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ABSTRACT
                This study is an outgrowth of the plans and programs
set in motion by the study of professor Ralph Blasingame, Rutgers
University Graduate School, in 1968, and the 1969 legislation setting
up the Ohio Library Development Plan (OLDP). Its purposes are to
describe the system of financing public libraries in Ohio, to
identify problem areas, and to examine various alternatives for
funding the Ohio Library Development Plan and for generally
strengthening the financing of local libraries. The specific tasks
include: estimation of the cost of funding Area Library Service
Organizations (ALSO's) as spelled out in S.B. 262 and projection of
these costs to 1978; projection of local situs intangibles tax
collections and allocations to libraries, by county, to 1978; and an
estimate of the costs of bringing all Ohio's local libraries up to
the performance standards established by the Ohio Library
Association. Attention is given also to the problems inherent in the
local situs intangibles tax and in its administration, and to the
relation of library support to local perceptions of "need" for
library services. (Author)

Financing Public Libraries in Ohio

By

Frederick D. Stocker

Professor of Business Research and Public Administration

Center for Business and Economic Research

College of Administrative Science

The Ohio State University

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Mrs. John E. Coleman, Chairman
President, Dayton & Montgomery County
  Public Library Board

Aubrey M. Billings, President
Cuyahoga County Public Library Board

Stanley J. Bowers, Attorney
Columbus, Ohio

Henry P. Huston, President
Mansfield Public Library Board

Thomas J. Kiousis
Member, Cleveland Public Library Board

Ernest I. Miller, Director
Public Library of Cincinnati and
  Hamilton County

A. Chapman Parsons, Executive Director
OLA/OLTA Executive Office

John Rebenack, Librarian
Akron Public Library

Dorothy Sinclair, Lecturer
School of Library Science
Case Western Reserve University

Norton Webster, Attorney
Columbus, Ohio

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<div align="center">Frederick D. Stocker</div>

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I. INTRODUCTION

Ohio is widely known for having some of the finest local
library systems in the nation. A half-dozen or more of Ohio's
largest urban library systems are justly renowned for the
strength of their collections, the breadth and variety of
services offered, their well-trained professional personnel
and their high level of per capita support. Many other smaller
systems also compare favorably with the best to be found
anywhere in the nation.

At the same time there are many areas of Ohio in which
public library service is virtually nonexistent. In Adams
County, for example, with 1970 population of about 19,000,
library facilities consist of two small local libraries that
between them received only $19,100 from all sources in 1969.
Many other counties, especially those in low-income areas of
the state, have about the same level of library support. In
addition, some libraries in populous areas and with relatively
high per capita support have recently faced financial crisis
resulting in reduction of library service hours, suspension
of staff, and reduced book purchases.

Both situations--those of excellence as well as those
of substandard or curtailed service--can be traced largely
to the system of library financing employed in Ohio. Since
the early 1930's, Ohio's local libraries have been supported
almost entirely from revenues from the intangible personal
property tax. Under the system of classified property
taxation adopted in 1931, a tax is levied on individuals'
holdings of intangible assets--mainly stocks and bonds.
Though the tax is state-imposed and applies uniformly
throughout Ohio, it is collected locally and the revenue
remains in the county of origin, where it is distributed
to library systems in accordance with "need." Any revenue
remaining after the distribution to libraries goes to other
units of local government in the county, principally munici-
palities.

This system of library finance, which is unique among
the states, has had several results. Some counties, because
of large holdings of taxable intangibles by their residents,
or vigorous local tax enforcement efforts, or both, have
realized great revenues from this source. Others receive
very little. The marked disparities among counties in
intangibles tax yield per capita--on the order of 16:1 in
1969--is inherent in an origin-based allocation of revenue
from a tax, the base of which is distributed very unevenly
within the state.

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Giving libraries first claim on intangibles tax revenue
has had several other noteworthy results. One is that libraries
rarely resort to other sources of tax revenue. Although the
governing board of each library system has power to seek voter
approval for a property tax levy for libraries, such levies
are rarely proposed and even more rarely approved. Of course,
many areas have little or no need for additional revenue beyond
that provided by the intangibles tax. Others are no doubt
deterred from seeking funds from the general property tax by
the referendum requirement; since libraries share no part of
of the 10 mills that local governments in Ohio are allowed
to levy without voter approval, any such levy must go to the
voters. Parent governing bodies, such as school boards and
city councils, are often reluctant to see library issues
placed on the ballot. In 1969 only 10 of Ohio's 255 library
systems received tax revenue from sources other than the
intangibles tax. Only 2 percent of library tax revenue came
from such sources.

At the same time, the preferred position of libraries
in access to revenue from the intangibles has shielded them
from the necessity of keeping the taxpaying public constantly
aware of the community benefits that flow from the public
library, and of the necessity for tax support to provide
these benefits. Unlike other governmental functions, where
support must be sought from the reluctant taxpayer in
constant competition with all other public sector claims,
libraries have led a comparatively sheltered existence. Not
having had to scramble for money, many libaries in Ohio may
have neglected to carry their case to the general public.
Ohio has not developed a tradition or custom of voting tax
support for libraries. Indeed very few Ohioans have any idea
how libraries are supported. These facts take on an ominous
tone if one considers the possibility of changes in financing
that would place libraries in direct competition with other
governmental services for the taxpayer's dollar.

Another feature of Ohio's system of library financing
is that (except for the earmarked intangibles tax) very little
state money goes to support local libraries. The accepted
view has been that in enacting the intangibles tax and
setting it aside for libraries the state has fulfilled
its financial obligation toward this function. Conse-
quently Ohio, unlike many other states, has up to now had
no sizable program of grants to local libraries designed
to establish minimum standards of support or to equalize
library services among local areas.

The role of the state in financing Ohio's libraries
may now be changing. In 1968 a thorough study of the Ohio
public library system carried out under the direction of
Professor Ralph Blasingame, of The Rutgers University Graduate
School of Library Service and former State Librarian of
Pennsylvania, recommended a number of steps toward streng-

thened library service.[1] Many of these called for increased
state involvement and enlarged financial support from the
state. Specifically recommended was the development of a
plan for Area Library Service Organizations--locally controlled
but state financed library systems which would supply libraries
with such resources and services as joint acquisition of
materials, in-service training, professional consultants,
and other library services as needs are determined by member
libraries.

The 1969 Session of the Ohio General Assembly adopted
legislation implementing many of the recommendations of the
Blasingame study. In Senate Bill 262, effective November 25,
1969, the General Assembly adopted The Ohio Library Deve-
lopment Plan (OLDP), which incorporated many of the recom-
mendations of the Blasingame study. In particular, the Plan
provided for the establishment of a network of Area Library
Service Organizations (ALSO's). It also called for esta-
blishment of a reference and information network linking
the ALSO's with each other and with the state library, and
for strengthening the state library itself and its services
to local libraries.

This legislation, however, does not provide the
financing to implement the plan. Questions remain as to the
cost of carrying out the plan and the sources of revenue.

This study is an outgrowth of the plans and programs
set in motion by the Blasingame study and the 1969 legis-
lation setting up the OLDP. Its purposes are to describe
the system of financing public libraries in Ohio, to identify
problem areas, and to examine various alternatives for funding
the Ohio Library Development Plan and for generally streng-
thening the financing of local libraries. The specific tasks
include: estimation of the cost of funding ALSO's as spelled
out in S.B. 262 and projection of these costs to 1978; pro-
jection of local situs intangibles tax collections and
allocations to libraries, by county, to 1978; and an estimate
of the costs of bringing all Ohio's local libraries up to the
performance standards established by the Ohio Library Asso-
ciation. Attention is given also to the problems inherent in
the local situs intangibles tax and in its administration,
and to the relation of library support to local perceptions
of "need" for library services. Each of these topics is
taken up in the following sections.

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[1]Survey of Ohio Libraries and State Library Services,
Columbus, The State Library of Ohio, 1968.

II. THE INTANGIBLES TAX AND OHIO LIBRARY FINANCE

In most states, public libraries are financed either
from general tax revenues of the parent unit of government
such as a municipality, county or school district, or from
tax levies imposed by the library board itself in states
where library districts have taxing power. Until the
early 1930's, the former arrangement prevailed in Ohio.
School districts possessed power, without resort to referendum,
to impose a levy of 1-1/2 mills for library purposes. This
provision for financing encouraged the formation of many
school district libraries during the 1920's.[2]

In 1931, certain far-reaching changes were made in the
Ohio tax structure. In that year, the state adopted a system
of classified property taxation under which intangibles were
exempted from local property levies but subjected to a
special state levy. At the same time the permissible rate
of local property tax levies (without a special vote of the
people) was limited to 15 mills. (This was reduced to 10
mills in 1934.) As libraries were not entitled to any part
of this 15 mill levy, they were essentially cut off from tax
support. To correct this situation and at the same time to
provide a financial inducement to local communities to
establish public libraries, the 1933 session of the General
Assembly authorized any library board that would open the
facilities of its library to all residents of the county
to receive an allocation of intangibles tax funds from the
county budget commission. Thus began the linkage of library
finance to the intangibles tax, a system that is unique to
Ohio and which is the source not only of the preeminence
of some of Ohio's libraries but also of many of today's
problems in financing the Ohio library system.

The Intangibles Tax

The Ohio system of taxing intangible personal property
adopted in 1931 is part of a broad system of classified
property taxation. Prior to 1931, the state had for many
decades followed a system of general property taxation, in
which all kinds of assets were taxed under one uniform law
on an ad valorem basis (i.e., according to value). During
the early decades of this century, however, it became apparent
in Ohio and in other states that there are many difficulties,
both conceptual and practical, in assessing and taxing all

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[2]Library Laws of Ohio (January 1, 1969), Columbus, The
State Library of Ohio, 1969, page 2.

classes of property alike. It came also to be recognized
that there are genuine economic differences between real,
tangible personal, and intangible personal property, in
terms both of the taxpaying ability they represent and the
governmental services provided to owners.

Ohio was only one of many states that adopted a classified
property tax system at about that time. Many states went to
the extreme of exempting all intangibles outright, mainly
because of the practical problem of locating and identifying
intangible assets for taxation. This problem, which is
inherent in local assessment of intangibles, has been
avoided in Ohio by the use of state administration. Under
this system, which is unusual if not unique among the states,
Ohio has established machinery through which it is _possible_ to
administer the intangible personal property tax with nearly
one hundred percent effectiveness. Unfortunately the machinery
is not used as well as it might be, and a substantial amount
of noncompliance occurs.

Apart from problems of administration that have
plagued most states in their efforts to tax intangibles,
there are some conceptual objections to the intangibles tax
that have contributed to its widespread abandonment. The
principal objection is that most intangibles are merely
representative claims on other tangible assets which are
taxed in their own right. A separate tax on intangibles
thus constitutes a form of double taxation. A corporation,
for example, would be taxable on its tangible assets (real
estate, machinery, inventories) to the same extent as an
unincorporated business. If it shares of stock are also
taxed the owners are doubly taxed as compared with the
owners of an unincorporated business.

The Structure of the Intangibles Tax

Ohio statutes define four categories of intangible
personal property and apply a uniform statewide rate to
each.

> Unproductive investments; deposits, and shares in
> financial institutions, and capital as well as
> ownership interest in capital employed by financial
> institutions; capital and surplus, or 8-1/3 times
> the gross premiums, of insurance companies: 2
> mills on the dollar

> Money, credits, and all other intangibles not sep-
> arately classified: 3 mills on the dollar

> Shares in capital employed by dealers in intangibles:
> 5 mills on the dollar

> Productive investments: 5 percent of income yield

The statutes also provide a two-way split of the above categories into <u>local situs</u> and <u>state situs</u> intangibles. Local situs intangibles include property of corporations operating in only one county, unincorporated businesses, and individuals. State situs property includes intangibles owned by public utilit'es, intercounty corporations, financial institutions, and dealers in intangibles.

Libraries participate only in the revenue from the tax on local situs intangibles. The major item in the local situs returns is the 5 percent levy on income yield of productive investments (Table I).[3] The levy on productive investments, while in concept an ad valorem property tax, has the appearance of an income tax. The income yield serves as a measure of the value of the asset. In keeping with this view, the tax is applied not to the income actually received by the taxpayer during the year, but to the income produced by the investment during the year, irrespective of who received it. Thus the owner of a security on January 1 may be taxed on an income yield he has never received, while the actual recipient, if he sells his security before January 1, pays no tax.

Administration of the Local Situs Intangibles Tax

For administrative purposes, a statutory distinction is established for local situs intangibles with respect to size. Individual returns showing an income yield of $500 or less or a value of $5,000 or less are designated as "local size", and assessment of these is the responsibility of county auditors. Those exceeding $500 in income yield or $5,000 in value are designated as "state size", and assessment is mainly the responsibility of the tax commissioner.

Returns of single county corporations are filed in duplicate with the county auditor between February 15 and April 30. In enforcement of the intangibles tax, the county auditor serves in the capacity of deputy of the State Tax Commissioner. He retains one copy of the return and forwards the other to the appropriate district office of the Department of Taxation. Although the county auditor

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[3]Unproductive investments (those yielding no income) are taxed at 2 mills on the dollar (0.2 percent). This is equivalent to the 5 percent rate on a productive investment having a rate of return of 4 percent. Some Ohio companies minimize the intangibles tax liability of their shareholders by paying a nominal dividend, thus qualifying their securities as "productive" investments. This form of tax avoidance could perhaps be eliminated if unproductive investments were redefined to include all securities having an income yield less than 4 percent.

Table I

PROPERTY TAXES: INTANGIBLE PERSONAL

AMOUNT OF TAXES LEVIED, BY SITUS AND FORM OF PROPERTY, ANNUALLY, CALENDAR YEARS 1964 - 1968

(amounts given to the nearest dollar; items may not add to totals due to rounding)

SITUS AND FORM OF PROPERTY	1964	1965	1966	1967	1968
LOCAL SITUS[a]					
Productive Investments	$33,028,825	$35,614,068	$39,087,267	$42,144,344	$44,070,568
Unproductive Investments	1,932,069	1,908,183	2,035,890	2,119,683	2,364,933
Deposits	204,677	212,082	204,942	203,776	201,829
Credits	2,341,599	2,373,231	2,434,425	2,586,487	2,729,565
Money & Other Intangibles	348,996	402,563	389,339	386,259	487,737
Total -- Local Situs	$37,856,158	$40,510,128	$44,151,858	$47,440,549	$49,854,632
STATE SITUS					
Public Utility Companies:					
Productive Investments	$47,430	$29,597	$48,182	$59,987	$68,489
Unproductive Investments	17,397	10,151	28,163	16,819	2,936
Deposits	28,950	34,780	24,635	27,452	26,311
Credits	60,993	77,171	55,230	48,668	60,266
Money & Other Intangibles	15,931	16,237	16,372	12,080	12,719
Total	$170,700	$167,935	$172,582	$165,007	$170,721
Intercounty Corporations:					
Productive Investments	$245,859	$275,168	$348,136	$395,803	$479,395
Unproductive Investments	123,819	148,545	237,172	236,631	197,152
Deposits	269,832	252,243	217,029	232,033	282,162
Credits	1,696,168	1,778,625	1,913,403	1,892,925	1,973,321
Money & Other Intangibles	225,465	232,529	212,529	232,946	232,875
Total	$2,561,143	$2,687,110	$2,928,269	$2,990,336	$3,164,905
Financial Institutions:					
Deposits in:					
Banks	$17,484,613	$18,738,046	$20,661,964	$22,357,293	$24,767,304
Building & Loans	13,995,901	15,278,272	16,289,905	17,042,406	18,437,187
Credit Unions	384,882	439,419	494,336	547,323	598,690
Federal Credit Unions	251,592	304,625	346,433	384,728	421,614
Total	$32,116,988	$34,760,362	$37,792,638	$40,331,750	$44,224,795
Shares[b] in:					
Banks	$2,371,179	$2,529,245	$2,693,295	$2,864,281	$3,080,892
Building & Loans	1,336,878	1,431,942	1,548,784	1,620,994	1,705,978
Credit Unions	41,477	46,805	53,519	60,738	68,392
Production Credit Association and Small Business Investment Companies	61,381	60,819	63,357	66,529	51,024
Total	$3,810,915	$4,068,811	$4,358,955	$4,612,542	$4,906,286
Total Financial Institutions	$35,927,908	$38,829,173	$42,151,591	$44,944,290	$49,131,081
Dealers in Intangibles	1,319,274	1,313,442	1,416,154	1,610,361	1,657,782
Domestic Insurance Companies[c]	1,360,423	1,562,746	1,601,101	1,620,391	1,699,010
Total -- State Situs	$41,339,448	$44,560,412	$48,269,697	$51,330,385	$55,823,499
Grand Total	$79,195,606	$85,070,540	$92,421,555	$98,770,934	$105,678,131

(a) Includes holdings of individuals, partnerships, and single-county corporations.
(b) Includes taxes levied upon capital of financial institutions where capital is not divided into shares.
(c) A franchise tax.

Source: 1969 Annual Report of the Ohio Department of Taxation

has full authority to audit and verify the accuracy of all
returns, as a practical matter the responsibility for state
size returns rests primarily with the district office of
the Department of Taxation. Returns of unincorporated
businesses are filed with the county auditor during the
same period of time, and a duplicate of the return is for-
warded to the district office of the Department of Taxation
if the value of the property exceeds the statutory amounts
described for local size.

Returns involving intangible personal property of
individuals, trusts, and fiduciaries are filed with the
county auditor in the same manner as those filed by unin-
corporated business with a duplicate copy required for those
exceedi..g the statutory amounts described for local size
returns.

Questions often are raised concerning the effectiveness
of enforcement of the local situs intangibles tax. While
the state situs intangibles tax--that levied primarily on
financial institutions--is administered with a high degree
of effectiveness, there is widespread belief that the local
situs tax is enforced far less adequately. A study con-
ducted in 1950, for example, estimated that more than one-
third of the intangible assets in estates filed for probate
had not been reported accurately for intangibles tax pur-
poses.[4]

What doubt exists concerning the effectiveness of
administration centers not on the administrative structure
itself, which appears to be sound and workable, but on the
degree to which this administrative structure is employed.
The State Department of Taxation has access to data that
permit verification of almost all intangibles tax returns.
Every corporation licensed to do business in Ohio must sub-
mit to the Department of Taxation a report showing the
name and address of each Ohio resident who receives interest
or dividends from that company, along with the amount of
such interest and dividends. This information is distri-
buted among the eight district offices of the Department,
where it is processed to check for filing of return and
accuracy of reporting. Also, the Department of Taxation
systematically reviews federal income tax returns, making
photocopies of those that appear to hold potential for
intangibles tax collections. These also are checked at
the district level against intangibles tax returns filed.

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[4]George W. Thatcher, "Taxation of Intangible Personal
Property in Ohio," National Tax Journal, December 1951,
pp. 351-60.

The principal questions conerning intangibles tax enforcement center on the intensity of the follow-up effort, including sending notices to delinquent taxpayers, under-taking field audits, and prosecuting nonfilers and those who underreport. Because the revenue from this tax does not flow into the state treasury, there is reason to believe that the Department of Taxation perhaps has felt less urgency over using limited enforcement personnel to police the intangibles tax than it does over other taxes in which the state government shares directly.

The enforcement effort described above concentrates on the state size returns. Little enforcement effort has been given to the local size returns. These are not filed with the State Department of Taxation, but are policed entirely by the county auditor. While there is considerable evidence that few county auditors are aggressive in their enforcement of the local size returns, the revenue loss is probably minimal. Any return having potential liability of more than $25 is treated as a state size return.

Disposition of Intangibles Tax Revenue

The tax on local situs intangibles[5] is collected locally and (except for 1/4 of one percent which goes to the Depart-ment of Taxation to defray administration costs) remains in the county of origin. Libraries have first claim on this revenue.[6] On the basis of an advance estimate of revenue from this source, the County Budget Commission (consisting of the County Auditor, Treasurer, and Prosecuting Attorney) is required to make an allocation to boards of library trustees on the basis of "need". Next in priority of claim are boards of township park commissioners. The remainder is allotted on the basis of source to the county (the amount collected outside municipal corporations) and to municipalities where collected.

Any excess of actual collections over the allotments based on advance estimates of revenue is to be distributed in proportion to the initial allotment

The Establishment of "Need"

The statutes governing the distribution of intangibles tax revenue state only that "need" shall be the guideline for determining the allocation to each library. The term "need", however, offers little guidance. From an economic

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[5] Section 5707.04, Ohio Revised Code.

[6] Section 5707.05, Ohio Revised Code.

standpoint it is meaningless. As every beginning student
of economics learns, there are no "needs", only "wants",
and wants are essentially limitless. Without some constraint,
such as a budget limit or a price, there can be no meaningful
concept of need. To ask what a library system "needs" is
as nonsensical as for a man to ask his wife how many outfits
she needs. The answer is limited only by one's imagination.

What determines the amount a Board of Library Trustees
asserts the library "needs"? Any finite dollar amount could
obviously be increased; there are always "desirable" services
or facilities beyond those that are included in the estimate
of "need". What distinguishes "needs" from those things
that are merely "desirable"?

Librarians and trustees point out that social change
creates new "needs" and demands for services by libraries.
Population changes and the growth and applicability of
scientific and technical knowledge have been tremendously
changed and expanded. In most cases increases in enrollment
and changes in programs have occurred in institutions where
library facilities were very weak or non-existent. A conse-
quence has been that commuting and other students are making
extensive and complicated demands on the public library.

Librarians point out that a second library "need" re-
sults from society's complexity and the changes in communi-
cation processes. Much current information is supplied by
newspapers, magazines, technical journals and news broad-
casts. These do not replace the library. The library
becomes more important because additional and more precise
information is needed in a complex and changing society.

As society becomes increasingly information-based and
the mastering of large bodies of information becomes more
essential, the library will change from an institution with
rather general educational, cultural and recreational aims
to become a part of the essential machinery for dealing
with the basic concerns of society. The increased impor-
tance of the library's role will justify and require a much
larger public support. It will also impose a much heavier
responsibility upon librarians to use new technology when
useful, to raise and broaden professional standards, to
develop broad and imaginative patterns of national coopera-
tion and to express in daily operations a keen and pervasive
sense of the library's enlarged social commitment.

These changes require that special attention be given
to the problems of large metropolitan public libraries. As
major resources of research and experimentation, they serve
far beyond their immediate service areas. They are often
expected to provide highly specialized information services
to the large numbers of sub-groups that make up metropolitan
centers. These libraries are expected to develop and main-
tain specialized collections in science, technology, business,

social science, drama, music, international affairs, ethnic minorities, and many other diverse subjects. They offer diversified services and their collections and staff resources are focal points around which many activities of smaller libraries can be developed and coordinated.

Determining "need" becomes particularly complicated when a county budget commission must evaluate the "needs" of two or more libraries within the county and the anticipated collection of the tax is less than the combined requests of the libraries.

Given the fact that the statutory guideline is meaning-less, the libraries of Ohio, aided by the administrative rulings and decisions of the Board of Tax Appeals and the courts, have been remarkably successful in fashioning work-able arrangements for distributing the revenue from the intangibles tax. Various agencies and studies have attempted to establish criteria for the needs of libraries.[7] The situation remains ambiguous, however, and it is not sur-prising that vague and sometimes conflicting rules continue to govern the distribution of the approximately $50 million dollars that flow from this source annually.

Apparently, the answer to what distinguishes "need" from "desirable" is often found in self-imposed constraints. Some libraries seem to limit their budget requests to an amount they think will not raise eyebrows or give cause for unkind thoughts, even though the stated needs may fall far short of what the library would like to have and short even of the amount of revenue from the intangibles tax on which libraries have first claim.

In counties where several separate library systems share in the revenue from the intangibles tax a tacit understand-ing sometimes exists under which the libraries limit their combined request to an amount approximately equal to the anticipated revenue, thereby avoiding the necessity for the CBC to arbitrate the relative need of the various sys-tems. In some counties (e.g., Hamilton) the total need asserted by the library is consistently well short of the revenue available.

The Budget Process

The initial estimate of library needs is made by the Board of Library Trustees, usually acting on recommenda-

[7]See, for instance, "Factors in Allocation of Intangibles Tax Funds: a Statement Adopted by the State Library Board," News From the State Library #105, April 8, 1970, pp. 77-78.

tions of the librarian. This request is then submitted to
the taxing authority for the library (i.e., the county,
municipality or school district) that serves as the parent
unit of local government for the library. The taxing
authority cannot amend the budget as submitted by the
library board; it is required by law to include the full
amount requested in its budget as submitted to the county
auditor.

The CBC has the responsibility for appraising the merit
of the libraries' statements of need. Before ruling on
the library requests, the CBC is required to hold a hearing
at which each library has the opportunity to present its
case in support of its request. If the total requested
exceeds the estimated revenue, the CBC has the responsi-
bility to reduce the allotment to libraries to the esti-
mated amount available; if more than one library system is
involved, the CBC determines the relative priority of needs
of the several libraries and reduces the allocations ac-
cordingly. Apparently the CBC also has power to refuse to
distribute the full amount requested, even if the revenue
is available, thereby in effect overruling the libraries'
statements of need. Any library has the right to appeal
the CBC decision to the Board of Tax Appeals, which may
substitute its findings for those of the CBC.[8] Rulings
of the BTA can in turn be appealed to the courts.[9]

Trends in Intangibles Tax Yield and Library Revenue

The local situs intangibles tax produced $52.8 million
in 1969. This was 62 percent more than the 1960 yield, and
165 percent above that of 1950. During the decade of the
1950's, intangibles tax yield grew substantially more
rapidly than Ohio personal income, but since 1960 slightly
less rapidly than personal income.

The proportion of intangibles tax collections going to
libraries has increased steadily (Table II). Between 1950
and 1960, it increased by 15 percentage points, and from
1960-1969 by another 10 percentage points. Significantly,
however, the rate of increase has slowed. There were only
11 counties in 1950 in which 100 percent of the intangibles
tax collections went to libraries. By 1969 the number had
grown to 31, and another 18 paid 90 percent or more to
libraries. Among the counties now devoting all or nearly

[8]Section 5705.37, Ohio Revised Code.

[9]The statutes, court decisions and administrative
rulings pertaining to library finance are set forth in
more detail in Library Laws of Ohio (January 1, 1969)
Columbus, The State Library of Ohio, 1969.

Table II

INTANGIBLES TAX COLLECTIONS AND
'AMOUNTS DISTRIBUTED TO LIBRARIES
(1950, 1955, and 1960-69)

	Collections	Distribution to Libraries	Percent Distributed To Libraries	Number of Counties in which Libraries Receive 100% of Intangible Tax
	(Mil. Dol.)	(Mil. Dol.)	(Percent)	
1950	19.9	11.3	56.8	11
1955	24.5	17.6	72.0	12
1960	32.6	23.3	71.6	14
1				
2	36.0	26.9	74.8	
3	37.3	28.7	77.0	
4	38.1	29.5	77.3	
5	41.3	32.5	78.9	22
6	44.6	34.4	77.2	
7	47.8	37.3	78.0	
8	50.0	39.8	79.5	26
9	52.8	43.0	81.5	31

Percent Increase
  1960-69   62%   85%

    1950-69   165%   280%

Source: Ohio Directory of Libraries, Columbus, The State Library
        of Ohio (annual).

all the intangibles tax revenue to libraries are most of the
states' largest counties--the principal exceptions being
Hamilton and Montgomery Counties.

Between 1950 and 1960, annual library revenue from the
intangibles tax grew by $12.0 million. Of this increase,
$7.2 million can be attributed to growth in intangibles tax
collections while the remainder ($4.8 million) resulted from
the rise in percentange allocated to libraries.[10] Thus $4.8
million, or 40 percent of the gain in annual library revenue,
came from increased percentage allocations to libraries.
The increased percentage allocation is due partly to in-
creased adoptions of city income taxes and county taxes,
which reduced the intense competition of these units for
intangibles tax funds.

Between 1960 and 1969, the gain in library revenue from
the intangibles tax was $16.1 million, of which $12.6
million can be attributed to growth in collections and
$3.5 million to an increased percentage allocation to
libraries. Thus the share of growth attributable to the
latter influence dropped from 40 percent in the 1950's to
19 percent in the 1960's. As the state average percentage
comes closer to 100 percent, and as more and more counties
reach or near the point where all intangibles tax revenue
goes to libraries, this source of growth in library income
will tend to vanish. Library income would then grow only
in pace with intangibles tax collections.

Tables III and IV show intangibles tax collections and
amounts distributed to libraries, by counties, for selected
years starting from 1950. While all counties have shown
increases, the rate of growth in revenue from this source
varies widely. Large variations are evident also in per
capita revenues from this source (Table V). Table VI
shows the percentage of intangibles tax collections allo-
cated to libraries, by county, and reveals the gradual in-
crease that has occurred. In many counties, however,
libraries still fail to demonstrate a "need" sufficiently
large to absorb all the revenue from this source.

Projections of Intangibles Tax Yield and Library Revenue

The key question to be considered in appraising the
financial prospects of Ohio's public libraries is: how
much can libraries expect to receive from the intangibles
tax? One of the tasks of this study is to make future pro-
jections of this crucial variable. Such an undertaking is

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[10]If the library distribution had increased by 64
percent (the rise in collection), it would have totaled
only $18.5 million in 1960, or $7.2 million more than the
1950 amount.

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Table III

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69
(dollars)

COUNTY	1950	1955	1960	1965	1968	1969
Adams	3,258	6,374	8,137	9,838	11,977	13,091
Allen	145,067	189,751	263,582	375,162	455,965	498,200
Ashland	87,042	99,408	122,417	137,735	149,293	153,000
Astabula	97,438	117,419	158,097	227,730	250,938	257,195
Athens	35,443	51,493	62,003	72,663	80,930	86,585
Auglaize	49,038	64,818	100,096	143,227	168,604	174,271
Belmont	78,810	102,843	131,929	148,398	166,346	177,283
Brown	13,127	18,441	23,563	31,018	34,992	39,999
Butler	235,512	322,033	471,663	553,672	702,973	739,257
Carroll	16,993	21,393	35,140	27,713	34,531	35,457
Champaign	40,134	38,743	52,456	55,780	78,120	81,552
Clark	162,294	209,834	267,408	323,549	375,022	420,759
Clermont	57,533	78,703	111,815	137,527	147,830	155,795
Clinton	30,520	46,883	71,637	87,517	100,347	108,332
Columbiana	158,459	177,338	224,639	236,853	294,999	299,639
Coshocton	55,029	80,212	95,371	122,559	144,341	151,064
Crawford	78,157	90,778	128,291	125,058	142,372	144,228
Cuyahoga	5,438,744	6,672,124	8,508,929	10,288,762	12,806,632	13,434,244
Darke	44,840	52,236	80,844	107,508	113,243	117,390
Defiance	20,977	33,333	51,578	66,035	74,743	83,992
Delaware	33,578	53,366	89,521	119,019	139,877	157,827
Erie	123,938	163,903	204,288	263,770	331,293	356,852
Fairfield	95,271	115,672	146,526	185,726	232,847	228,827
Fayette	20,261	26,555	35,478	53,055	72,869	80,257
Franklin	1,295,746	1,746,498	2,367,511	3,019,927	3,657,497	4,095,323
Fulton	25,805	31,508	61,652	69,739	82,972	88,298
Gallia	10,337	16,216	19,696	37,881	35,330	32,732
Geauga	149,681	152,086	235,544	273,218	370,884	415,644
Greene	55,607	82,933	121,898	192,733	236,183	237,906
Guernsey	33,340	44,083	54,648	60,226	61,702	64,855
Hamilton	4,163,918	4,909,694	6,183,219	7,513,898	9,031,820	9,494,178
Hancock	102,667	141,252	196,812	237,991	290,239	315,963
Hardin	32,712	41,198	50,459	62,362	79,473	83,490
Harrison	21,437	30,477	30,580	35,867	39,926	44,990
Henry	13,694	21,834	37,030	43,856	65,808	67,941
Highland	25,398	46,029	54,781	63,649	74,758	82,448
Hocking	8,296	12,824	17,235	24,342	32,155	31,821
Holmes	11,958	18,067	29,587	35,300	40,693	45,295
Huron	63,262	73,042	103,348	126,548	146,496	159,611
Jackson	27,437	30,669	35,288	39,118	54,760	54,167

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Table III (continued)

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	126,650	182,897	200,374	217,516	261,864	288,092
Knox	66,073	72,577	97,920	97,247	109,351	118,501
Lake	388,278	432,837	567,429	747,262	867,410	930,378
Lawrence	23,068	25,978	30,971	31,644	37,028	36,274
Licking	112,060	149,864	249,062	248,132	290,621	323,791
Logan	17,332	31,329	54,731	52,779	66,149	69,611
Lorain	244,014	319,236	376,066	479,870	565,013	613.851
Lucas	1,084,495	1,309,276	1,705,218	2,114,483	2,466,149	2,598,061
Madison	17,403	25,580	35,548	48,250	65,599	73,926
Mahoning	472,573	592,955	727,170	778,307	905,832	933,071
Marion	52,054	79,170	103,516	136,472	176,629	187,600
Medina	71,405	87,447	147,838	195,020	221,971	252,809
Meigs	9,787	13,962	13,543	18,601	22,877	24,515
Mercer	35,618	52,049	75,716	102,224	110,422	115,132
Miami	146,274	172,229	247,891	351,575	396,270	409,052
Monroe	7,049	8,505	12,123	19,426	14,685	15,813
Montgomery	1,032,930	1,353,440	1,748,420	2,783,650	3,065,423	3,318,541
Morgan	6,844	9,185	13,027	11,500	14,892	14,793
Morrow	8,384	12,378	20,458	19,082	22,553	22,807
Muskingum	112,250	134,614	158,871	185,670	222,648	226,717
Noble	4,476	5,030	6,678	6,783	8,840	8,814
Ottawa	28,463	41,500	57,973	90,675	95,217	108,250
Paulding	4,243	5,998	15,147	23,929	26,453	28,948
Perry	14,366	18,514	25,988	24,526	28,506	31,728
Pickaway	23,135	33,179	42,320	62,583	67,220	75,103
Pike	3,032	6,366	9,049	12,912	16,970	21,514
Portage	94,100	127,593	153,269	191,200	245,474	274,999
Preble	13,545	25,813	35,825	44,562	55,191	56,806
Putnam	18,267	24,828	41,031	47,656	57,227	62,700
Richland	215,496	251,498	369,211	410,137	491,850	506,687
Ross	51,883	86,468	107,935	123,329	144,766	143,777
Sandusky	76,213	85,424	111,839	131,040	159,697	172,715
Scioto	70,351	96,481	119,365	128,699	160,417	173,751
Seneca	150,184	101,214	126,649	202,541	286,531	304,411
Shelby	36,078	50,617	68,496	86,468	104,625	120,700
Stark	649,303	769,790	1,000,920	1,289,254	1,602,201	1,605,984
Summit	781,890	1,209,214	1,688,557	2,024,316	2,596,150	2,529,388
Trumbull	265,050	333,796	404,652	525,740	726,637	758,061
Tuscarawas	109,057	115,748	171,445	199,083	247,990	233,779
Union	13,090	16,621	69,958	45,102	59,362	66,276

Table III (continued)

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Van Wert	25,728	29,771	43,301	50,795	66,873	67,679
Vinton	4,166	6,873	4,711	5,698	6,608	6,913
Warren	43,665	64,375	87,202	104,447	128,330	137,749
Washington	65,092	87,069	103,823	119,285	136,224	143,467
Wayne	104,284	140,709	184,823	247,747	311,190	332,799
Williams	31,558	47,157	103,132	98,625	137,635	144,097
Wood	272,282	266,087	490,862	513,431	658,030	688,350
Wyandot	14,084	18,240	31,947	44,397	55,892	64,350
STATE TOTALS	20,380,380	25,362,312	33,302,505	41,230,199	49,997,269	52,753,124

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table IV

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

(dollars)

COUNTY	1950	1955	1960	1965	1968	1969
Adams	1,900	2,900	7,000	9,838	11,977	13,091
Allen	132,953	187,938	277,005	344,459	432,282	475,200
Ashland	36,863	60,492	62,274	73,784	82,939	86,654
Astabula	82,250	99,340	142,472	211,488	234,762	241,215
Athens	17,920	28,500	50,500	58,000	67.000	70,000
Auglaize	17,000	34,334	40,495	93,155	105,753	103,429
Belmont	63,593	101,932	126,216	139,827	157,400	169,696
Brown	3,600	6,200	19,363	20,318	21,889	26,507
Butler	122,500	183,500	296,100	414,000	520,700	573,000
Carroll	8,300	11,219	19,009	19,400	23,873	26,957
Champaign	26,863	26,942	40,780	47,836	62,570	62,000
Clark	80,617	117,000	200,200	323,549	369,522	420,759
Clermont	0	36,640	76,760	130,899	142,500	146,737
Clinton	15,000	27,873	51,317	62,183	85,842	101,532
Columbiana	101,033	137,500	180,600	210,900	234.930	250,620
Coshocton	19,000	60,203	55,000	62,889	88,011	89,011
Crawford	25,080	30,600	52,943	56,696	76,999	72,719
Cuyahoga	4,516,200	6,300,000	7,311,697	10,088,762	11,813,772	13,001,736
Darke	32,403	52,236	74,844	97,738	100,073	104,220
Defiance	17,000	27,368	43,978	54,736	64,643	73,892
Delaware	21,330	37,190	53,000	71,100	90,000	90,000
Erie	53,652	69,690	118,025	143,711	187,585	215,987
Fairfield	32,100	45,336	64,000	98,000	126,500	172,000
Fayette	10,000	11,000	12,978	35,917	43,094	50,223
Franklin	558,279	1,354,834	2,068,500	2,916,835	3,657,497	3,897,811
Fulton	25,801	31,508	61,290	69,739	82,972	88,298
Gallia	7,500	18,008	19,696	37,632	35,330	32,732
Geauga	21,700	40,000	74,000	154,000	335,935	366,695
Greene	17,000	32,334	51,600	69,963	106,931	109,169
Guernsey	26,000	42,281	54,648	60,226	61,702	64,855
Hamilton	1,206,874	1,935,132	2,398,600	3,332,842	4,084,052	4,453,894
Hancock	27,670	45,475	86,770	104,600	177,400	182,400
Hardin	14,150	31,836	41,289	57,903	65,478	76,490
Harrison	12,000	22,500	26,000	30,000	35,500	35,500
Henry	13,807	21,834	37,030	43,856	65,808	67,940
Highland	7,210	18,890	24,566	24,342	51,918	58,713
Hocking	8,295	12,824	17,235	35,300	32,155	31,821
Holmes	4,000	8,095	27,042	122,833	40,693	45,295
Huron	44,700	61,365	94,148	20,500	144,247	156,975
Ja	6,700	10,600	15,000	124,795	31,400	45,050

Table IV (continued)

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	70,400	90,332	200,374	124,795	143,588	169,802
Knox	30,997	36,200	45,200	54,400	57,876	65,819
Lake	54,550	122,778	298,000	521,500	718,000	779,284
Lawrence	13,233	25,493	30,972	31,644	37,028	36,274
Licking	64,450	86,600	107,035	180,392	290,621	305,491
Logan	13,450	23,376	46,382	48,350	58,647	56,806
Lorain	130,225	216,789	365,928	479,870	565,013	613,851
Lucas	694,994	989,992	1,482,036	1,893,684	2,246,149	2,347,348
Madison	13,500	21,664	24,840	35,983	46,803	46,826
Mahoning	306,976	480,253	610,878	655,148	727,881	755,095
Marion	26,000	26,005	60,000	80,063	109,191	114,629
Medina	29,915	59,500	92,452	173,425	221,690	233,000
Meigs	6,400	6,400	8,000	14,300	15,000	15,000
Mercer	23,506	30,985	55,466	76,123	95,364	109,188
Miami	78,440	101,640	154,876	239,215	288,520	329,762
Monroe	3,850	5,600	9,000	12,000	14,685	15,928
Montgomery	609,910	1,072,950	1,748,420	1,719,000	1,951,800	2,208,185
Morgan	6,834	9,185	13,027	11,500	14,892	14,793
Morrow	2,700	3,300	7,500	12,000	15,000	15,000
Muskingum	68,450	76,273	158,871	105,870	148,646	160,024
Noble	2,000	3,500	4,000	6,783	8,840	8,814
Ottawa	6,500	13,350	34,000	71,050	91,000	91,000
Paulding	4,615	5,998	8,360	23,929	26,453	28,948
Perry	14,364	17,393	25,988	24,526	28,506	31,728
Pickaway	16,000	23,577	35,735	42,000	67,220	75,103
Pike	3,032	6,366	9,049	12,912	16,970	21,950
Portage	71,880	98,193	132,074	190,720	244,974	274,499
Preble	8,300	12,450	26,643	37,980	44,726	51,342
Putnam	8,000	14,250	16,000	27,000	27,000	28,000
Richland	73,000	101,110	186,000	235,000	308,392	335,410
Ross	17,121	55,740	85,349	113,012	145,179	143,777
Sandusky	45,863	78,032	111,839	131,040	159,697	172,715
Scioto	38,000	57,000	75,000	121,000	123,205	155,928
Seneca	35,575	56,823	86,930	139,840	243,295	292,623
Shelby	16,300	25,514	47,774	73,637	94,560	120,700
Stark	302,915	491,200	744,500	1,178,485	1,568,069	1,605,984
Summit	476,625	1,006,314	1,179 808	1,953,359	2,483,302	2,519,671
Trumbull	136,658	198,479	286,103	405,664	567,809	602,577
Tuscarawas	83,700	109,154	141,470	161,130	207,989	210,480
Union	13,087	16,621	27,500	45,102	59,362	66,276

Table IV (continued)

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Van Wert	25,507	29,771	39,000	50,795	56,000	67,679
Vinton	3,400	4,782	4,711	5,698	6,608	6,913
Warren	35,831	54,710	87,202	104,447	128,330	137,384
Washington	38,470	56,790	76,378	93,862	136,224	143,467
Wayne	53,861	61,752	102,900	213,021	264,772	231,034
Williams	26,225	47,157	73,662	92,287	106,025	131,049
Wood	67,800	112,595	386,000	422,082	607,117	688,350
Wyandot	10,217	12,750	24,744	32,562	43,845	52,562
STATE TOTALS	11,317,908	17,640,159	23,331,734	32,476,542	39,785,497	43,038,891

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table V

PER CAPITA COLLECTIONS FROM INTANGIBLES
TAX, BY COUNTY, SELECTED YEAR 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Adams	.16	.31	.41	.49	.60	.67
Allen	1.65	2.15	2.54	3.62	4.40	4.34
Ashland	2.63	3.01	3.16	3.55	3.85	3.59
Astabula	1.24	1.49	1.70	2.45	2.70	2.52
Athens	.77	1.12	1.32	1.55	1.72	1.48
Auglaize	1.60	2.11	2.77	3.96	4.66	4.40
Belmont	.90	1.17	1.57	1.77	1.98	2.19
Brown	.59	.83	.94	1.23	1.39	1.48
Butler	1.60	2.19	2.37	2.78	3.53	3.24
Carroll	.89	1.12	1.68	1.33	1.66	1.62
Champaign	1.50	1.45	1.76	1.87	2.63	2.59
Clark	1.45	1.88	2.03	2.70	2.85	2.81
Clermont	1.36	1.86	1.39	1.71	1.84	1.48
Clinton	1.19	1.83	2.39	2.92	3.34	3.22
Columbiana	1.60	1.79	2.10	2.21	2.76	2.75
Coshocton	1.77	2.57	2.96	3.80	4.48	4.53
Crawford	2.02	2.34	2.74	2.67	3.04	2.74
Cuyahoga	3.91	4.80	5.16	6.24	7.77	7.60
Darke	1.07	1.25	1.77	2.36	2.48	2.33
Defiance	.81	1.28	1.64	2.10	2.37	2.36
Delaware	1.11	1.76	2.48	3.30	3.87	3.89
Erie	2.36	3.12	3.00	3.88	4.87	4.52
Fairfield	1.83	2.22	2.29	2.90	3.64	3.13
Fayette	.90	1.18	1.43	2.14	2.94	3.07
Franklin	2.57	3.47	3.47	4.42	5.36	5.03
Fulton	1.01	1.23	2.10	2.38	2.83	2.75
Gallia	.41	.65	.75	1.45	1.35	1.22
Geauga	5.62	5.71	4.95	5.74	7.80	6.69
Greene	.94	1.41	1.29	2.04	2.50	1.97
Guernsey	.87	1.15	1.42	1.56	1.60	1.68
Hamilton	5.75	6.78	7.15	8.69	10.45	10.04
Hancock	2.32	3.19	3.67	4.43	5.41	5.10
Hardin	1.14	1.44	1.70	2.10	2.68	2.75
Harrison	1.13	1.60	1.70	2.00	2.22	2.62
Henry	.61	.97	1.46	1.73	2.59	2.47
Highland	.90	1.63	1.84	2.14	2.52	2.66
Hocking	.42	.66	.85	1.20	1.59	1.53
Holmes	.64	.96	1.37	1.63	1.88	1.93
Huron	1.61	1.86	2.18	2.67	3.10	3.06
on	.99	1.10	1.20	1.33	1.86	1.83

Table V (continued)

PER CAPITA COLLECTIONS FROM INTANGIBLES
TAX, BY COUNTY, SELECTED YEAR 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	1.31	1.89	2.02	2.19	2.64	2.90
Knox	1.87	2.06	2.52	2.50	2.82	2.90
Lake	5.11	5.70	3.82	5.02	5.83	4.80
Lawrence	.47	.53	.56	.57	.67	.61
Licking	1.59	2.12	2.76	2.75	3.22	2.99
Logan	.55	.96	1.57	1.52	1.90	1.92
Lorain	1.65	2.15	1.73	2.21	2.60	2.32
Lucas	2.74	3.31	3.73	4.63	5.40	5.32
Madison	.78	1.15	1.34	1.82	2.48	2.50
Mahoning	1.83	2.30	2.42	2.59	3.01	2.95
Marion	1.04	1.58	1.72	2.26	2.93	2.80
Medina	1.77	2.16	2.26	2.98	3.40	3.15
Meigs	.42	.60	.61	.84	1.03	1.16
Mercer	1.26	1.84	2.32	3.14	3.39	3.28
Miami	2.39	2.81	3.40	4.82	5.44	4.81
Monroe	.46	.55	.79	1.27	.96	1.01
Montgomery	2.59	3.40	3.32	5.28	5.82	5.53
Morgan	.53	.71	1.02	.90	1.17	1.15
Morrow	.49	.72	1.05	.98	1.16	1.08
Muskingum	1.51	1.81	2.01	2.34	2.81	2.78
Noble	.38	.43	.62	.62	.80	.86
Ottawa	.97	1.41	1.64	2.57	2.70	2.82
Paulding	.28	.40	.90	1.42	1.58	1.57
Perry	.50	.64	.93	.88	1.02	1.15
Pickaway	.79	1.13	1.18	1.74	1.87	1.79
Pike	.21	.43	.47	.66	.88	1.02
Portage	1.47	1.99	1.67	2.08	2.67	2.33
Preble	.50	.95	1.09	1.37	1.70	1.54
Putnam	.72	.98	1.45	1.68	2.02	2.02
Richland	2.36	2.75	3.13	3.48	4.18	3.77
Ross	.95	1.59	1.76	2.01	2.36	2.20
Sandusky	1.65	1.85	1.98	2.32	2.83	2.77
Scioto	.85	1.16	1.42	1.53	1.90	2.09
Seneca	2.83	1.91	2.13	3.41	4.83	4.88
Shelby	1.27	1.78	2.04	2.57	3.12	3.19
Stark	2.29	2.72	2.94	3.79	4.71	4.35
Summit	1.91	2.95	3.29	3.94	5.06	4.44
Trumbull	1.67	2.10	1.94	2.52	3.48	3.21
Tuscarawas	1.55	1.64	2.23	2.59	3.23	2.93
Ur	.63	.80	2.89	1.97	2.60	2.73

Table V (continued)

PER CAPITA COLLECTIONS FROM INTANGIBLES
TAX, BY COUNTY, SELECTED YEAR 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Van Wert	.95	1.10	1.50	1.76	2.32	2.32
Vinton	.39	.64	.46	.55	.64	.72
Warren	1.13	1.67	1.33	1.59	1.95	1.60
Washington	1.47	1.96	2.01	2.31	2.64	2.50
Wayne	1.78	2.40	2.45	3.28	4.12	3.80
Williams	1.20	1.80	3.44	3.29	4.59	4.41
Wood	4.57	4.46	6.76	7.07	9.06	8.32
Wyandot	.71	.92	1.47	2.05	2.58	2.92
STATE AVERAGE	2.56	3.19	3.43	4.25	5.15	4.89
Per Capita Collections in						
Highest Co.	5.75	5.71	6.76	7.07	10.45	10.04
Lowest Co.	.16	.31	.41	.49	.60	.61
Range in per capita collections	5.59	5.40	6.35	6.58	9.85	9.43
Ratio, highest county to lowest	36:1	19:1	16:1	14:1	17:1	16:1
Number of counties collecting:						
more than 150% of state average	4	4	3	2	4	3
less than 50% of state average	53	41	39	39	35	34

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table VI

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Adams	58	46	86	100	100	100
Allen	92	99	100	92	95	95
Ashland	42	61	51	53	56	57
Astabula	84	85	90	93	94	94
Athens	53	55	81	80	83	81
Auglaize	35	60	40	65	63	59
Belmont	81	99	96	94	95	96
Brown	27	34	82	66	63	66
Butler	52	57	63	75	74	78
Carroll	49	52	54	70	69	76
Champaign	67	69	78	86	80	76
Clark	50	56	75	100	99	100
Clermont	0	46	69	95	96	94
Clinton	49	59	72	71	86	94
Columbiana	64	77	80	89	80	84
Coshocton	35	75	58	51	61	59
Crawford	32	34	41	45	54	50
Cuyahoga	84	96	87	99.9	97	99
Darke	72	100	92	91	88	89
Defiance	81	82	85	83	86	88
Delaware	64	70	59	60	64	57
Erie	46	46	61	55	57	61
Fairfield	34	39	44	53	54	75
Fayette	49	41	36	68	59	63
Franklin	43	77	87	96	100	95
Fulton	100	100	99	100	100	100
Gallia	100	100	100	99.3	100	100
Geauga	14	26	31	56	91	88
Greene	79	99	100	89	93	96
Guernsey	78	96	100	100	100	100
Hamilton	29	39	39	44	45	47
Hancock	27	32	45	44	61	58
Hardin	43	77	82	93	82	92
Harrison	56	74	85	84	89	79
Henry	100	100	100	100	100	100
Highland	30	42	46	75	69	71
Hocking	100	100	100	100	100	100
Holmes	33	45	91	100	100	100
Huron	96	84	91	97	98	98
Jackson	24	34	42	52	57	83

Table VI (continued)

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	56	49	49	57	55	59
Knox	47	50	46	56	53	56
Lake	14	28	52	70	83	84
Lawrence	57	98	100	100	100	100
Licking	58	58	43	73	100	94
Logan	78	78	85	92	89	82
Lorain	53	68	97	100	100	100
Lucas	64	76	87	89	91	90
Madison	78	85	70	74	71	63
Mahoning	65	81	84	100	100	100
Marion	50	33	58	59	62	61
Medina	42	68	62	89	99.8	92
Meigs	65	46	60	77	66	61
Mercer	66	59	73	74	86	95
Miami	54	59	62	68	73	81
Monroe	64	66	74	62	100	100
Montgomery	59	79	69	62	64	67
Morgan	100	100	100	100	100	100
Morrow	32	27	37	63	67	66
Muskingum	61	57	48	57	67	71
Noble	45	69	59	100	100	100
Ottawa	67	45	59	78	96	84
Paulding	100	100	55	100	100	100
Perry	100	94	100	100	100	100
Pickaway	69	71	84	67	100	100
Pike	100	100	100	100	100	100
Portage	76	77	86	99.7	99.7	100
Preble	61	48	75	85	81	90
Putnam	44	57	40	57	47	45
Richland	34	40	50	57	63	66
Ross	54	78	96	100	100	100
Sandusky	60	91	100	100	100	100
Scioto	54	59	63	94	77	90
Seneca	25	59	69	69	85	96
Shelby	45	50	70	85	90	100
Stark	47	64	74	91	98	100
Summit	61	83	70	96	96	100
Trumbull	52	59	70	77	78	79
Tuscarawas	77	94	83	81	84	90
	100	100	42	100	100	100

Table VI (continued)

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

OUNTY	1950	1955	1960	1965	1968	1969
an Wert	100	100	90	100	84	100
inton	82	69	100	100	100	100
arren	82	85	100	100	100	100
ashington	59	65	73	79	100	100
ayne	49	44	56	86	85	69
illiams	83	100	71	93	77	91
ood	25	42	79	82	92	100
yandot	100	100	100	100	100	100
TATE OTALS	56.0	70.0	70.0	79.0	81.1	83.4

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio, (annual).

inherently conjectural. Anything is of course possible,
including outright repeal of the intangibles tax and
consequent loss of this revenue source by libraries. The
most reasonable assumption on which to base such a projec-
tion, however, is that the future will be much like the
past. In this case specifically, it is assumed that the
intangibles tax will continue in effect, that the rate
will remain unchanged, that the revenue will continue to
be available to libraries on a first claim basis, and
that the proportion going to libraries will continue to
rise. Strictly speaking, the results are not "forecasts"
but "projections" of the dollar consequences of these
specific assumptions as to the future.

Intangibles tax collections are projected to 1978,
county by county, on the assumption that the annual changes
from 1970-78 will be the same as the average percentage
change in collections recorded during the base period
1961-69. Implicit in this procedure are several assump-
tions: that the tax base will continue to grow in the
future as it has in the past, which in turn implies con-
tinuation of past patterns of county population growth,
overall economic activity, personal interest and dividend
income, and price changes; and that enforcement will be
about as effective in the future as it has been in the
past.

At the individual county level, some of these assumptions
are very likely to be wide of the mark. Because of probable
error in individual county projections, the data presented
here focus on groups of counties, representing one possible
configuration of counties for purposes of participating
in Area Library Service Organizations, as proposed in
the Ohio Library Development Plan. The projections are
however built up from individual county data. The average
annual percentage changes for the period 1961-69 are shown
in Table VII. The actual dollar projections for each county
have been made available to the State Library of Ohio to
permit updating of the projections and recombining counties
into different regional groupings.

Intangibles tax collections, statewide, are projected
to increase by more than one-half from 1970 to 1978 (Table
VIII). The increase is estimated to be most rapid in Regions
II, III, and X, in the western portions of Ohio, and slowest
in the southeastern counties comprising Region VII. (Figure I)

Perhaps more significant, however, is the fact that
when counties are grouped as in this hypothetical example,
the extreme variations found among Ohio counties are
somewhat dampened. If all areas realize combined collec-
tions increases of from 36 to 76 percent, and if library
resources come increasingly to be utilized on a regional
basis as contemplated in the OLDP, an important step will
have been taken toward strengthening and equalizing financial
support of Ohio's public libraries.

Table VII

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Adams	2.8	78
Allen	6.4	19
Ashland	3.1	77
Ashtabula	5.4	36
Athens	3.5	71
Auglaize	5.9	24
Belmont	3.8	79
Brown	5.1	42
Butler	5.9	25
Carroll	0.0	87
Champaign	5.6	31
Clark	5.1	40
Clermont	4.3	58
Clinton	4.5	56
Columbiana	3.8	68
Coshocton	4.0	66
Crawford	1.6	85
Cuyahoga	5.8	28
Darke	3.3	76
Defiance	4.1	62
Delaware	5.1	41
Erie	6.1	23
Fairfield	5.0	45
Fayette	8.0	5
Franklin	5.8	26
Fulton	3.7	70
Gallia	1.7	84
Geauga	8.7	4
Greene	8.0	6
Guernsey	2.5	82
Hamilton	5.0	47
Hancock	6.3	21
Hardin	4.7	51
Harrison	5.2	38
Henry	7.9	7
Highland	3.3	75
Hocking	7.4	10
Holmes	4.8	50
Huron	5.0	43
Jackson	6.8	15

Table VII (continued)

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Jefferson	4.0	65
Knox	2.7	79
Lake	6.5	18
Lawrence	0.0	88
Licking	5.6	34
Logan	4.6	54
Lorain	4.7	52
Lucas	5.0	48
Madison	8.8	3
Mahoning	2.5	81
Marion	6.6	17
Medina	5.7	29
Meigs	5.1	39
Mercer	3.3	73
Miami	5.6	32
Monroe	4.0	64
Montgomery	7.5	9
Morgan	2.1	83
Morrow	1.3	86
Muskingum	4.3	59
Noble	3.9	67
Ottawa	6.9	14
Paulding	5.7	30
Perry	2.7	80
Pickaway	5.6	33
Pike	13.0	1
Portage	6.7	16
Preble	5.6	35
Putnam	4.6	55
Richland	4.4	57
Ross	3.3	74
Sandusky	4.6	53
Scioto	4.2	60
Seneca	11.1	2
Shelby	4.9	49
Stark	5.8	27
Summit	5.3	37
Trumbull	7.1	11
Tuscarawas	3.3	72
Union	6.9	13
Van Wert	5.0	44
Vinton	5.0	46
Warren	6.1	22

Table VII (continued)

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Washington	4.2	61
Wayne	6.4	20
Williams	7.9	7
Wood	4.1	63
Wyandot	6.9	12
STATE Average	5.1	

Source: Ohio Directory of Libraries, Columbus, The State
Library of Ohio, (annual).

Table VIII

PROJECTED INTANGIBLES TAX COLLECTIONS BY

COUNTY GROUPS (1970-1978)

(Thousand Dollars)

COUNTY GROUP	1970	1971	1973	1975	1977	1978	PERCENT CHANGE
I	$4,895	$5,169	$5,771	$5,450	$7,218	$7,639	+56
II	1,162	1,302	1,454	1,625	1,816	1,921	+65
III	5,125	5,498	6,331	7,293	8,404	9,022	+76
IV	11,319	11,903	13,167	14,564	16,112	16,947	+50
V	3,912	4,128	4,595	5,117	5,698	6,013	+54
VI	2,872	3,020	3,341	3,697	4,093	4,248	+48
VII	712	740	779	863	930	968	+36
VIII	636	664	725	793	837	897	+41
IX	1,597	1,673	1,840	2,024	2,230	2,341	+47
X	430	458	518	588	669	712	+66
XI	5,126	5,434	6,105	6,859	7,708	8,170	+59
XII	2,046	2,137	2,355	2,600	2,875	3,027	+48
XIII	15,552	16,501	18,579	20,916	23,553	24,995	+61
STATE TOTAL	55,384	58,628	65,559	73,389	82,143	86,900	+57

Source: See text for method of projection and data sources.

Figure I

Hypothetical Grouping of Counties for Purposes of
Projecting Intangibles Tax Revenues and ALSO Costs
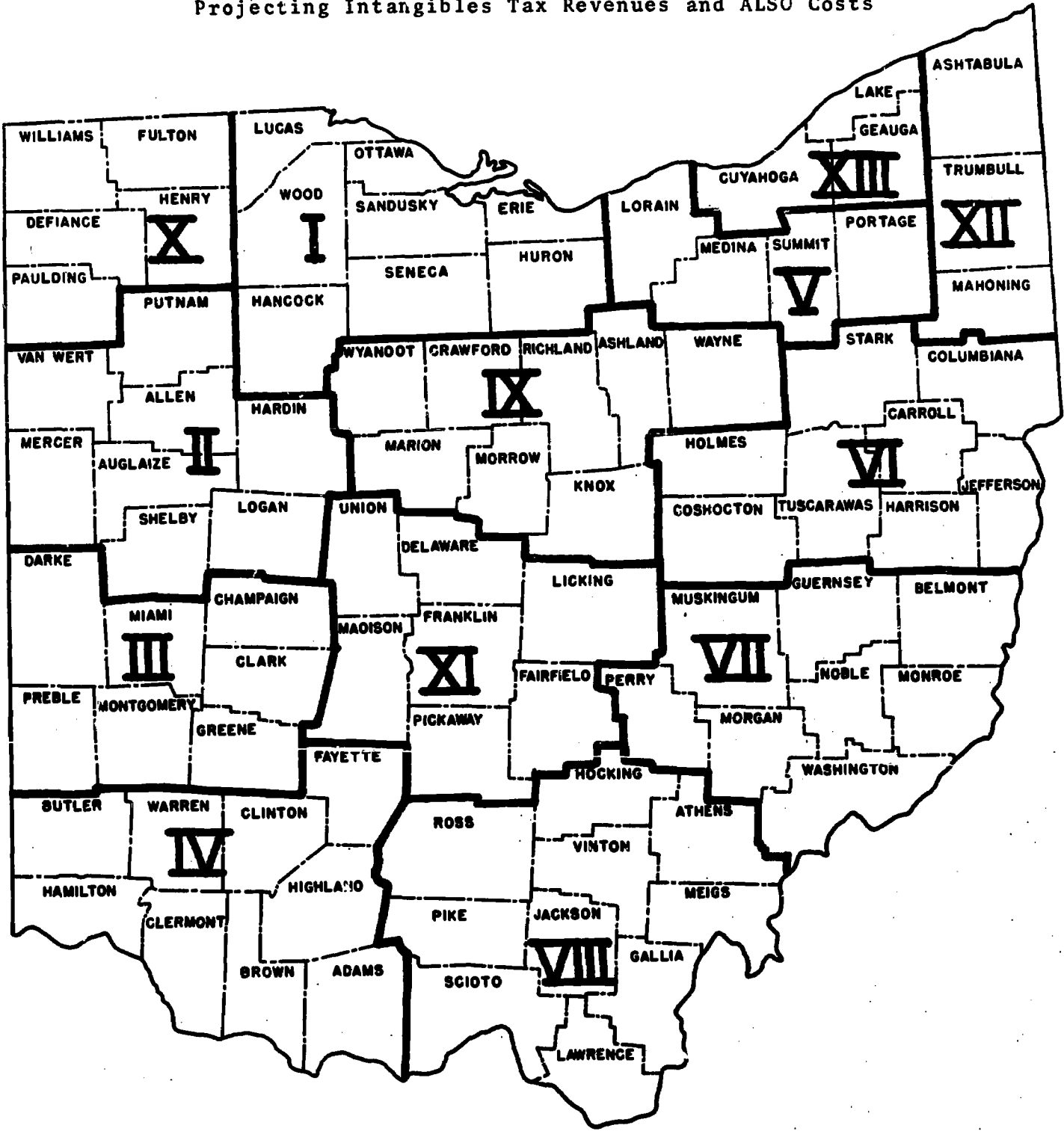
III. THE ROLE OF THE STATE GOVERNMENT IN LIBRARY FINANCING

If one looks at the evolution of the public library
system over the past century, it becomes apparent that two
kinds of change have taken place in the relationship of
government to the libraries. One is the gradual evolution
of libraries as a governmental, or public, function. In
the early day of Ohio's settlement, libraries were privately
owned and were open only to members of the voluntary asso-
ciations formed to operate them. Gradually as it came to
be recognized that there is a general public interest that
is served by having an open public library system, the
libraries began offering free service to all local residents.
Thus, for reasons similar to those that caused education
gradually to become a responsibility of the local community
as a whole, the library also gained recognition as a public
institution, to be supported by the general public through
taxation. The library, in other words, came to be seen as
yielding benefits to all members of the community, whether
users or not.

The second evolutionary change has been the gradual
acceptance of the view that public libraries are not
matters of purely local concern, but that there is a
larger sense in which the state government itself must be
concerned with the existence or nonexistence of public
libraries in each local community, and with the quality of
library service provided. Behind this change in attitude
lie all the complex economic and social changes that are
associated with the evolution of a rural agrarian society
made up of relatively isolated and independent local
settlements into a modern industrial society character-
ized by high mobility, rapid transportation and communica-
tion, and swiftly advancing technology. Where 50 years
ago it was a matter of slight concern to the inhabitant
of one of Ohio's large cities whether a rural community
150 miles away had a public library, it is evident today
that such "spillover" benefits are indeed prevalent.

Like most other states, Ohio long left the library
function almost entirely to local units of government.
While the state government provides certain services to
local communities in the formation and operation of libraries,
no state funding was available for local libraries until
the 1930's.

The changes that occurred in Ohio in 1931-33 funda-
mentally altered state-local relationships in the library
area. The establishment of a prior claim by libraries to
revenue from the local situs intangibles tax, as described
in the preceding section, gave libraries direct access to
a source of state tax revenue. Because the intangibles

tax in part replaced a pre-existing system of locally
levied property taxes, and because the revenue remains en-
tirely within the county of origin, it has been possible
to view the intangibles tax as a local tax. But in the
more relevant respects--state enactment, a statewide
uniform rate, and state administration--it is more
properly regarded as a state tax. In this latter view,
Ohio's public libraries are financed today largely by the
state, and have been since 1933.

Consequently there has been a strong tendency on the
part of state policy makers to assume that by making intan-
gibles tax money available to local libraries, the state
has more than met its responsibility toward this function
of government. Appeals for additional state support for
libraries have tended to fall on deaf ears. Proponents
themselves have been hampered in their efforts to explain
why, in view of the relatively high average level of
library support found in Ohio, and the relatively far
greater difficulty of raising tax revenue for other func-
tions of state and local government, additional state sup-
port of libraries is necessary.

The result has been that Ohio's state appropriation for
grants-in-aid to public libraries has been very low in
comparison with that of many other states. According to
information assembled by the Council of State Governments
and presented in the 1970-71 edition of The Book of the
States, the Ohio appropriation of $331,040 for grants-in-
aid to public libraries was below the corresponding amount
for 20 other states, including many that are considerably
smaller and poorer than Ohio (Table IX).

Nor has state aid to public libraries in Ohio grown in
pace with state aid to other major governmental functions
in which joint state-local responsibility is recognized.
The 1970 appropriation of $388,000 represents an increase
of 30 percent over that of 1964--a gain that is only
slightly greater than the rise in prices over that period
and well below the increase in most other functions
(Table X). Many state-aided functions received more
than double the support in 1970 than they did in 1964 and
some increased several fold.

The significance of these observations is that Ohio now,
through enactment of the Ohio Library Development Program,
has accepted the principle of a larger state role in
library financing. No longer is the intangibles tax alone
regarded as an adequate response by the state to the
public library needs of Ohio. State equalizing grants,
designed to raise the level of library service in the
poorer areas of the state, are now provided for by law.

Table IX

APPROPRIATIONS, EXCLUSIVE OF FEDERAL GRANTS, FOR THE STATE LIBRARY AGENCIES THAT INCLUDE PUBLIC LIBRARY EXTENSION SERVICE AS ONE FUNCTION*

(Fiscal year ending in 1969)

State	Name of agency and functions†	Appropriation for agency**	Appropriation for grants-in-aid to public libraries
Alabama........	Alabama Public Library Service. 1, 8, 9, 10, 12, 13, 14............	$ 240.400	$ 115.000
Alaska.........	State Library. 1, 2, 3, 6, 7, 8, 9, 10, 11, 14......................	92.300	9.000
Arizona........	Dept. of Library & Archives. 1, 2, 3, 4, 5, 6, 7, 8, 10, 13, 14......	288.530	none
Arkansas.......	Arkansas Library Commission. 1, 4, 8, 9, 10, 11, 12. 14...........	174.400	400.000 ·
California......	State Library, 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14.................	1.727.352	1.200.000
Colorado.......	State Library. 1, 6, 7, 8, 9, 10, 11, 12, 13, 14....................	184.596	470.000
Connecticut.....	State Library. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14.................	1.311.185(a)	333.000
Delaware.......	State Library Commission. 1, 2, 8, 9, 12, 13, 14.................	82.000	33.740
Florida........	State Library. 1, 2, 6, 7, 8, 9, 10, 12, 13......................	138.860	206.000
Georgia........	Public Library Service. Dept. of Education. 1, 8, 9, 10, 12, 14......	382.498	3.351.570(b)
Hawaii.........	State Library System. 1, 2, 6, 7, 8, 9, 10, 12....................	3.116.268	(c)
Idaho..........	State Library. 1, 8, 9, 10, 13, 14.............................	92.450	none
Illinois.........	State Library. 1, 4, 6, 7, 8, 9, 10, 13, 14......................	1.065.135	4.707.695
Indiana........	State Library. 1, 2, 3, 6, 7, 8, 9, 10, 13, 14....................	539.535	none
Iowa..........	State Traveling Library. 1, 4, 6, 8, 9, 10, 12, 14................	130.050	none
Kansas........	State Library. 1, 4, 5, 6, 7, 8, 10, 11, 13, 14...................	826.899	none
Kentucky......	Dept. of Libraries. 1, 6, 8, 9, 10, 11, 12, 13, 14................	1.451.725	460.000
Louisiana......	State Library. 1, 2, 4, 7, 8, 9, 10, 12, 13, 14...................	311.730(a)	none
Maine..........	State Library. 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14.................	217.958	18.250
Maryland......	Div. of State Library Services. Dept. of Education. 1, 8, 9, 10, 11, 13, 14..	327.560	2.552.407
Massachusetts...	Bureau of Library Extension. Dept. of Educ., 1, 8, 10, 11, 13, 14..	214.060	2.550.721(a)
Michigan.......	State Library. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14...........	1.007.800	1.217.100
Minnesota.....	Public Libraries Section. Dept. of Educ., 1, 7, 8, 13, 14..........	68.315	380.000
Mississippi.....	State Library Commission, 1, 6, 7, 8,.9, 10, 12, 13, 14..........	237.500	none
Missouri.......	State Library. 1, 6, 8, 10, 12, 13, 14..........................	330.658	457.456
Montana.......	State Library. 1, 4, 7, 8, 9, 10, 11, 12, 13, 14..................	100.000	none
Nebraska......	Public Library Commission. 1, 8, 9, 10, 11, 13, 14..............	93.314	none
Nevada........	State Library. 1, 2, 5, 6, 7, 8, 9, 10, 12, 13, 14................	252.652	none
New Hampshire.	State Library. 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14.............	296.396	35.500
New Jersey.....	State Library, Archives & History. Dept. of Educ., 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14....................................	772.539	3.976.000
New Mexico....	State Library. 1, 2, 6, 7, 8, 9, 10, 11, 13, 14..................	380.503(a)	20.000
New York......	State Library, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14...........	667.000	14.600.000(a)
North Carolina..	State Library. 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14................	345.314	736.250
North Dakota....	State Library Commission. 1, 7, 8, 10, 13, 14...................	87.200	none
Ohio...........	State Library. 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14................	251.024	331.040
Oklahoma......	Dept. of Libraries. 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14...........	463.961	50.000
Oregon........	State Library. 1, 2, 3, 4, 6, 7, 8, 9, 10, 13, 14.................	653.881	none
Pennsylvania....	State Library. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14........	713.333	4.964.356
Rhode Island....	Dept. of State Library Services. 1, 8, 9, 10, 12, 13, 14..........	231.844	570.751(d)
South Carolina..	State Library, 1, 4, 6, 7, 8, 9, 10, 13, 14......................	120.987	478.519
South Dakota....	State Library Commission. 1, 4, 8, 9, 10, 11, 12, 13, 14.........	98.000	none
Tennessee......	State Library & Archives, 1, 2, 3, 6, 7, 8, 9, 10................	735.522	604.000(a)
Texas..........	State Library. 1, 2, 3, 6, 7, 8, 9, 10, 12, 13, 14................	424.418	none
Utah..........	State Library Commission. 1, 6, 7, 8, 9, 10, 12, 13, 14..........	191.066(a)	none
Vermont.......	Free Public Library Service. 1, 8, 9, 10, 11, 13, 14.............	261.365(a)	none
Virginia.......	State Library, 1, 2, 3, 6, 7, 8, 10, 14.........................	948.005	350.000(h)
Washington.....	State Library. 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14................	656.711	138.892
West Virginia...	Library Commission. 1, 8, 9, 10, 13, 14.......................	254.652	128.718
Wisconsin......	Div. of Library Services. Dept. of Public Instruction, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14.................................	396.500	none
Wyoming.......	State Library. 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14..........	88.626	none
Total.........		$24.045.474	$45,551.965

*Prepared by the American Library Association.
†The functions of state library agencies reported, designated by numbers in this column, are:
1. General library service, including reference.
2. Genealogy and history.
3. Archives and record management.
4. Legislative reference.
5. Law library.
6. Federal document depository.
7. State document depository.
8. Library extension, including traveling libraries and/or establishing public libraries.
9. Service to the blind and physically handicapped.
10. Service to correctional and custodial institutions.
11. Service to local schools.
12. Processing for local libraries.
13. Newsletter.
14. Publications.
**Exclusive of the appropriation for grants.
(a) Includes funds for state-supported county (or parish) and regional library demonstrations or centers.
(b) Includes funds for books and locally employed librarians.
(c) Hawaii's is a totally integrated system; all public library and state library support included in preceding column.
(d) Includes contractual payments to public libraries for statewide service.

Source: The Book of the States, 1970-71

Table X   State Aid to Schools, Colleges, Local Governments and
          Individuals, Selected Functions, fiscal years 1964, 1968,
          and 1970.

FUNCTION	(Thousand Dollar)			Percent Change
	1964	1968	1970	1964-1970
Elementary and Secondary Education	$268,603	$388,012	$520,540	94
Higher Education	60,174	148,045	220,246	266
Aid to Aged	66,803	49,282	60,657	-8
Aid to Blind	1,484	2,478	2,660	79
Aid to Crippled Children	671	907	1,019	52
Aid to Dependent Children	11,800	94,374	127,868	984
Aid to Disabled	5,350	19,381	29,399	450
Public Assistance	20,956	52,070	59,737	185
Case Services to Blind	138	218	218	58
Health Care	19,707	71,982	93,284	373
Library Aid	298	348	388	30
Local Health Districts	448	415	414	-8
Probation Program--Youth	107	298	374	250
Mentally Deficient--Youth	1,121	1,834	2,716	142
Community Mental Health	----	----	4,983	---
Agriculture, Natural Resources	241	574	663	175
Veterans Organizations, Military	135	267	275	105
Historical Society	589	878	1,565	166
Total, Including items not shown separately	452,841	882,993	1,130,576	150

Source: Annual Reports of the State Auditor

Questions remain as to the extent of needed state funding
to accomplish the objectives set out in the OLDP, and
the possible sources of such funds. These issues are
examined in the following sections.

IV.   THE ADEQUACY OF PUBLIC LIBRARY SERVICES

The "adequacy" of public library services in Ohio is a
matter of considerable controversy. The concept itself is
ambiguous. The term "adequacy" presupposes some measure
of "need" against which the level of performance may be
measured. It has already been noted that the level of actual
performance, insofar as it is revealed in per capita expen-
ditures, varies greatly among Ohio counties. It may be pre-
sumed that "need" for library services, in the sense of
what the inhabitants of the community want and are willing
to pay for, also varies among Ohio counties.

As a practical matter it is difficult if not impossible
to obtain in a reliable indicator of intensity of public
demand for the services of the library or of public will-
ingness to support it. The problem is inherent in the
nature of public services, in which part or all the bene-
fit is communitywide rather than flowing to individual
users.

To attempt to fashion some sort of quantitative standard
against which current levels of performance can be measured,
this study explores three different approaches. The first
represents simply a "costing out" insofar as possible of the
provisional standards of library service as adopted by the
Ohio Library Association in June of 1970. The second focuses
on a comparison of the funding requests as submitted by
boards of library trustees with the amounts finally allocated
by the CBC. The third is based on a survey of public
libraries throughout the state to obtain individual librar-
ians' perceptions of the level of library expenditure tax-
payers in that local community would be willing to support.

It is obvious that each of these approaches suffers from
conceptual defects or practical limitations, or both. None-
theless it is thought that the results have some value for
indicating the general magnitude of any gap between present
levels of library support and the "ideal," the relative
size of the gap among various regions of the state, and the
kinds of additional facilities and services that appear to
librarians to be most in need of expansion.

The OLA Standards

Like other professional groups, librarians have long been
interested in advancing standards of performance of library
service. The American Library Association in 1943 promul-
gated standards of library service as goals for the postwar
period. Since that time the ALA standards have been updated
periodically, reflecting changing and growing demands being
made on the public libraries and rising costs and salary
scales.[11]

_____

[11]Minimum Standards for Public Library Systems, 1966,
Chicago American Library Association, 1967.

In 1968, in placing its support behind the Ohio Library Development Plan, the OLA for the first time set itself the task of defining standards of "essential library service" to serve as a criterion for evaluating performance of Ohio libraries. The Association defined the essential public services of a public library as "those that provide easy access to materials needed by every individual, regardless of where he lives in Ohio, his age or education, his occupation, school work, family life, or for self-development, and to the necessary staff resources to bring about their effective use, connected with other libraries so that Ohio's total library and information resources are available to him."[12]

In its report submitted in March, 1970, the Subcommittee on Standards of the Library Development Committee of OLA proposed 92 specific standards covering all aspects of library development and operation. In the words of the "Introduction" of these standards,

> The standards outlined were based upon the premise that every public library in Ohio wants to provide a quality of library service beyond the barest minimum of essential services. These standards are quantitative criteria which a community or system library should meet to provide the reasonable quality of library services needed by Ohioans today. However, quantitative criteria available for measuring library services are not sufficiently developed to provide a total measure of the library service program.

> As useful as quantitative standards are, they do not measure quality of service. Quality service requires a staff which constantly gathers knowledge of the changing nature of the community; evaluates the library program and collection in terms of expressed and unexpressed needs; and provides professional knowledge on how to effectively relate these needs to the purpose of the library.

For purposes of this study 3 of the 92 specific standards were chosen to be "costed out." The choice was governed by (1) whether the standard was expressed in specific enough terms to permit quantification, and (2) the importance of the objective in the over-all operation of libraries.

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[12]Standards for the Public Libraries of Ohio, Columbus, Ohio Library Association, 1970. (italics in original).

Total Operating Cost Standard

Probably the most important single standard established
by the OLA is that pertaining to total financial support.
It essentially subsumes many of the other specific standards.
Moreover it is expressed in relatively unambiguous terms.

Standard No. 13 states that for "community libraries"
(construed here to mean a library which has no branches
and which is not a part of another local library system)
"the minimum operating budget...should be $65,000."
Standard 14 goes on to say that this amount "should be
increased by $5 per capita for all population over 10,000."[13]

In equation form this standard may be expressed:

$$Y = \$65,000 + \$5 (X - 10,000)$$

where Y represents total operating budget and X, the popu-
lation of the area served by the library.[14]

The same standard, as applied to systems (construed
here to mean a library with at least one branch) states
that "for systems serving up to 1,000,000 in population,
the cost per capita should be $5.50."[15] In mathematical
terms:

$$Y = \$5.50X$$

For every library and library system in Ohio that is
now below this standard to come up to the OLA operating
budget standard would require total operating expenditures
of about $66 million or almost $27 million more than the
1969 actual expenditures (Table XI). Only in Cuyahoga
County did the operating budgets of libraries within the
county total to more than the OLA standard requires.

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[13]Ibid, p. 8.

[14]Population estimates for library service areas for
1967 were obtained from the State Library of Ohio. Thesee
estimates, while the best obtainable, must be recognized
as being at best rough approximations. Many libraries provide
provide service to large numbers of users who reside out-
side the "legal service area" while others may serve only
a small portion of their geographic area.

[15]It is not stated what the cost per capita should be
for systems serving more than 1,000,000 persons. The latest
available population estimates, however, show no library
serving an area having more than one million population.

Table XI

LIBRARY OPERATING BUDGETS, OLA STANDARD AND
ACTUAL, 1969, BY COUNTY

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Adams	130	20	110
Allen	684	412	272
Ashland	244	75	169
Ashtabula	779	238	541
Athens	275	76	199
Auglaize	335	121	214
Belmont	685	202	483
Brown	130	27	103
Butler	1,252	561	691
Carroll	130	21	109
Champaign	253	67	186
Clark	816	398	382
Clermont	544	159	385
Clinton	255	129	126
Columbiana	689	251	438
Coshocton	180	95	85
Crawford	231	76	155
Cuyahoga	9,668	14,397	0
Darke	381	101	280
Defiance	199	65	134
Delaware	261	95	166
Erie	560	192	368
Fairfield	437	166	271
Fayette	149	44	105
Franklin	4,682	3,757	925
Fulton	390	106	284
Gallia	149	69	80
Geauga	411	233	178
Greene	686	237	449
Guernsey	260	71	189
Hamilton	5,046	4,313	733
Hancock	356	152	204
Hardin	466	95	371
Harrison	160	40	120
Henry	455	135	320
Highland	170	39	131
Hocking	109	37	72
Holmes	390	43	347
Huron	552	185	367
Jackson	212	36	176
Jefferson	585	133	628

Table XI (continued)

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Knox	266	67	199
Lake	1,074	786	288
Lawrence	301	47	254
Licking	743	244	499
Logan	585	51	534
Lorain	1,431	634	797
Lucas	2,647	2,386	261
Madison	260	51	209
Mahoning	1,792	1,188	604
Marion	366	116	250
Medina	467	202	265
Meigs	130	21	109
Mercer	328	108	220
Miami	588	287	301
Monroe	99	19	80
Montgomery	3,453	2,214	1,239
Morgan	130	30	100
Morrow	260	15	245
Muskingum	413	156	257
Noble	67	18	49
Ottawa	266	88	178
Paulding	107	39	68
Perry	520	34	486
Pickaway	212	70	142
Pike	127	24	103
Portage	634	266	368
Preble	720	84	636
Putnam	325	35	290
Richland	687	343	344
Ross	455	170	285
Sandusky	390	150	240
Scioto	466	151	315
Seneca	572	145	427
Shelby	260	104	156
Stark	2,260	1,654	606
Summit	3,205	2,534	671
Trumbull	1,346	513	833

Table XI (continued)

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Tuscarawas	679	215	464
Union	195	44	151
Van Wert	195	107	88
Vinton	65	18	47
Warren	491	148	343
Washington	317	152	165
Wayne	491	237	254
Williams	455	106	349
Wood	738	438	300
Wyandot	201	48	153
State Total	66,190	44,226	26,768

Throughout the state there were in 1969 only 18 libraries or library systems that came up to the OLA standard. Eight of these were in Cuyahoga County, five in Franklin County, two in Summit County and one each in Lake, Montgomery, and Stark Counties.

In 72 of Ohio's 88 counties, the operating budget for libraries would need to be more than doubled to meet the OLA operating expenditure standard. Consolidation of libraries and elimination of some small branches would of course help to narrow the gap, though at some loss of service. However it may be significant that there is no county in which consolidation alone would bring the library system up to the OLA standard.

Library Volume Requirement

With respect to the size of collection, the OLA standard calls for each community library to have a minimum basic collection of 25,000 volumes. For populations over 10,000 the collections should be increased by at least 3 volumes per capita. The required number of volumes may thus be expressed as

$$Y = 25,000 + 3 (X - 10,000)$$

where Y = total number of volumes and X = the population served. For library systems the OLA standard states that "the system should own resources of two to four volumes per capita in an area serving 1,000,000 population and over." This appears to call for a sliding scale of volumes per capita decreasing from 4 per capita in the smallest to 2 per capita in the largest.

The minimum number of volumes for any system would then be 50,000 (25,000 volumes each in the headquarters library and one branch in an area containing 10,000 persons or less), and the number of volumes should decline from this level of 5 per capita to 2 per capita at population of 1,000,000. In other words, additional volumes should be added at the rate of 1.98 per capita through the population range from 10,000 to 1,000,000.[16] The required number of volumes for a system may be expressed as

$$Y = 50,000 + 1.98 (X - 10,000)$$

Figure II illustrates this relationship diagrammatically.

––––––––––––

[16]$\frac{\text{change in total volumes}}{\text{change in total population}} = \frac{1,950,000}{990,000} = 1.98$

Total
Volumes   Figure II

2,000,000

50,000

                10,000   1,000,000   Population
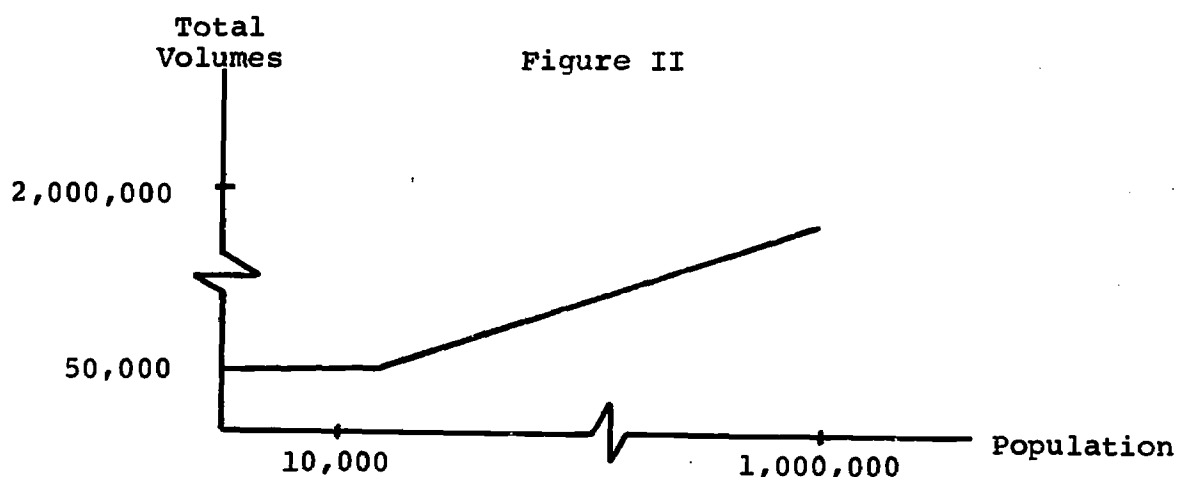
     In 1969, the public libraries of Ohio contained a total
of 24.8 million volumes (Table XII). This amounted to an
average of well over 2 volumes per capita of the state popu-
lation. In aggregate terms, therefore, the library re-
sources of Ohio would be roughly adequate by OLA standards,
were it not for their uneven distribution. Because of the
concentration of library resources in certain areas, and
because of the large number of small understocked libraries
and library systems, a sizable gap appears between the OLA
standard and actual library holdings.

     In eight counties, the total number of volumes in the
public libraries equals or exceeds the number called for
by the OLA standard (Table XII). Among these eight are
Cuyahoga and Hamilton counties, along with some of the
smaller counties such as Hocking, Henry and Vinton counties.
All other counties in the state fell short of the OLA
standard.

     Table XII, which shows a total of 7.3 million addi-
tional volumes needed statewide to bring Ohio libraries up
to this particular OLA standard, actually understates the
gap. Within each county, the gap is calculated by sub-
tracting actual holdings from the OLA standard for each
library. Some libraries exceed the standard while others
fall short, and these differences tend to cancel in the
summation. In building library collections to meet the
standard, however, it is unrealistic to assume that vol-
umes will be taken from those that exceed it and given
to those below. It must rather be assumed that all these
below would be increased, with no change in the holdings
of those above the standard. Had the calculations been
carried out in this way, the additional volumes required
to meet this standard would be considerably larger than
the 7.3 million shown in Table XII.

Table XII

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMBES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Adams	50	19	31
Allen	278	222	56
Ashland	118	76	42
Ashtabula	334	322	12
Athens	129	79	50
Auglaize	117	101	16
Belmont	210	176	34
Brown	50	22	28
Butler	511	326	188
Carroll	110	90	19
Champaign	N.A.	N.A.	N.A.
Clark	334	456	-122
Clermont	226	N.A.	N.A.
Clinton	111	85	26
Columbiana	315	326	- 11
Coshocton	95	83	12
Crawford	108	76	32
Cuyahoga	3,176	5,510	-1,794
Darke	172	128	45
Defiance	102	65	37
Delaware	114	92	23
Erie	239	155	83
Fairfield	189	156	31
Fayette	75	41	35
Franklin	1,842	1,514	328
Fulton	150	150	- 1
Gallia	75	61	14
Geauga	181	114	68
Greene	277	176	101
Guernsey	104	77	27

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Hamilton	1,847	2,615	-768
Hancock	160	92	68
Hardin	182	140	42
Harrison	68	67	1
Henry	156	165	- 9
Highland	89	42	47
Hocking	51	58	- 7
Holmes	53	34	19
Huron	212	194	18
Jackson	85	47	38
Jefferson	234	134	100
Knox	128	90	37
Lake	495	417	78
Lawrence	166	30	137
Licking	304	218	86
Logan	137	61	76
Lorain	612	471	140
Lucas	1,402	1,344	59
Madison	100	80	20
Mahoning	675	588	88
Marion	162	70	92
Medina	210	152	58
Meigs	56	20	37
Mercer	153	121	32
Miami	264	250	13
Monroe	45	39	6
Montgomery	1,283	1,261	21
Morgan	54	35	19
Morrow	100	35	65

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Muskingum	179	166	13
Noble	26	14	12
Ottawa	105	84	21
Paulding	50	35	15
Perry	96	85	12
Pickaway	113	62	51
Pike	62	18	44
Portage	298	173	125
Preble	120	26	94
Putnam	94	36	58
Richland	284	227	57
Ross	155	144	12
Sandusky	155	135	21
Scioto	198	130	68
Seneca	284	192	92
Shelby	105	71	34
Shelby	105	71	34
Stark	912	776	136
Summit	1,264	1,014	250
Trumbull	707	328	379
Tuscarawas	250	208	42
Union	76	51	24
Van Wert	102	105	- 3
Vinton	25	34	- 9
Warren	231	124	107
Washington	144	108	36
Wayne	209	144	66
Williams	134	154	19
Wood	310	280	30
Wyandot	78	63	15

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
TOTAL	26,581	24,753 [1]	7,292 [2]

[1] Included items not shown in county detail

[2] Includes only positive items; i.e., counties in which actual holdings exceed the OLA standard were omitted from the total

If the average cost of a new acquisition is assumed to be $5.00, an outlay of at least $36.5 million would be called for to bring all Ohio libraries up to this OLA standard.

Library Hours

Standard No. 18 states that

The community library should be open 48 hours and five or six days per week;...full service should be provided during all hours of opening. If the headquarters of a library system is also a public library outlet, it should [be] open to individuals and member libraries from 60 to 72 hours per week including six to seven days and at least five nights.[17]

The additional cost of extending library hours to those proposed by the OLA was estimated as a proportionate increase in total salary costs. A statewide cost increase of $3.0 million is implied. Increased expenditures would be required in all but six counties.

Needs as Viewed by the CBC

The second approach to the estimation of library needs focuses on the response of county budget commissions to library budget requests. A mail questionnaire addressed to the librarian in each of Ohio's 255 public libraries or library systems requested information on (a) the esti-mated financial needs for the library as submitted to the CBC in May 1969, and (b) the amount of intangibles tax revenue granted to the library for the 1970 fiscal year. The questionnaire is reproduced as Exhibit A.

The 201 libraries responding to this question reported having requested a total of $48.8 million and having been allotted $40.0 million or about 82 percent of the aggregate requested (Table XIII). However, those libraries that are located in counties that allot 100 percent of intangibles taxes to libraries received on the average only 68 percent of the amount requested, while the remainder received an average of 84 percent of their request. Fifty-six libraries received the full amount requested, including a few that received more than requested.

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[17]Standards for the Public Libraries of Ohio, p. 9.

Exhibit A

THE OHIO STATE UNIVERSITY
1775 SOUTH COLLEGE ROAD
COLUMBUS, OHIO 43210

COLLEGE OF
ADMINISTRATIVE SCIENCE

CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

TELEPHONE: 293-5967

·October 5, 1970

Dear Librarian:

Under the sponsorship of the State Library, The Center for Business and Economic Research of The Ohio State University is conducting a study of Ohio public library financing.

To help us with that part of the study that concerns library service needs, would you please supply the info. nation called for in the attached brief questionnaire?

Please return the completed questionnaire in the enclosed envelope by November 1.

If your library has branches, you will find enclosed another form calling for certain data for each branch. We would appreciate receiving this information also by November 1.

Thank you.

Yours truly,

Frederick D. Stocker
Professor of Business Research

FDS:als

Enclosures

Exhibit A (continued)

SURVEY OF LIBRARY SERVICE NEEDS

A. Needs as Viewed by the County Budget Commission

1. What were the estimated financial needs for your library (including branches) as submitted to the County Budget Commission in 1970?

$_____

2. What amount of intangibles tax revenue did the County Budget Commission allocate to your library for fiscal year 1970?

$_____

B. Your Appraisal of Needs

IN ANSWERING THIS PORTION, IGNORE FOR THE MOMENT ANY BUDGETARY LIMITATIONS FORCED BY INADEQUACIES OF INTANGIBLES TAX REVENUES. AT THE SAME TIME BEAR IN MIND THAT LIBRARY EXPENDITURES, NO LESS THAN ANY OTHER EXPENDITURE OF TAX DOLLARS, MUST BE FULLY JUSTIFIED TO THE TAXPAYER, WHO IN THE FINAL ANALYSIS PAYS THE BILLS.

1. Estimate the level of annual operating expenditures that you believe could be justified to the taxpayers

(a) for 1971 $_____

and (b) by 1975 $_____

2. Describe briefly any new or expanded services that these operating expenditure estimates include.

3. Again ignoring the question of specific revenue sources, approximately how much outlay for capital facilities (new structures, additions, major renovations) do you think could be justified over the next five years?

$_____

4. Describe briefly the nature and purpose of these capital facilities (number of new structures, approximate square feet of added space, general purposes).

Library_____   Signature_____

Title_____

Exhibit A (continued)
SELECTED ITEMS OF INFORMATION, LIBRARY BRANCHES

For libraries with branches, we need certain information for the main library and for each branch. Please enter the information requested in the table below.

Library or Branch	Floor Space (Sq. Ft.)	Number of Employees, 1969 (full time equivalent)			Amount Expended for Wages and Salaries, 1969			Number of Periodicals Subscriptions (end of 1969)	Number of Phonograph Records in Collections (end of 1969)
		Total	Professional and Pre-professional	Nonprofessional (clerical custodial, etc.)	Total	Professional and Pre-professional	Nonprofessional (clerical custodial, etc.)		
Main Library	—	—	—	—	$____	$____	$____	—	—
Branches (List each separately)									
1.	—	—	—	—	—	—	—	—	—
2.	—	—	—	—	—	—	—	—	—
3.	—	—	—	—	—	—	—	—	—
4.	—	—	—	—	—	—	—	—	—
5.	—	—	—	—	—	—	—	—	—
6.	—	—	—	—	—	—	—	—	—
7.	—	—	—	—	—	—	—	—	—
8.	—	—	—	—	—	—	—	—	—
9.	—	—	—	—	—	—	—	—	—
0.	—	—	—	—	—	—	—	—	—

(Attach additional sheet if necessary)

Table XIII

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditure		Increase, 1971-75	Estimated Capital Needs, 1970-75
				1971	1975		
Adams	17	11	6	20	25	5	N.A.
Allen	469	379	90	515	670	155	N.A.
Ashland	21	20	1	23	25	2	2
Ashtabula	193	189	4	308	377	69	1,538
Athens	95	74	21	110	125	15	250
Auglaize	105	105	0	129	190	61	100
Belmont	232	172	60	244	279	35	N.A.
Brown	13	11	0	14	18	4	10
Butler	414	401	13	494	535	41	1,750
Carroll	32	23	9	25	30	5	10
Champaign	40	39	1	66	70	4	N.A.
Clark	413	387	26	622	701	79	3,505
Clermont	207	160	47	182	225	43	1,250
Clinton	119	110	9	147	193	46	N.A.
Columbiana	223	206	17	258	371	113	N.A.
Coshocton	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Crawford	51	51	0	50	58	8	N.A.
Cuyahoga	18,155	14,200	3,955	23,194	N.A.	N.A.	N.A.
Darke	125	90	35	149	175	26	70
Defiance	70	60	10	90	100	10	10
Delaware	106	100	6	117	178	61	502
Erie	179	147	52	178	N.A.	N.A.	N.A.
Fairfield	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fayette	57	45	12	63	87	24	3
Franklin	5,792	3,897	1,895	4,613	5,825	1,212	N.A.

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditures			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Fulton	104	N.A.	N.A.	125	N.A.	N.A.	N.A.
Gallia	70	33	37	75	92	17	200
Geauga	78	78	0	82	86	4	5
Greene	280	135	145	313	600	287	1,000
Guernsey	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hamilton	4,805	4,805	0	5,014	6,300	1,286	5,820
Hancock	190	176	14	306	340	34	1,310
Hardin	76	67	9	94	117	23	N.A.
Harrison	13	12	1	15	25	10	N.A.
Henry	86	61	25	204	241	37	640
Highland	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hocking	49	28	21	70	85	15	500
Holmes	34	38	- 4	60	75	15	45
Huron	233	184	49	224	252	28	530
Jackson	27	27	0	44	65	21	134
Jefferson	152	125	27	158	285	127	250
Knox	72	71	1	76	N.A.	N.A.	N.A.
Lake	637	592	45	658	905	247	2,190
Lawrence	48	36	12	59	75	16	12
Licking	N.A.	350	N.A.	234	287	53	N.A.
Logan	61	57	4	66	73	7	N.A.
Lorain	827	584	243	1,275	2,642	1,367	1,003
Lucas	N.A.	2,168	N.A.	2,887	3,500	613	1,500
Madison	30	27	3	32	35	3	5
Mahoning	1,292	760	1,145	1,411	1,800	389	6,500

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation, 1970	Difference between Request and Allocation	"Supportable" Level of Operating Expenditures			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Marion	120	115	5	157	299	142	765
Medina	425	216	209	241	280	39	600
Meigs	18	15	3	23	25	2	N.A.
Mercer	92	77	15	104	130	26	25
Miami	343	343	0	430	548	118	1,253
Monroe	24	16	8	N.A.	N.A.	N.A.	N.A.
Montgomery	2,480	2,391	89	2,702	3,907	1,205	2,470
Morgan	29	15	14	35	41	6	10
Morrow	12	12	0	10	14	4	6
Muskingum	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Noble	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ottawa	86	72	14	82	91	9	40
Paulding	45	29	16	45	49	4	7
Perry	N.A.	4	N.A.	3	6	3	5
Pickaway	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Pike	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Portage	310	260	50	336	N.A.	N.A.	N.A.
Preble	46	39	7	48	56	18	N.A.
Putnam	53	28	25	60	70	10	400
Richland	431	358	73	440	622	182	690
Ross	195	140	55	201	301	100	500
Sandusky	160	142	18	178	208	30	202
Scioto	160	160	0	175	200	25	40
Seneca	330	330	0	N.A.	N.A.	N.A.	N.A.
Shelby	142	129	13	150	175	25	40

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation, 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditure			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Stark	1,844	1,751	93	2,094	2,583	489	8,443
Summit	2,840	2,567	273	2,954	4,011	1,057	880
Trumbull	641	479	162	676	990	314	921
Tuscarawas	266	247	19	292	421	129	817
Union	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Van Wert	79	72	7	75	90	15	200
Vinton	7	6	1	9	12	3	75
Warren	71	49	22	55	88	33	5
Washington	200	130	70	225	300	75	1,500
Wayne	276	276	0	305	350	45	300
Williams	106	89	17	103	112	9	N.A.
Wood	635	634	1	584	715	131	2,205
Wyandot	50	32	18	74	85	11	50
TOTAL[1]	48,808	39,992	8,820	33,654	44,295	10,591	53,093
100% of counties[2]	5,389	3,664	1,725				
all other	43,419	36,328	7,091				

[1]State totals include only counties in which all responding libraries reported comparable data for both requests and allocations, and the "supportable" level of expenditures for both 1971 and 1975
[2]Counties in which all intangibles tax revenue is allocated to libraries

Source: Mail Survey of Library Service Needs

Librarians' Appraisals of the "Supportable" Level of Expenditure

The same questionnaire asked librarians to "estimate the level of annual operating expenditure that you believe could be justified to the taxpayers (a) for 1971 and (b) by 1975." Librarians who responded to this question--195 in total--indicated an aggregate expenditure of $33.7 million for 1971, and believed that a persuasive case could be made for increases totaling $10.6 million, or 31 percent, over the ensuing four years.

As to the new or expanded services to be provided with additional funds, most frequently mentioned were additional operating expenses connected with additions to building (69); audio-visual programs and equipment (57); needed repairs to existing building (54); better services to outlying population through bookmobiles, and to home-bound users (51); more and newer books (47); and more staff (45).

The final portion of the questionnaire asked librarians to indicate about how much outlay for capital facilities could be justified over the next five years, and the general purpose. A total of 171 responses were received to this question. In total, capital outlays of $53.1 million were thought to be justifiable to the taxpayers over the 5-year period. Sixteen systems, including most of the largest ones in the state but also some smaller ones, indicated capital outlay needs in excess of one million dollars. Most often cited were new library buildings (73 mentions), major renovations (60), and additions (48). A large number of libraries, however, reported no foreseeable capital outlay needs within the next five years.

Summary

Because of the conceptual ambiguities described earlier it is difficult to draw firm conclusions from this review of evidence on unmet "needs." Each of the approaches indicates a sizable gap. To achieve the OLA standard level of operating support throughout the state would require an additional $27 million, or an increase of more than 60 percent over 1969 operating expenditures (Table XI). Librarians own perceptions of needs, as reflected in budget requests, are apparently less ambitious; those who responded to the questionnaire reported having stated needs, in the form of budget requests, averaging 22 percent more than the CBC allotted. They anticipated an increase of about 31 percent in supportable level of operating expenditure over the period 1971-75, and a total of $53 million in capital outlay.

Perhaps all this demonstrates is that librarians and boards of library trustees believe they could spend more money if they were to receive more. The key issue, however, concerns the additional public library services that could be bought with additional money. Responses to the questionnaires suggest that additional funds for libraries would probably be used mainly to provide library facilities and services in areas not now being served-- either sparsely populated areas or new suburban areas. This is implied by the frequent mention of new library branches and bookmobiles as a claim on capital funds, and additional operating expenses associated with them. Improved quality of service to existing users is implied by the less frequent references to renovations and expansions of existing structures, adding audio-visual materials and equipment, and updating and expanding library collections.

V.   THE OHIO LIBRARY DEVELOPMENT PLAN AND LIBRARY FINANCE

The preceding sections of this report have attempted
to point up several aspects of Ohio's present system of
financing libraries that can in some sense be considered
problems. This section summarizes the principal fiscal
problems facing Ohio libraries and describes those portions
of the Ohio Library Development Plan that impinge on
library finance, including projections of the costs of
funding the Area Library Service Organizations (ALSO's)
that are a key part of the plan.

The Fiscal Problems Facing Ohio Libraries

Public libraries in Ohio face three major fiscal prob-
lems, all described earlier in this report. One concerns
the "gap" that exists between available resources and
service needs, whether needs are estimated in terms of OLA
standards defining a "reasonable quality of library service,"
or in terms of Library Boards of Trustees estimates of
needed resources, or in terms of what library people estimate
to be a "supportable" level of library service, taking
account of local taxpayers' willingness to provide the required
funding.

As the preceding sections point out, a case can be
made for the existence of such a gap, perhaps as large as
$27 million annually. Moreover, there is reason to believe
that this gap will widen in the years ahead, as residents
of lower-income counties of the state increasingly aspire
to levels of library service comparable to that of their
more fortunate neighbors, and as growth in library revenue
from the intangibles tax slows as more and more counties
come to allocate 100 percent of intangibles tax collections
to libraries.

It must be emphasized that the inadequacy of revenue
to meet "needed," or "desired," service levels is not a
problem that is unique to libraries. Proponents of each
and every category of public services could no doubt demon-
strate that the resources devoted to that function fall
short of meeting all the needs, as they see them. Likewise
every family is aware, often painfully so, of needs or wants
that it is unable to meet from available income. Far from
being unique, the problem of inadequacy of revenue is
pervasive, stemming from the basic economic fact that avail-
able resources are never sufficient to meet all possible
wants.

When this fact is recognized it becomes evident that
some judgment must be made on the relative priority of
various claims, both public and private, on the resources
of Ohio's taxpayers. Beyond demonstrating that unmet

needs exist, it is necessary for representatives of public
libraries (and proponents of other governmental functions)
to marshall evidence bearing on the quantitative importance
of the public benefits that would flow from additional
spending. Only by comparing the benefit obtainable from
alternative uses of additional tax money can a rational
allocation of public funds be made.

The second fiscal problem of the libraries concerns the
marked disparities among Ohio counties in the support of
public libraries and in the quality of library service of-
fered to their citizens. The essence of this problem is
that it is patently inequitable to offer different levels
of library service to identical taxpayers, depending simply
on where they happen to live.

The owner of intangible assets is taxed the same,
wherever he lives in Ohio (ignoring possible differences
in enforcement). But the quality of library service varies
enormously, depending largely on how much intangibles tax
his neighbors pay. Under a system of finance involving
uniform statewide taxes, the only equitable distribution
of library funds is one that would provide a uniform quality
of library service throughout the state, varying only in
relation to residents' needs.

In 1950, per capita income of libraries (mainly from
the intangibles tax) was 37 times as much in the highest
county as in the lowest (ignoring one county reporting
no library income). By 1960, the range had been reduced
to 13:1; in 1969 it remained 14:1. In 1969, there were
still 36 counties in which the per capita support of
libraries was less than half the state average, and two
in which it was more than 1-1/2 times the state average.
These disparities are far greater than can be explained
in terms of difference in demand for library service.
One can only conclude that serious inequities exist.

Third, the intangibles tax itself is characterized by
defects that make it less than an ideal source on which to
rely. Some of these defects are inherent in the tax--the
double taxation feature discussed earlier, and the lack of
any evident relation either to benefits the taxpayer re-
ceives from the government or to his taxpaying ability.
Added to these are defects in administration which, while
difficult to pinpoint, seem to allow a substantial loss of
revenue. Many potential taxpayers probably escape entirely.

Moreover a serious fiscal crisis would be precipitated
for Ohio's public libraries if the intangibles tax were ever
repealed. Most other states, as noted in an earlier section,
have either abandoned the tax on intangibles or allowed it

to atrophy. Were Ohio to adopt a general tax on personal
income, there is a real possibility that the General Assembly
would follow the example of other states and repeal the tax
on intangibles, perhaps by phasing it out over a period of
years. This possibility, while conjectural, is sufficiently
real that library leaders would do well to take it into con-
sideration in planning fiscal strategy.

The Ohio Library Development Plan

The problems reviewed above have perhaps not been
previously documented as thoroughly as in this study, but
they have not gone unnoticed. The problem of those counties
in which intangibles tax revenues are not adequate to
support even a semblance of modern library service, which
was stressed in the Blasingame study, has been a special
concern of the Ohio Library Association and the State
Library of Ohio. At the same time it is recognized that
the task of strengthening weaker library systems must be
carried out and financed in a manner that will not under-
mine the financial support of the superior library systems.

The Ohio Library Development Plan was developed in part
to meet these financial problems. The basic concept of the
plan has been described as follows:

> that every citizen of the state has an equal
> right to adequate library service and should
> not be deprived through the accident of resi-
> dence or the economic weakness of the political
> subdivision in which he lives.[18]

In regard to library financing, the OLDP seeks to
accomplish three objectives. The first and central objec-
tive is the establishment of a statewide network of Area
Library Service Organizations (ALSO's). The plan calls for
state grants to cover initial planning (one year only) and
establishment of the ALSO, including purchase of books and
equipment, but not construction. The establishment grants
would be available for the first two years only. Most
important, the plan provides for essential services grants
to be made by the state to participating libraries. The
amount granted to participating libraries of the ALSO would
be determined by a formula taking account of population,
per capita intangibles tax revenues, and the proportion
of the intangibles tax allotted to libraries. Funds flowing
to the ALSO's to provide services for member libraries
would become a large part of library support, especially
in the poorer counties.

A second objective of the plan, related to the first,
is to encourage the allocation of a larger share of intan-
gibles tax collections to libraries. The formula governing
distribution of state funds to ALSO's works in such a way

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[18]"The Ohio Library Development Plan", Columbus, OLA-OLTA
Steering Committee, 1968.

as to reward counties in proportion to the share of the
intangibles tax their CBC gives to libraries. It also
would exclude from participation the libraries in any county
in which the percentage allocated to libraries was less
than 9/10 of the state average percentage.

The third objective is implicit in the first two.
It is to improve the level of library service throughout
the state, but especially in the poorer areas, through devel-
opment of a system for sharing library resources and ser-
vices on a regional basis, as well as through state financial
aids.

Projected Costs of Funding ALSO's

While the OLDP provides for planning and establish-
ment grants for the ALSO's, as well as for "special needs
grants" to libraries that qualify, it is contemplated that
the principal costs associated with the ALSO's will be the
essential services grants. These funds would be allocated
under a formula designed to aid counties that have experi-
enced difficulty in providing adequate library services. Be-
sides this equalization effect the distribution formula
contains an incentive factor designed to encourage local
initiative in providing these services.

The essential services grants would be made under
the following formula:

$$X = (Y - A)\ B\ C, \text{where:}$$

$X =$ the annual state grant
to support essential
services in each
county

$Y =$ a three-year moving-
average of the state-
wide per capita in-
tangibles tax distri-
bution to local public
libraries

$A =$ a three-year moving-
average of the county
per capita intangibles
tax distribution to
local public libraries

$B =$ the percentage of local
situs intangibles tax
collections allocated
to public library
support

$C =$ total county population

To estimate the costs of fully funding this portion of the OLDP annually through 1978, it is therefore necessary to project for each county the dollar amount of intangibles tax distribution to libraries, the percentage distribution to libraries, and county population, annually through 1978.

The first step is to project intangibles tax collections for each county. As explained in Chapter II, this involves calculating average annual percentage increases, county by county, for the period 1961-69, and the assumption that the yield will continue to grow at the same rate as in this base period. The results, while calculated for each county, are presented (in Table VIII) only for 13 county groups.

Next it is necessary to estimate the percentage distribution factor "B". These figures are derived by performing a simple linear extrapolation of actual distribution percentage observations for the period 1961-1968.

Several qualifying assumptions must be made at this point, when forecasted results seem inconsistent with what knowledgeable persons understand regarding local conditions:

a) If the regressions indicate a strong upward trend in the percentage figures, this calculated trend is continued until 100% is reached; thereafter it is projected to remain at this maximum figure (Figure III).
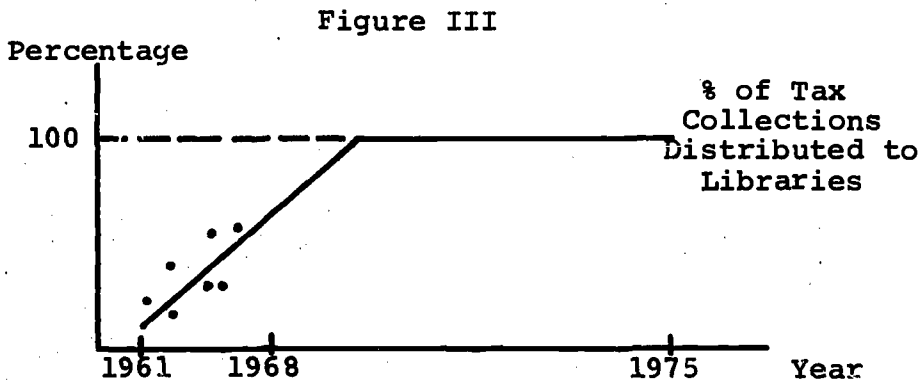
Figure III

b) In counties where a downward trend or no discernible trend is evident, the distribution is projected to reach 90% of the statewide average by 1973 and continue to follow this average thereafter (Figure IV).

Percentage of
Tax Distributed
To Libraries
100

Figure IV

100% of State Average
70% of State Average

Year

1961   1968   1975
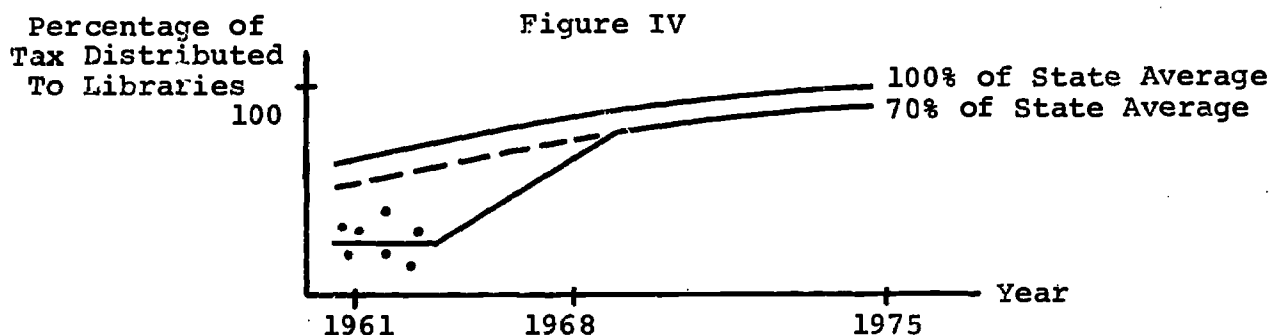
Note that both assumptions strongly support a rapid in-
crease in the distribution percentage. This is a reflection
of the formula's powerful incentive to local initiative in
public library financing.

Each estimated figure for county intangibles tax collec-
tions is then multiplied by the corresponding percentage dis-
tribution estimate, to produce a projection of the dollar
amount of the county intangibles tax distribution to libraries.

County population projections enter into the calculation
of the ALSO distribution in two ways, directly as element
"C" in the formula and indirectly in calculating per capita
amounts in "Y" and "A".

Population projections are based on estimates by the
Economic Research Division of the Ohio Development Depart-
ment.[19] The study makes three different population estimates
for selected years. A low, medium, and high estimate is fore-
casted depending upon the various assumptions made concern-
ing the rate of net national increase, net migration and
various judgment factors primarily related to local economic
growth. For the purposes of this study, the medium figure
is used. As the Ohio Population report estimates population
only quinquennially, it is necessary to make a separate lin-
ear interpolation between 1970, 1975, and 1980 to provide
annual figures.

Dividing the projected figures on intangibles tax dis-
tribution to libraries by the corresponding population esti-
mate gives a projected per capita figure for intangibles
tax collection in each county for each year. When these are
converted to a three-year moving average, the result is the
"A" term in the formula. The statewide average calculated
the same way becomes the "Y" term.

Combining all these estimates, the county per capita
tax distribution estimate (A) is subtracted from the state
per capita tax distribution estimate (Y). This difference

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[19]Ohio Population, Ohio Department of Development, Columbus,
January 1968.

is then multiplied by the corresponding population figure
(C) and the percentage of distribution figure (B). The result
of this subtraction and two successive multiplications is
the projected dollar cost of the essential services grant
for each county for each year. The results of this process
are shown, by county group, in Table XIV.

These projections indicate that full funding of the
essential needs grants portion of the OLDP would have cost
$6.? million in 1970, and that the cost would rise to $10.1
million in 1975. The rise in cost is attributable partly
to population growth. More important, however, is the pro-
jected continued increase in "Y", at the rate of about 5
percent a year. While "Y" is made up of the individual
county figures ("A"), it so happens that many of the largest
counties in the state receive per capita intangibles tax
collections of more than the state average, and so do not
receive essential services grants. They nevertheless exert
a strong upward influence on "Y", and hence widen the gap
(Y - A) for counties eligible for grants.

Also contributing to the rise in ALSO costs is the pro-
jected increase in "B"--the percentage of local situs intan-
gibles tax revenue allocated to public libraries. As noted,
counties in which per capita library revenue from the intan-
gibles tax is below the state average, and where the allo-
cation is less than 100 percent, have a strong incentive to
raise this percentage. By doing so they increase the "A"
term in the formula governing their payment, which tends to
reduce their grant; but the increase in "B" more than offsets
this effect. On balance, libraries in counties in which an
increased share of intangibles tax goes to libraries gain
both from the increased local allotment and from the increased
state ALSO payments.

A number of counties would not be entitled to essential
services grants under the formula contained in the OLDP.
This is because their per capita library income from intan-
gibles tax is above the state average, so that (Y - A) reduces
to zero. The three counties that comprise Region XIII are
all SNG ("special needs grants") counties. That region would
receive no grants under the essential services part of the
program. No estimate is made here of the cost of providing
for special needs grants to such counties.

Table XIV

ESTIMATED COST OF FUNDING ALSO'S 1970 AND

PROJECTIONS TO 1978, BY COUNTY GROUPS

(Thousand Dollars)

COUNTY GROUP	1970	1971	1973	1975	1977	1978	PERCENT CHANGE
I	$228	$269	$ 312	$ 351	$ 419	$ 456	+100
II	290	319	384	456	540	582	+101
III	585	649	809	985	835	906	+ 55
IV	864	954	1,165	1,380	2,266	2,455	+184
V	633	713	901	1,105	1,351	1,483	+134
VI	516	567	683	815	951	1,027	+ 99
VII	593	647	774	909	1,051	1,126	+ 90
VIII	881	952	1,121	1,302	1,490	1,591	+ 81
IX	473	510	614	738	878	956	+102
X	117	195	236	279	326	352	+201
XI	390	429	522	630	755	818	+110
XII	661	743	935	1,133	1,347	1,457	+120
XIII	No Grant	No Grant	No Grant	No Grant	No Grant	No Grant	
STATE TOTAL	$6,309	$7, 97	$8,454	$10,082	$12,209	$13,209	+109

Source: See text for method of projection and data sources

VI. POLICY ALTERNATIVES IN LIBRARY FINANCING

This final section considers the alternative policies
libraries might follow in dealing with the problems outlined
in previous sections and in obtaining funding for the net-
work of ALSO's that is a key part of The Ohio Library Devel-
opment Plan. The basic elements in the existing and emerging
situation are:

1. Inherent weaknesses and inequities in the intan-
    gibles tax
2. A source-based distribution of intangibles tax
    revenue that results in some counties having only
    rudimentary library systems
3. A very modest level of state support of public
    libraries
4. A prospective leveling off in the percentage of
    intangibles tax revenue allocated to libraries,
    which in turn will produce a slowdown in the
    growth of library revenue
5. The existence of a sizable and growing unmet "need"
    for library services
6. The absence of any tradition among libraries of
    seeking financial support through voted levies, or
    among taxpayers of voting library levies
7. The possible abolition of the intangibles tax
8. The financial demands associated with funding the
    OLDP

One course of action is that of inaction. If the librar-
ies and the state government allow the present situation to
continue--an outcome that the strong influence of inertia
makes probable--the problems noted earlier would continue or
perhaps worsen. Some areas, notably the lower-income coun-
ties of the state, would continue to be deprived of access
to modern library service. At the other extreme the fiscal
difficulties of libraries in some of the wealthier counties,
where standards of library performance are high, would prob-
ably necessitate cutbacks. Failure to fund the OLDP would
tend to perpetuate existing intercounty disparities in
library support and services.

To this writer, the "course of inaction" does not seem
calamitous. Some communities would face curtailed library
service and others would continue to have little or none.
Unless the intangibles tax were repealed--or were suddenly
to decline sharply in yield--the library system of Ohio
would be in no danger of fiscal collapse. The result rather
would be the gradual erosion of some of the existing excel-
lent library resources and programs.

The cost of inaction is not impending disaster. Rather
it would be the tragedy of an opportunity missed. The Ohio
library system, always one of many strengths, is in a posi-
tion now to raise its weaker members to a standard of higher

and more nearly uniform performance. The opportunity exists
to begin to correct the inequities and inconsistencies the
state has tolerated too long, to assure the maintenance of
substantial collections and services, and to bring about a
unified and coordinated library structure compatible with
the economy and society of the 1970's.

If Ohio rejects the stand-pat policy, there are several
courses of positive action. These may be divided into those
focusing on strengthened local support of libraries and those
involving increased state support.

Strengthening Local Library Financing

If one looks only at actions that local governments can
take on their own initiative to strengthen and expand the
financial base for libraries, the options appear in one sense
to be very limited. The intangibles tax is a state tax, the
base and rate are governed by state law, and local govern-
ments have little or no scope of action.

However, in those counties where less than 100 percent
of the intangibles tax revenue is allocated to libraries,
an obvious possibility is to increase this proportion. Var-
ious circumstances may lie behind the failure of a county to
allocate all the intangibles tax revenue to library. In
some counties, libraries have no doubt been too lethargic
and unimaginative in their conception of what might be done
with additional money, and have either failed to request
larger amounts or failed to make a convincing case of "need".
In others, there are perhaps political considerations that
inhibit libraries from pressing aggressively to receive a
larger allocation. In either case, more money would be
available for the "asking", if it is recognized that "asking"
may mean "supporting", "arguing", "fighting" and perhaps
"litigating."

In some counties there are no doubt possibilities for
increasing library revenues through improved enforcement of
the intangibles tax. Local administration of the intangi-
bles tax varies in quality from county to county. In some,
especially those where automatic data processing equipment
is used to compare taxpayer lists with lists of recipients
of dividends and interest, enforcement appears to be effi-
cient and effective. In others it leaves much to be desired.
As enforcement rests largely in the hands of the county
auditor, an elected official, it is perhaps understandable
that energetic and aggressive enforcement is sometimes miss-
ing.

The revenue obtainable from improved local enforcement
can easily be exaggerated. Under the Ohio law, the county
auditor, acting in his capacity as deputy of the State Tax

Commissioner, has primary enforcement responsibility only
for the "local size" intangibles tax returns--those showing
property valued at less than $5,000 or having an income
yield less than $500. Those above the cut-off are classed
as "state-size", and duplicate copies of the return go to
the district office of the State Department of Taxation.
While the county auditor has full authority to enforce the
tax on state-size returns, by custom he usually confines his
attention to the local size.

The tax on an intangibles return showing property having
an income yield of $500 amounts to $25. On unproductive
investments valued at $5,000 the tax at 0.2 percent is $10.
Thus the maximum revenue loss from non-filing or underre-
porting on the part of a local-size owner of intangibles is
relatively small. If sizable increases in yield are to be
obtained, they will in all likelihood involve improved state
enforcement, control over which lies beyond the scope of
local authority.

In another sense, however, local library governing
boards have wide scope for increasing library support through
strictly local action. There appears to be no reason why
any school district, municipality or county could not if it
wished allocate some funds from its general revenues for
support of the library system. In fact, this is the common
arrangement for library financing that is found in most
other states, and which would no doubt be more common than
it is in Ohio were it not for the favored position of librar-
ies in respect to intangibles tax revenue.

Moreover libraries have access through their parent
unit of government to the local property tax base. If the
governing board of a school district, city or county should
wish, it has full legal authority to place before the
voters a special levy for library purposes.[20] Because of
voter resistance to such levies, the frequent reluctance of
parent units to sponsor levies, the expense and energy re-
quired to put them over, and he relatively easy availability
of intangibles tax money, few libraries receive revenue from
this source. Yet this course remains open for those librar-
ies that wish to pursue it.

Mention has already been made of the possible increase
in intangibles tax revenue that might result from state ac-
tion to strengthen enforcement of this levy. Other forms
of state action, short of distribution of state funds, might
be employed to increase funds available to libraries.

One possibility is that of an across-the-board increase
in the rate of the intangibles tax. It is often pointed out
that this tax, unlike almost every tax known to the American
taxpayer, is applied today at a rate no higher than that of
1931. A rate increase, by implication, is long overdue.

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[20]Sec. 3375.17 and 3375.23, Ohio Revised Code

This line of reasoning raises again the issues of the
basic merits and weaknesses of the intangibles tax. It
assumes that the tax is fiscally sound and equitable and
deserves a place of importance in a modern tax structure.
As noted in earlier sections, this is a very questionable
assumption; in terms of the criteria of good tax policy, a
tax on intangible personal property is becoming more and
more anachronistic, and most states, far from increasing
reliance on it, have reduced or abandoned it.

Still this is a possibility to be considered. At pres-
ent the intangibles tax yields annually about $10 million
for each 1% of rate. If it is assumed that increases in the
rate will not produce any diminution in the base through
increased evasion or conversion of assets into nontaxable
forms, it would follow that an increase in rate to 6% would
add $10 million to the revenue, most of which would pre-
sumably go to libraries.

There are several difficulties with this course of
action. It would of course necessitate legislative action
of the tax-increase variety--never a popular item with legis-
lators and especially so when many counties would feel little
concern over the matter, either because existing revenues
are comparatively adequate, or because the increase would
do little to solve their local library financial problems.

More basically, an increase in rate would accentuate
the disparities among counties that have been so evident in
the past. It would commit libraries still more heavily to
a dubious method of financing. It would represent a further
step down a path which we have reason to suspect comes to a
dead end.

Somewhat more defensible is the idea of a locally
enacted supplement to the state rate. In this way, counties
that experience a great need for added revenue, and whose
voters are willing to approve a supplemental levy, can avail
themselves of the increase while others need not do so. The
principal difficulty lies in the increased complexity of
administration and compliance when a uniform rate no longer
applies statewide.

Parenthetically it may be noted that the logical corol-
lary of a permissive rate increase is a permissive reduction
in rate, which counties might choose if they wished to reduce
their level of library support. Were this course followed,
the permissive tax approach to increased library support
might conceivably backfire.

The County as the Basic Unit of Library Finance

One of the important strengths of Ohio's present system
of library finance is that revenues are received and distrib-
uted on a county basis rather than within still smaller units

of local government such as cities, as is the case in many
other states. Intracounty variations in wealth are thus
not <u>automatically</u> reflected in corresponding variations in
the allocation of library funds within the county. There
are those who argue that the portions of the county in which
most of the intangibles tax revenues originate should receive
most of the library service. And there is some evidence that
county budget commissions have sometimes responded to this
argument. While such a pattern of distribution is not pro-
hibited, neither is it required by the present system.

While more emphasis is being placed on the equalizing
role of the state in Ohio library finance, it is important
to retain the county as the unit for financing the local share.
For example, the power to levy taxes on real estate and tangi-
ble personal property, which libraries now possess, cannot
be utilized effectively except on a countywide basis; if a
library system smaller than the county were to enact a prop-
erty levy, the revenue received from that source would in
all probability be subtracted by the CBC from the library's
intangibles tax allocation. The county is thus the only
logical unit for local library tax levies.

Increased State Support of Libraries

The discussion above, dealing with local financing of
libraries, adopts the conventional view that the intangibles
tax is a local revenue source. This is true only in the sense
that each county receives all the revenue that originates
within its borders. In the more relevant sense of who bears
the political responsibility for enacting the tax and determining
its rate, and who administers it, the intangibles tax is of
course a state levy, and the revenues libraries receive from
this source are realistically to be viewed as state revenues
distributed among counties on the basis of origin. It is a
state tax that applies uniformly to intangibles throughout
the state, wherever found, but the revenue from which is
given to counties (for library purposes) in proportion to
residents' ownership of such intangibles.

When the matter is viewed in this way it becomes apparent
that the issues concerning distribution of the revenue are
separable from those associated with the tax itself. Our
system of library financing is in reality one in which state
taxes provide almost 100 percent of library support. The
real issues are (1) how much state revenue should be devoted
to support of libraries? (2) from what sources should these
revenues be derived? and (3) how should the money be distrib-
uted?

Any consideration of the case for increased state support
of libraries must be preceded by consideration of the question
whether optimal use is being made of revenues now available.

On one level this question involves comparison of benefits
from incremental quantities of library services with their
cost--or more basically, with the value of the incremental
quantity of other public services, or private purchases, that
are sacrificed to gain them. It also raises questions of the
efficiency of performance of library service. These questions
need constantly to be asked by and of officials responsible
for spending tax dollars.

On another level, the question of optimal use of present
funds is one of geographic distribution of tax dollars. On
the face of it, a system that distributes revenue from a
state imposed tax in such a way that the wealthiest county
(in terms of per capita ownership of securities) receives more
than ten times as much revenue per capita as the poorest
would seem difficult to defend. Some may say that need or
demand for library service is greatest in the wealthiest
counties, where people are most likely to be oriented to the
services of the libary. Others may counter that the poorer
counties are those where the educational benefits of the
library are most needed. In this writer's opinion, there
is good cause to believe that relatively too little money
goes into the poor counties. The general public interest
might, in other words, be advanced by a different geographic
pattern of revenue use. At the same time, it is entirely
possible that the value of the public benefits from library
services in even the highest-spending communities is in
excess of their costs (both calculated in terms of increments).

A second argument rests on the unquestionable fact that
libraries often provide services, the benefits of which go
to people who live outside the county in which the library
lies. The reference services of the Cleveland Public Library,
for example, are used every day by people throughout Ohio
and from other states. Indeed, it is the existence of such
"spillover benefits" that underlies the case for state con-
cern over the function and for state support. Many well
supported library systems may thus be providing services of
a regional or statewide nature, benefitting among others
the inhabitants of communities where library support is
low.

Whatever may be the merit of these arguments, the
obvious fact is that any substantial redistribution of
existing revenues in the direction of greater equality
among Ohio counties would literally wreck the library sys-
stem of many counties, including some of the state's (and
the nation's) best library systems, and the systems of
most of the state's largest and politically most potent
counties. For this very practical reason it is perhaps
unrealistic to expect any substantial redistribution of
revenues except in conjunction with an increase in the total
amount sufficient to protect all or nearly all library
systems against any revenue loss.

Financing ALSO's - The Alternatives

Methods of providing increased state support for public libraries center on funding of the ALSO's, as provided in the OLDP. As noted earlier, full funding of the ALSO's would require about $6.3 million in 1970, rising to about $13.2 million in 1978. The crucial question is: from what sources might such revenues be obtained?

One possibility that is sometimes suggested is that of increasing the rate on local situs intangibles, the revenue to be received by the state and earmarked for distribution to libraries through the ALSO formula. An additional per-centage point on the intangibles tax rate would raise more than enough money to cover projected costs of the ALSO's, but perhaps not of other parts of the OLDP. The chief appeal of this approach is that it continues the idea that the local situs intangibles tax is peculiarly suitable for financing libraries.

This proposition is questionable. Arguments have al-ready been reviewed concerning the weaknesses of the intangibles tax and the desirability of its being de-emphasized or per-haps repealed. Other objections to this course of action rest on the problems and rigidities associated with earmarking. From the standpoint of state fiscal policy, earmarking is generally recognized as something to be avoided. From the standpoint of a special program interest such as libraries, however, securing an earmarked tax source is perhaps a very desirable goal.

A proposal that is somewhat related would fund the ALSO's by earmarking for library support part of the revenue the state now receives from the tax on state situs intangibles. This tax generates around $60 million annually, mostly from deposits and shares in financial institutions. The revenue is paid into the local government fund, from which it is distributed initially among the state's 88 counties, and within each county among the various classes of local govern-ments.

What plausibility this proposal possesses derives from the idea that, because the local situs intangibles tax is set aside for libraries, it would be appropriate for the revenue from state situs intangibles also to be used for libraries. The sizable amounts potentially available from this source are another important attraction. The chief problem with this proposal, apart from reservations con-cerning its basic rationale, is that any revenues made available to libraries from this source would necessarily be diverted from other classes of local government. These could be expected to oppose such a diversion vehemently. Even now, there are strong pressures on the General Assembly to increase the amounts distributed to local governments through the local government fund. Moreover this tax, like

the local situs intangibles tax, might conceivably be
phased out were Ohio to incorporate a comprehensive tax on
business income into our tax system.

Except for the matter of earmarking, the proposals for
funding ALSO's from earmarked state situs intangibles tax
revenues differ little from proposals to fund them from
state general fund revenues. To consider this possibility
opens up the entire topic of the options that are available
for increasing state revenue. The possibilities here are
virtually limitless and obviously go far beyond the scope
of this report.

One course of action--the possible resort to a state
income tax--deserves discussion because of the special issues
it raises relating to the intangibles tax and to library
finance. Although in form and legal concept the intangibles
tax is a property tax, with income yield serving as a con-
venient index to taxable value, in appearance it resembles
a tax on this component of personal income. Imposition
of another tax on all personal income, without repeal of
the intangibles tax, would thus give the appearance of
double taxing interest and dividend income.

Were it not for the fact that the intangibles tax
provides virtually the sole support of the library system,
the obvious course of action would be to repeal the intan-
gibles tax (except as it applies to financial institutions
and insurance companies) in conjunction with the enactment
of a broad based state income tax. If the intangibles tax
were repealed it would probably be necessary for the state
to divert a portion of its income tax collections to libraries,
to replace their revenue loss. Conceivably a distribution
formula might be designed that would provide both for funding
the ALSO's and replacing part or all of the revenue lost by
repeal of the intangibles tax. Because of the great dif-
ferences in current levels of library support, however, it
would be very difficult to design such a formula.

An alternative that would involve minimum disruption
to the library finance system, while avoiding or minimizing
the double-tax problem, would be simply to leave the
intangibles tax intact, but allow intangibles taxpayers to
credit their payments against their state income tax liability.
The effect of such a credit would be to relieve intangibles
taxpayers from the "double tax", while leaving library revenues
unaffected. This approach, it may be noted, also sidesteps
the difficult problem of revising the present unsatisfactory
system of distributing the revenue from the local situs
intangibles tax.

Over the Long Run...

Each of the possibilities discussed above would con-
tribute to a strengthened library financing system for Ohio.

Some would represent major improvements, others would pro-
vide only temporary relief and might later create new prob-
lems. None, however, gets to the basic problem--that of
local reliance on a source-based distribution of revenue
from an earmarked state tax.

As long as libraries have an open-end claim to revenues
generated locally by the intangibles tax, their fiscal
situation is likely to be one of unstable equilibrium. From
any objective standpoint it would be hard to defend. Pressures
will constantly be placed on the General Assembly to make
libraries subject to the same constraints as other govern-
mental functions in access to public revenues. It would be
foolish for those concerned with libraries not to assume
that sooner or later these pressures will prevail.

The OLDP, with its emphasis on state financed ALSOs,
is not only a vehicle for equalizing library services under
the existing tax structure, but is also an important step
toward assuring the survival of local library systems in
the event that the customary revenue flow from the intangibles
tax should dry up. The plan provides a framework within
which it should be possible to develop a general state aid
system to local libraries, patterned perhaps after the
familiar school aid program. Such a system could provide
a logical step in extricating the state from the present
intangibles tax dilemma. For example, the revenue from the
local situs intangibles tax, or from state general fund
revenues, might well be distributed not according to county
or origin but according to some uniform statewide formula
that would recognize relative "need" for library service,
capacity to support libraries from local tax sources, and
effort devoted to library support. Such an approach
presumes that part of the financial support of local
libraries would come from locally levied taxes, and part
from the state formula allocation.

Under such an arrangement, the locally raised portion
of library revenue would need to be raised through special
library levies, or through inclusion of amounts for library
support in the general budget of the parent units of govern-
ment. In either case, libraries in Ohio would be placed
for the first time since the early 1930's in a position of
having to compete with other governmental functions in the
scramble for scarce tax dollars.

The experience could be a painful one. Some libraries
might suffer forced reductions in scale of operations. The
citizens of some communities that have enjoyed outstanding
library programs would find themselves denied services to

which they have grown accustomed. They might for the first
time realize that libraries, like other public services,
require continuing taxpayer support. On the other hand,
library trustees and administrators might discover that
a sound library program can command more support from the
general public than has in the past been obtainable from
the intangibles tax. Any library system that renders
genuine and visible benefits to the local community need
not doubt the willingness of the citizens to support it.