



# OHIO'S TEL/TABOR: WHAT DOES IT MEAN TO PUBLIC LIBRARIES?

## What is TEL/TABOR?

- A constitutional amendment, known as the Tax and Expenditure Limitation (TEL) Amendment, will be on the ballot in November 2006. The TEL, also known as a Taxpayers Bill of Rights (TABOR), limits growth in state and local government spending.
- TEL/TABOR limits the increase in state spending to 3.5% annually or by a formula that totals the rate of population growth plus the annual percentage increase of the Consumer Price Index (CPI), whichever is greater. Each year approval by the legislature, the governor, and a majority of voters is required to approve any state spending in excess of the limit.
- TEL/TABOR controls spending by local governments using the same formula but local population changes are used in calculating the limits. Local governments must also seek approval from a majority of voters for any new tax, any increase in existing taxes, and for any expenditure beyond the allowed percentage.
- Other provisions in TEL/TABOR fundamentally change how Ohio governments interact. The state is required to distribute an amount equal to 5% of the prior year's expenditures to local governments, libraries, and school districts.
- Ohio's TEL amendment is being placed on the ballot as a result of a 2005 petition drive by Citizens for Tax Reform (CFTR). Gubernatorial candidate and Ohio Secretary of State Ken Blackwell is Chair and Spokesperson of CFTR. This group's largest single contributor is the national Americans for Tax Reform.

## How will this affect Ohio public library funding?



- The Library and Local Government Support Fund (LLGSF), upon which all Ohio's public libraries rely, is not specifically eliminated by the TEL/TABOR amendment. However, the LLGSF is at risk for elimination when the Ohio General Assembly is faced with a significantly reduced state budget as a result of TEL/TABOR.
- Instead of receiving a designated 5.7% of the personal income tax through the LLGSF, libraries would be supported from the same fund as cities, villages, counties, townships, regional transit authorities, police, fire, courts, parks, sewer and water authorities, arts organizations, and other social services. Some commentators have suggested that even K-12 school systems will compete for monies from this same fund.
- County commissions or county budget commissions would decide how to distribute these funds with no guarantees as to how funds will be divided among these local governments and authorities. Rather than participating in fund allocations at the level of the Ohio legislature, libraries would be forced into a free-for-all among other local governments in front of a county-level decision-maker.
- The potential reduction in funds to Ohio public libraries translates into closure of branch libraries, curtailed services and hours, reduced spending on books, and implementation of fees for services that are currently free to the public including audiovisual materials, summer reading programs, reference requests, and computer/Internet usage.

## How does TEL/TABOR affect other community services?

- Forces local governments to compete for money—and very likely less money than is presently available.
- Inhibits collaboration between local governments.
- Prevents local governments from spending saved money.
- Fosters a “use it or lose it” approach to spending.
- Prevents local governments from making large purchases (e.g., new police cruisers or fire trucks).
- Could limit spending of revenue that does not come from taxes (e.g., The Ohio State University merchandise and ticket sales).



## What has happened in Colorado with the TABOR amendment?

- The passage of the Colorado TABOR in 1992 had a dramatic affect on the state's rankings in a number of areas, including but not limited to:
  - Ranking for funding of public schools fell to 50<sup>th</sup> in the country.
  - Ranking for on-time vaccination of children fell from 20<sup>th</sup> in 1995 to 50<sup>th</sup> in 2003.
  - 73% of roads are now considered in poor condition.
  - Colorado has no bond rating.
- The impact that the TABOR had on Colorado schools, colleges, local governments and other state services caused voters in November 2005 to suspend TABOR for five years.

## Could voters override an Ohio TEL?

- It is unlikely that Ohio voters would ever be able to override its limits on local governments because Ohio's TEL language can be interpreted to require spending approval by a majority of eligible voters, not just a majority of those who come to the polls.
- Even during an election when there is a heavy (70%) turnout, more than 70% of voters would have to approve the measure. And in many elections—especially primary or special elections—far less than 50% of eligible voters even bother to vote. Achieving such a super-majority to allow increased spending is seen as virtually impossible.