).

4. What is the library's response?

Does it help or hurt the library? And how does it affect the City of Hudson? We're getting information from the Department of Revenue to clarify the details, because the answers are in those details.

If simply dissolving fixed the problem, it would have happened many years ago.

This scenario is different. The partners say they will transfer their levy capacity to the City of Hudson. Translation: *they will give the city their **ability** to collect a library tax.*

- The Town of Hudson's budget for the library would essentially disappear. The town stops collecting library taxes from its residents. The town stops funding the library.
- Town of Hudson residents would stop paying library taxes to the town. Instead, they'd pay library taxes to St. Croix County. State law requires all property owners to pay a library tax, either to their municipality or to their county.
- Using a state formula, St. Croix County will pay the library for serving residents from the Town of Hudson.

If North Hudson and St. Joseph withdraw under this scenario, the same points apply.

The City of Hudson would (potentially) take the partners' *taxing ability* and use it to tax city residents for additional funding. City residents would pay more but, as explained above, so would the partners' residents.

5. I live in the Town of Hudson. Are you saying I can't use the Hudson Area Public Library?

We're a public library. We serve the public. If you live in the Towns of Hudson and St. Joseph, the Village of North Hudson and the City of Hudson, **we are your library now; and we will always be your library.**

These issues would change funding structures and governance, which obviously impact service, but our commitment to you will not change.

Our message: no matter which community you call home, your library is here for you. All of you matter to us.

6. To understand the funding proposals under discussion, it's important to know how Wisconsin libraries are funded.

Every property owner in Wisconsin pays a library tax. If you live in a municipality with a library, you pay library taxes to the municipality.

Everyone else is deemed a "rural resident" (the term in state law), and those residents pay a library tax to the county.

7. What is the counties' role in funding?

Rural residents use libraries, but they don't pay taxes to the municipality that created and funds the library. So the county collects its own tax from those residents and pays the libraries who serve them.

Libraries' software tracks circulation data based on location. At the end of the year, the software tallies check-outs from rural residents and reports the total to the county. The county reimburses libraries based on that data and a formula written into law.

8. What's involved with the HAPL funding proposal referred to as the "county funding mechanism?" (It's not a catchy name, is it?)

This plan is basically an accounting change. The four partners would stop collecting municipal library taxes. They'd stop funding HAPL directly. Instead, the county would use the county-reimbursement process (see above). The residents in the four communities would pay the county's library tax rate *to the county, not their municipality*. The county would collect those taxes and pay HAPL directly.

The county's tax rate, once applied to everyone in the four communities, would give HAPL a significant funding increase. It'd be just short of \$400,000, almost the amount the library was never paid in 2012.

9. Why can the county get more money to the library than the partners? After all, each scenario involves the same group of taxpayers.

State law has a strict limit on property tax increases. Basically, local governments can't increase their annual tax levy more than that year's "net new construction."

No growth in your town? Then there's no growth in your town's tax levy—doesn't matter if government costs increase (employee health insurance, technology, road construction, etc.).

There are a couple of exceptions, though. One of those exceptions is the county's library tax levy.

That's why accounting change works.

10. Why does the state let the county have a library exception from levy limits when towns/cities do not?

The amount the county owes its libraries varies year to year. The county can't plan its own budget with consistent assumptions about what they'll owe. The amount is calculated by a formula with two variables: the number of items checked out by rural residents and the operating budgets of the libraries involved. Both of those numbers can change each year.

Also, the county tax applies only to rural residents, so it's not uniform across the county.

11. And one more thing about counties and libraries...

The amount that libraries "bill" counties each year is meant to reflect the actual cost of serving rural residents. However, the law lets each county decide what percent of those bills it's going to pay. The county can reimburse its libraries for any amount between 70 percent and 100 percent of the libraries' costs. The Board of Supervisors makes that decision each year.

12. What's the status of this "county funding mechanism?"

There's an original plan and a revised plan. Both accomplish the same funding increase.

(Note: Recently there was a contrary legal opinion, and soon we'll have a state refutation of that legal opinion.)

So much complex information; so many twists and turns.

The proposed accounting change is not explicitly allowed in law; nor is it explicitly prohibited in law. Written opinions from the Revisor of Statutes, the Department of Public Instruction and Department of Revenue found no barriers to its implementation. In fact, the *Department of Revenue offered a simpler mechanism in the revised plan.*

As stated, there's more information coming.

Wait a minute. All these proposals mean residents in the village, the towns and the city will pay more for the library?

Yes. And no. Depends on how you look at it.

- Based on the minimum funding law using the county formula, *HAPL residents have been underpaying the library by 45-68 percent of the required minimum, every single year, for more than a decade.* (The amount depends on which community and what year.)
- While everyone else in St. Croix County has been paying minimum library taxes—or significantly more than minimum—HAPL taxpayers have been getting big tax breaks. And the library has suffered because of this situation.

The situation is evolving quickly. Please watch Facebook and the website for more information. The *Star Observer* has done a great job of covering the issue, too.