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DATE: April 24, 2001

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE
COUNCIL FOR COMPETITIVE COMMERCE
ANALYSIS**

BILL #: CS/HB 337
RELATING TO: Public Libraries
SPONSOR(S): Committee on Tourism and Representative(s) Trovillion, Garcia and others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) TOURISM YEAS 5 NAYS 0
- (2) FISCAL POLICY AND RESOURCES YEAS 12 NAYS 0
- (3) COUNCIL FOR COMPETITIVE COMMERCE YEAS 12 NAYS 0
- (4)
- (5)

I. SUMMARY:

The State Aid to Libraries grant program is an incentive program designed to encourage local governments to establish and continue development of free library service to residents and to provide funding to support that library service. The Operating Grant (s. 257.17, F.S.), one of four State Aid grants, is prorated based on State Aid funds available after other grants are funded. Added in 2000 with a July 1, 2001 repeal, s. 257.17(4), F.S., provides an exception to the general eligibility criteria for Operating Grants. It makes a municipality with a population of 200,000 or more that has not been designated by a county as the single library administrative unit and that serves only municipal residents eligible to receive a state Operating Grant of not more than 25 percent of all local funds expended by that municipality during the second preceding fiscal year for operation and maintenance. The City of Hialeah is the only city of the required population that is not incorporated into a consolidated county library system, tied to a county by an interlocal agreement, or part of a county public library cooperative.

The bill extends the repeal of s. 257.17(4), F.S., until July 1, 2002 thereby continuing the grant of \$116,108 to the City of Hialeah for another year. It also requires the municipality and the county-designated single administrative unit, with participation of the Division of Library and Information Services (division), to enter into negotiations to form a public library cooperative to extend services to residents of both legal service areas through interlocal agreement. Failure by either party to work cooperatively may result in loss of eligibility to receive an Operating Grant for FY 2002-03. A negotiation status report must be submitted to the division by December 1, 2001. By January 1, 2002, the division must provide the Legislature a report including negotiation effort status, a review of the State Aid to Libraries Program, and recommendations for statutory or funding changes needed to encourage and improve delivery of free library service to all residents.

On April 17, 2001, the Committee on Fiscal Policy & Resources adopted a strike everything amendment which conforms the bill to the Senate bill. It removes the required negotiations, replacing it with language encouraging the study of the feasibility of establishing public library cooperatives, by inter-local agreement, between cities and counties.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

In Chapter 61-402, Laws of Florida, the Legislature declared it to be the policy of the state to aid counties through grants in the establishment and development of library services. Counties were determined to be the political subdivisions best suited to provide library services to the residents of Florida because, at that time, 43% of the state's residents lived in unincorporated areas. By 1999, the percentage of Floridians living in unincorporated areas had increased to 51%. At the time of passage of Chapter 61-402, Laws of Florida, the county service model was the same as that chosen by the state for public school education.

The State Aid to Libraries grant program, established in 1961, is an incentive program designed to encourage local governments to establish and continue development of free library service to residents and to provide funding to support that library service. Grant formulas are based largely on local funds invested in library service. The more local money spent on library services, the higher the grants earned under the State Aid to Libraries Program. There are several forms of grants for which libraries may apply: Equalization Grant, Multicounty Library Grant, Establishment Grant, and Operating Grant.

Section 257.17, F.S., establishes the Operating Grant that is prorated based on remaining available funds in the annual appropriation by the Legislature and provides a match as described. The grant may be applied for by a political subdivision designated by a county as the single library administrative unit. If this designated unit meets certain criteria, it is eligible to receive an annual operating grant of not more than 25% of all local funds expended by that unit during the second preceding fiscal year. Grant formulas are based largely on local funds invested in library service. The more local money spent on library services, the higher the grants earned under the program. Libraries established or maintained by the political subdivisions must be operated under a single administrative head and expend its funds centrally, have an operating budget of at least \$20,000 per year from local sources, and give free library service to all residents of the county or residents of the special district or special tax district. An exception to the latter requirement and the requirements for designation by a county listed in the discussion of s. 257.17(1), F.S., which follows were passed in the 2000 legislative session and are encompassed in subsection (4) which is discussed later in this portion of the analysis.

Subsection (1) of s. 257.17, F.S., provides a list of eligible political subdivisions designated by a county as the single library administrative unit that may receive State Aid to Libraries:

- A county that establishes or maintains a library or that gives or receives free library service by contract with a municipality or non-profit library corporation or association within such county;
- A county that joins with one or more counties to establish or maintain a library or contracts with another county, a special district, a special tax district, or one or more municipalities in another county to receive free library service;
- A special district or special tax district that establishes or maintains a library and provides free library service; or
- A municipality with a population of 200,000 or more that establishes or maintains a library and gives free library service.

According to the Division of Library and Information Services of the Department of State, the last eligible political subdivision cited above was placed in law in 1983 to grandfather the City of St. Petersburg, designated by Pinellas County as the single library administrative unit, to continue to receive State Aid to serve all residents of Pinellas County, but without any county appropriations being paid to the city. This was the only municipality ever to serve as the library for all of a county's residents without receiving any payment by a county to do so under a provision of Florida's State Aid to Libraries law that was in effect from 1972 to 1983. This relationship with the city ended with the establishment of the Pinellas County Public Library Cooperative in 1990.

Public library cooperatives have been established through interlocal agreements between the county-designated cooperative and autonomous municipal libraries in Pinellas, Polk, Okaloosa, Lake, and Palm Beach counties to serve as the single library administrative unit for the provision of library services. County public library cooperative members must agree to provide service under a mutually agreed cooperative library service plan and agree to expend their funds according to the plan. State Aid is kept at the county cooperative level and is spent under the cooperative plan for the benefit of all participating libraries. Cooperatives and interlocal agreements also exist in Hillsborough, Brevard, Escambia and Santa Rosa counties.

Section 53 of Chapter 2000-171, Laws of Florida, the Implementing Bill for the General Appropriations Act (GAA), amended s. 257.17, F.S., to add a new subsection (4) to the law for the purposes of implementing Specific Appropriation 2627 of the GAA. The Specific Appropriation related to funding for Aid to Local Governments, Grants in Aid – Library Grants (State Aid to Libraries). The provision added allows a city with a population of 200,000 or more to receive State Aid, through the Operating Grant, while serving only the residents of the city and not the county and with no requirement for county designation as the single library administrative unit. The subsection repeals July 1, 2001. The language in s. 257.17(4), F.S., refers to the City of Hialeah since it is the only city meeting the population requirements and not being part of a consolidated county library system, tied to a county by an interlocal agreement, or part of a county public cooperative.

Miami-Dade County has not established a public library cooperative. According to the Department of State, Miami-Dade Public Library's support for library service in FY 2000 was \$18.33 per capita, based on local expenditures to earn State Aid. Hialeah's support for library service in FY 2000 was \$5.90 per capita, based on local expenditures to earn State Aid.

C. EFFECT OF PROPOSED CHANGES:

The bill extends the repeal of subsection (4) of s. 257.17, F.S., for one more year thereby continuing the eligibility of the City of Hialeah to receive an Operating Grant of \$116,108 until July 1, 2002. The bill also requires that the municipality and the county-designated single administrative unit, with participation of the Division of Library and Information Services (division) of the

Department of State, enter into negotiations to form a public library cooperative to extend services to residents of both legal service areas through interlocal agreement. Failure by either party to work cooperatively may result in loss of eligibility to receive an Operating Grant for FY 2002-03. A status report by the municipality and the county-designated single administrative unit must be submitted to the division by December 1, 2001. By January 1, 2002, the division must submit a report to the Legislature on the negotiation efforts and provide recommendations on statutory or funding changes. Finally, the report is to review the State Aid to Libraries Program and include recommendations for statutory or funding changes needed to encourage and improve delivery of free library service to all residents of the state.

The bill takes effect upon becoming law.

D. SECTION-BY-SECTION ANALYSIS:

Not required.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None. See "Fiscal Comments".

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

By providing an Operating Grant of approximately \$116,108 to the City of Hialeah for FY 2001-02, this bill will reduce the amount available for the funding of Operating Grants for other libraries.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

Comments received from the Department of State included the following concerns and comments:

- Florida's State Aid to Libraries law is based on cooperation, interlocal agreements, and cooperative planning to provide library services to all residents of the state. If the "Hialeah" provision becomes a permanent part of the State Aid to Libraries law, it provides an opportunity to jeopardize the cooperative library systems in Hillsborough, Lake, Okaloosa, Palm Beach, Pinellas, and Polk counties. It might also jeopardize interlocal agreements in Brevard, Escambia, and Santa Rosa counties. If State Aid had to be paid not only to a county which taxes all county residents for library service, but also had to be paid to municipalities which through home rule also taxed city residents to operate a city library within the same county, the counties involved would include Broward, Seminole, and Lake. The "Hialeah" provision would likely prove to be a disincentive to cooperation, interlocal agreements, and cooperative planning for library services in the future.
- The amount appropriated for State Aid to Libraries for FY 2000-2001 is \$33.4 million. The addition of providing a grant to the City of Hialeah Public Library would cause the amounts for other program participants to decrease. Because the annual appropriation for State Aid falls below the amount which counties earn each year, the funds must be prorated based on the maximum grants allowable.
- A public library cooperative has not been established in Miami-Dade for a number of reasons including economic. For instance, Miami-Dade Public Library's support for library service in FY 2000 was \$18.33 (based on local expenditures to earn State Aid). By contrast, Hialeah's support for library service in FY 2000 was \$5.90 (based on local expenditures to earn State Aid). If a cooperative was established in Miami-Dade, the residents served by the Miami-Dade Public Library System would have to heavily subsidize library service to the residents of Hialeah because of the long-term disparity of support of the two systems. A study done several years ago by the Miami-Dade Public Library System estimated it would take at least \$1 million to bring the Hialeah Public Library into the Dade County system as a branch.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 20, 2001, the Committee on Tourism unanimously passed a committee substitute for House Bill 337. The committee substitute differs from the original bill in the following ways:

- Extends the repeal of the subsection for one more year (July 1, 2002) rather than removing the repeal.
- Requires that the municipality and the county-designated single administrative unit to enter into negotiations to form a public library cooperative to extend services to residents of both legal service areas through interlocal agreement. Requires that the Division of Library and Information Services of the Department of State is a participant in these negotiations.
- Provides that failure by either party to work cooperatively may result in loss of eligibility to receive an Operating Grant for FY 2002-03.
- Requires a status report by the municipality and the county-designated single administrative unit to be submitted to the Division of Library and Information Services by December 1, 2001.
- Requires the Division of Library and Information Services to submit a report to the President of the Senate and Speaker of the House of Representatives by January 1, 2002. The report is to include a summary of negotiation efforts and any recommendations for statutory or fiscal change as a result of such efforts. Additionally, the report is to include a review of the State Aid to Libraries Program with recommendations for statutory or fiscal changes determined needed to encourage and improve delivery of free library service to all state residents.

On April 17, 2001, the Committee on Fiscal Policy & Resources adopted a strike everything amendment which conforms the bill to the Senate bill. It includes a provision to encourage the study of the feasibility of establishing public library cooperatives, by inter-local agreement, between cities and counties. If a city and county undertake this study, they must submit recommendations on the progress made toward forming a cooperative to the Division of Library and Information Services of the Department of State by December 1, 2001. By January 2, 2002, the division must submit a report to the President of the Senate and the Speaker of the House of Representatives that includes a status report on the progress in extending library services by these entities and recommendations for changes to the law or funding for these entities. The report must also include a review of the State Aid to Libraries program, with recommendations for statutory and funding changes based on the review. This provision is repealed on July 1, 2002.

VII. SIGNATURES:

COMMITTEE ON FISCAL POLICY AND RESOURCES:

Prepared by:

Judy C. McDonald

Staff Director:

Judy C. McDonald

AS REVISED BY THE COMMITTEE ON FISCAL POLICY AND RESOURCES:

Prepared by:

Kama Monroe

Staff Director:

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AS FURTHER REVISED BY THE COUNCIL FOR COMPETITIVE COMMERCE:

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