

4-1-2010

Options for Funding Local Library Operations (including Collections) in New Mexico

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University of New Mexico
Bureau of Business and Economic Research



Options for Funding Local Library Operations (Including Collections) in New Mexico

April 1, 2010

UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS AND ECONOMIC RESEARCH
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Albuquerque, NM



Options for Funding Local Library Operations (Including Collections) in New Mexico

April 1, 2010

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With Molly Bleecker, MA
And with student research assistance from
Sean Petranovich

Acknowledgements

The genesis of this report was a request from the New Mexico State Library to study the operating funding options for the 93 local libraries within the State system. We appreciate the financial and other support provided for this research by the State Library and Susan Oberlander, State Librarian. Geraldine (Geri) Hutchins provided on-going assistance, suggestions, and support throughout. Critical was the access provided to the database from the State Library's annual surveys of local libraries. At our request, some questions were added to the 2009 survey and these yielded valuable insights. Geri patiently answered our questions, provided relevant materials, letters of introduction and contact information so that we could conduct in-depth interviews with library directors.

Joe Sabitini from the Albuquerque-Bernalillo County Library System and a veteran of years of legislative lobbying provided us with a historical perspective as well as pertinent documents and answered our many questions as we sought to understand library funding in New Mexico. Bill Cicola, now Director of the Rio Rancho Public Library, but with years of experience working as a library director in New York State, where library districts have a significant presence, shared his experiences and thoughts, as well as providing various materials of interest.

The experiences and ideas shared with us by directors of tribal and non-profit libraries were invaluable. The authors would like to thank Maile McGrew-Frede of the Embudo Valley Library, Phyllis Reiche of the Gila Valley Library, Tamara Sandia of Jemez Pueblo Community Library, Isabel Trujillo of the Pueblo de Abiquiu Library, Nathan Lujan of the Pueblo of Isleta Library, Jill Conner of the Pueblo of Pojoaque Public Library, Cynthia Crespín of the Santo Domingo Pueblo Library, and Diane Gulseth of Vista Grande Public Library for taking the time out of their very busy schedules to speak with us. We would also like to thank Peter Pino, Zia Tribal Administrator, and Sue Gaspar, Zuni Pueblo Finance Director for providing helpful insights into local funding of Tribal libraries.

Jim O'Neill, former Deputy Secretary of the New Mexico Taxation and Revenue Department, provided some helpful leads regarding precedents for setting up library districts. Jacques Blair, City Economist for Albuquerque, answered our many questions relating to the gross receipts tax. Here at BBER, we received help from Data Bank staff, specifically Kevin Kargacin who assisted with tax and other information and Larry Compton who researched library funding around the country and who also assisted with copy-editing this document.

There are many others who, in one way or another, assisted in this research. We gratefully acknowledge this assistance while taking responsibility for any errors.

Lee A. Reynis

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Executive Summary

This is a study of financing options for the operations of local libraries in New Mexico, whether these libraries are run by municipalities, counties, as a cooperative city-county effort, by non-profit organizations, by Native American tribes or by regional authorities as yet to be constituted. Our concern has been with the 93 local libraries that currently comprise the State Library system. We have not considered libraries in public schools, nor those in our colleges and universities, although surely these are important resources to local communities and not just to those who are fortunate enough to be students, staff or teachers/faculty at these institutions. The primary concern is with funding for library operations, by which we understand on-going needs: salaries and benefits for library staff, operations and maintenance of library facilities, utilities and other expenses associated with operations, and, critically, books and media. This is not to deny the importance of adequate facilities, but wonderful facilities are of little worth unless one can keep the doors open, a staff paid and unless one has product – most notably books and media, but also cultural and other programming to draw patrons of all ages.

Funding local libraries in New Mexico. In terms of the total amounts spent on state and local libraries, New Mexico ranked somewhere in the middle among the states in FY 07 after adjusting for differences in population or income. In FY 09, funding for the operations (including books and media) of the libraries within the state system that responded to the State Library Survey totaled over \$45.5 million, or almost \$22 per person in the state, based on the UNM Bureau of Business and Economic Research (BBER) estimate of the state population as of July 1, 2008. If the State Library figure for the total of all the library service areas is used, the funding per person serviced approaches \$31.¹ Total operating income, including funding for books and media has grown at a compound annual rate of 5.6% since FY 04. Across the libraries, total expenditures on books and media – on collections – accounted for 12.7% of total operating expenses in FY 09. State GO bond reimbursements covered a little over 25% of the total, though there was substantial variation from one library to another.

Many libraries have experienced decreases in operating funds since 2007. According to the figures reported in the annual State Library surveys, in FY 09, total operating income was down 3.9% from the previous fiscal year. One gets a sense of how precarious the finances of many libraries may be by taking the unrestricted monies available for library operations and comparing them with the actual expenditures on employee compensation and other operating expenditures excluding books and media.

¹ In both instance, total funding for operations assumes inclusion of the reported total from Bernalillo County as reported in the State Library survey. City of Albuquerque actuals for FY 09 have a lower figure for what was actually received.

Over 60% of the libraries in our study were run by municipalities and the municipal governments provided an average of 85% of the operating funds in FY 09. Many of these libraries derived no support from the government of the county within which they operate even though they often serve many people in the unincorporated area. On average across all municipal libraries, the County contribution was 3%. State funding, including GO bond monies for books and media, accounted for about 9% of revenues, while federal grants amounted to only 1% and other sources contributed about 3%.

There are only two City-County libraries, Albuquerque-Bernalillo County, where Albuquerque contributed 81% and the County 10% and Lordsburg-Hidalgo, where the City contributed only 14%, the County 69%. Los Alamos County library is the only County library, with the County contributing 98% of the dollars for operations..

There is considerable variation among the tribal libraries but on average 64% of the funding in FY 09 came from the Tribal government, with the State and the federal government each contributed about 16% of the funding, and Counties adding about 3. As a group, the non-profit libraries derived about 69% of their operating support from other sources, including local donations and grants, while 16% of their revenues came from Counties and 24% from the State. Generally speaking, both Tribal and non-profit libraries face similar funding challenges. Most are barely getting by year-to-year with so little assurance of future funding that planning beyond the current funding cycle is impossible. According to the librarians interviewed, operating costs – staff compensation, utilities and other operating expenses but not books and media -- are the hardest to cover.

Tax capacity and effort. All counties and municipalities have authority to put in place gross receipts taxes for general and for specific purposes. The revenue yield from any one of these taxes, for example, from an eighth cent municipal gross receipts tax, will depend upon the communities tax base, their “taxable gross receipts,” so their taxing capacity depends on their local economy and specifically on those economic transactions subject to the gross receipts tax.

In FY 09, the energy producing communities of Eunice, Artesia, Hobbs, Farmington and Bloomfield and the resort communities of Red River, Taos and Santa Fe had the highest taxable gross receipts per capita. Note that while some of those with the highest gross receipts tax capacity, e.g., Red River and Eunice, are shown to spend the most per capita on library operations, others, like Virden, which ranks 6th in terms of per capita municipal expenditures, have very low gross receipts tax capacity. Indeed, the correlation between gross receipts taxing capacity per capita and municipal funding for library operations is only 0.56, where 1.00 would be a perfect correlation and 0.00 indicates no relationship.

The top ranked counties in terms of taxable gross receipts per capita are Los Alamos (due to the private ownership of Los Alamos National Laboratories), Lee, Eddy, Union and Sandoval counties. With the exception of Los Alamos County, which

operates the only county library system, Hidalgo County, which provides significant funding for the Lordsburg-Hidalgo Library, and Bernalillo County, which shares significantly in the cost of operating the Albuquerque/Bernalillo County Library System, funding from counties is generally supplemental to that provided by municipalities, by Tribal governments or raised by non-profit libraries. Los Alamos County provides the highest level of funding with Hidalgo County a distant second, followed by Rio Arriba, Bernalillo and Lincoln Counties. The correlation between gross receipts tax revenues per capita and county operating assistance is 0.75. Rio Arriba County stands out for the commitment that it makes to funding a number of local libraries – city-run, Tribal, and non-profit -- , but Lincoln, Lea, Luna and Grant county contributions to community libraries should also be mentioned.

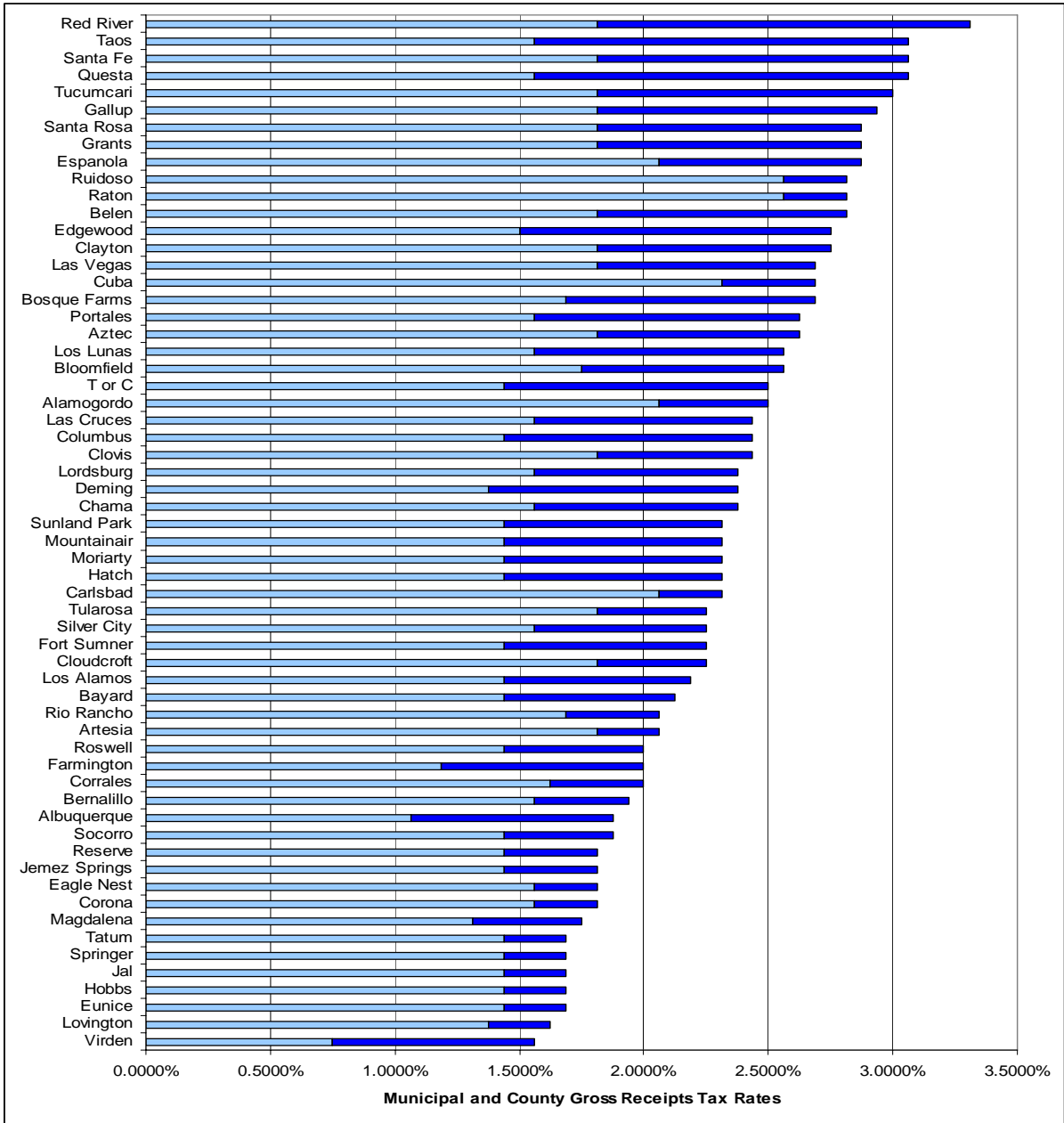
Measures of tax effort look at the taxes in place within a particular jurisdiction. New Mexico has had a state gross receipts tax of 5.0%, so the combined taxes that have been enacted by counties within incorporated areas and by municipalities give a reasonable picture of tax effort. **Figure EX.1** ranks communities with libraries according to total local gross receipts tax effort. Note that the combined tax rate for the highest ranked communities exceeds 8% when the state tax is added.

A community's property tax base is the net taxable value of land and improvements as determined by the local assessor or centrally by the Department of Taxation and Revenue (TRD). In communities where there is oil, gas, and/or copper production, the net taxable value reflects value of production and of equipment, as defined in statute. Net taxable value equals one-third the assessed value minus exemptions (e.g., \$2,000 for Head of Household). As was done in calculating gross receipts tax capacity, property tax capacity is calculated on a per capita basis – net taxable value per capita. A ranking of the municipalities with libraries according to their net taxable value per capita finds Red River with its very tiny population on the top of the list, followed by Taos, Santa Fe, Ruidoso and Corrales. Those municipalities with the highest property tax capacity per capita do not necessarily spend the most on libraries. Indeed, the correlation between per capita spending on library operations and per capita property tax capacity is quite low – 0.40 versus the 0.56 for per capita gross receipts tax revenues.

A ranking of New Mexico counties with libraries according to their net taxable value per capita in FY 09 has the oil and gas areas of Eddy, Lea and Rio Arriba counties leading the list. Eddy county provides no operating assistance to local libraries. Lea County ranks 10th in terms of the assistance it provides; Rio Arriba ranks 3rd.

Municipalities differ greatly in terms of the use they may of the property tax operating levy with some having imposed to the limit of their authority – 7.65 mills – and others, most notably Los Ranchos, with no operational levy. The property tax is the workhorse for counties. Many counties have used all 11.85 mills of their operational authority. Eddy County, with the largest property tax capacity per capita, has used only 7.5 mills, the lowest imposed levy among the counties, and San Juan County, which is the top producer of natural gas, has imposed only 8.5 mills. In addition to

Figure EX.1, Municipal and County Gross Receipts Tax Rates in Municipalities with Libraries, July 1, 2009



the operating levies imposed by counties and municipalities, however, residents and businesses within a municipality are all subject to any debt service levies the municipality, the county and the State may have in place for those General Obligation (GO) bond issues approved by voters, and there are any number of other overlapping taxing jurisdictions, including school districts, higher public educational facilities, county medical facilities, water conservation and drainage districts, that may have imposed property taxes. This report includes a useful and quick comparison across municipalities and unincorporated areas of the total residential tax burden for a \$180

thousand home in tax year 2008 (Fiscal Year 2009). Note that in Albuquerque, the tax obligation would be in excess of \$2,200, while in neighboring Los Ranchos, which historically has shied away from using the property tax, owners of a similarly assessed house would pay less than \$1,700. In Taos, the tax bill would be only \$856.

Options for funding local library operations. Our review of funding options considered a number of possibilities:

- **Increased State Library Assistance** – This could be accomplished by increasing the current state appropriation for library services, perhaps by putting in place a special recurring appropriation or by pushing for dedicated funding from some revenue source, e.g., a statewide property tax to be approved by the voters.
- **Increased use of GO bonds for funding collections.**
- **Increased funding from counties** – for county or municipal-county library systems, in support of municipal, tribal and nonprofit libraries.
- **Increased funding from municipalities** – both those with municipal libraries and those whose citizens benefit by having access to public libraries in their own or other communities.
- **Establishment of Library Districts** – based on special district property tax levies. This would require enabling legislation but there are many NM precedents. This is a very promising option and merits further consideration.
- **Establishment of Quality of Life Districts** – based on Quality of Life Gross Receipts Tax, which requires a referendum. This could be done by a municipality or county or as a joint effort across counties and municipalities, perhaps by working together with arts and cultural organizations.
- **Increase collaboration** – among libraries and perhaps with other arts and cultural organizations.

Chapter 1. Introduction

This is a study of financing options for local libraries in New Mexico, whether these libraries are run by a municipality, by a county, as a cooperative city-county effort, by a regional authority, by a non-profit organization or foundation, or by a Native American tribe. Our concern has been with the 93 local libraries that currently comprise the State Library system. We have not considered libraries in public schools, nor those in our colleges and universities, although surely these are important resources to local communities and not just to those who are fortunate enough to be students, staff or teachers/faculty at these institutions. The primary concern is with funding for library operations, by which we understand is meant on-going needs: salaries and benefits for library staff, operations and maintenance of library facilities, utilities and other expenses associated with operations, and, critically, books and media. This is not to deny the importance of adequate facilities, but wonderful facilities are of little worth unless one can keep the doors open, a staff paid and unless one has product – most notably books and media, but also cultural and other programming to draw patrons of all ages.

Access to computers and other electronic media has become increasingly important in our society and it is libraries that often provide the only access to computers and to the internet that many local residents may have; it is libraries that help bridge the “digital divide.” In researching this topic, we heard again and again of how the demand for library services increased sharply as the US and world economy went into a tailspin in this Great Recession, the deepest downturn in the post World War II period. Searching for a job today almost requires access to a computer and to the internet, for it is on the internet that jobs and opportunities are increasingly posted; it is by using a computer that one can prepare a professional-looking resume; and job applications are more and more often requested to be submitted online.²

We start with an examination of the larger context, community libraries in the US.

The Bigger Picture: Funding for Local Libraries in the US

State and Local Government Spending on Libraries. To compare library expenditures across the fifty states and the District of Columbia, BBER used a US Census Bureau table, *State and Local Government Finances by Level of Government and by State: 2006-07* (the most recent year that this data is available), as well as their population estimates for the corresponding year.³ The Census

² UNM now provides only one option for submitting a job application; all the paperwork for the hiring process is now online and Human Resources will not accept hard copy documents, only that which is entered online or scanned. Libraries provide this access and they do so typically without charge.

³ <http://www.census.gov/govs/estimate/>

Bureau's data was supplemented with personal income data from the Bureau of Economic Analysis.⁴

The data on state and local government library expenditures published by the Census Bureau were checked to ensure that the figures were non-duplicative, i.e., state aid was not counted along with expenditures of that aid by local governments. Capital as well as operating expenditures were included in the totals. The Census Bureau totals for New Mexico local governments are a few million dollars higher than the totals reported in the State Library Annual Survey for 2007. No expenditures were reported for the State Library's own operations and capital outlay, perhaps because the State Library falls under the Department of Cultural Affairs. In order to estimate state government expenditures, BBER used the New Mexico Legislative Finance Committee's report, *FY2009 Budget and Appropriations Recommendations*, since this report includes information on actual operating expenditures of FY 2007. The total spent on operations that year was \$5.3 million, with \$2.7 million spent on employee compensation, \$1.2 million on contractual, and \$1.4 million on other. We included \$4.7 million, which is the total minus an estimate of State Library operating assistance, excluding state GO bond monies.

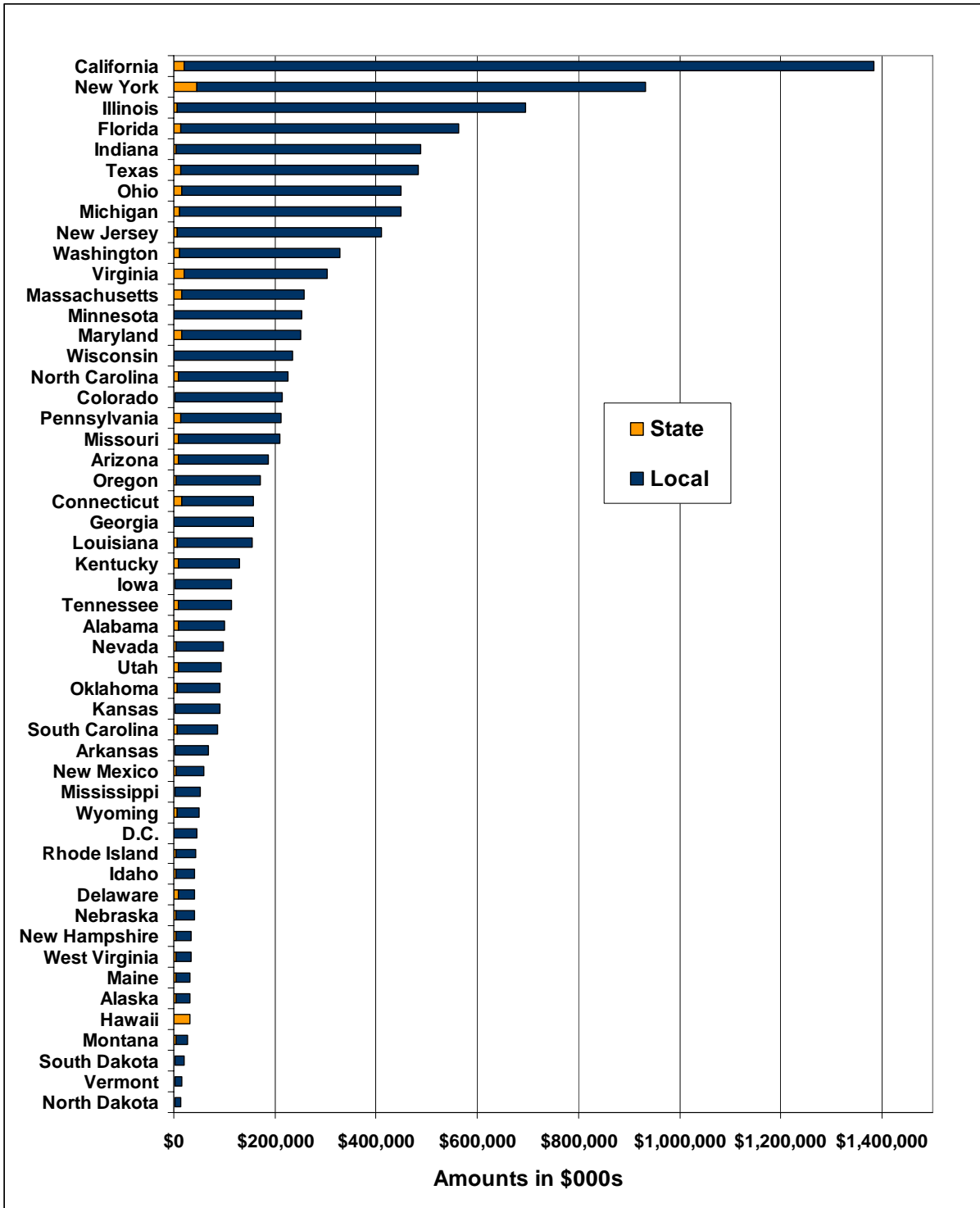
Figure 1.1 ranks all states based on their total library expenses in FY07, with the added detail of presenting the components of the total insofar as they are divided between state government and local government expenditures. California had the largest library expenses (with a state government amount of \$20.3 million and a local government amount of \$1,363 million), while North Dakota had the smallest library expenses (with a state government amount of \$1.8 million and local government spending of \$11.9 million). New Mexico is here ranked 35th, with total library expenses of \$59.0 million (with state government spending at \$4.7 million and local government, at \$54.3 million).

Figure 1.2 ranks states based on their total library expenses per capita for FY07. Adjusting library expenses for a state's population allows for a more relevant analysis of the data, as it accounts for large population discrepancies across states. Presenting the scenario of a state's library expenses being equally distributed amongst all of the members of its population, the figure finds Wyoming to be ranked first (with \$95.96 per person) and Georgia to be ranked last (with \$16.53 per person in the population). The total library expenses per person in New Mexico were \$30.03, ranking it 30th.

Vast discrepancies exist between and among states in the ability to pay for library services. **Figure 1.3** ranks states by total library expenses as a percent of state total personal income for FY07, adjusting the expense data to make comparisons more relevant across states with large differences in personal income per capita. By this measure, Indiana ranks first with library expenditures amounting to 0.23% of total personal income, while Pennsylvania ranks last at 0.04%. New Mexico falls in the

⁴ US Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income and Employment (<http://www.bea.gov/regional/reis/>)

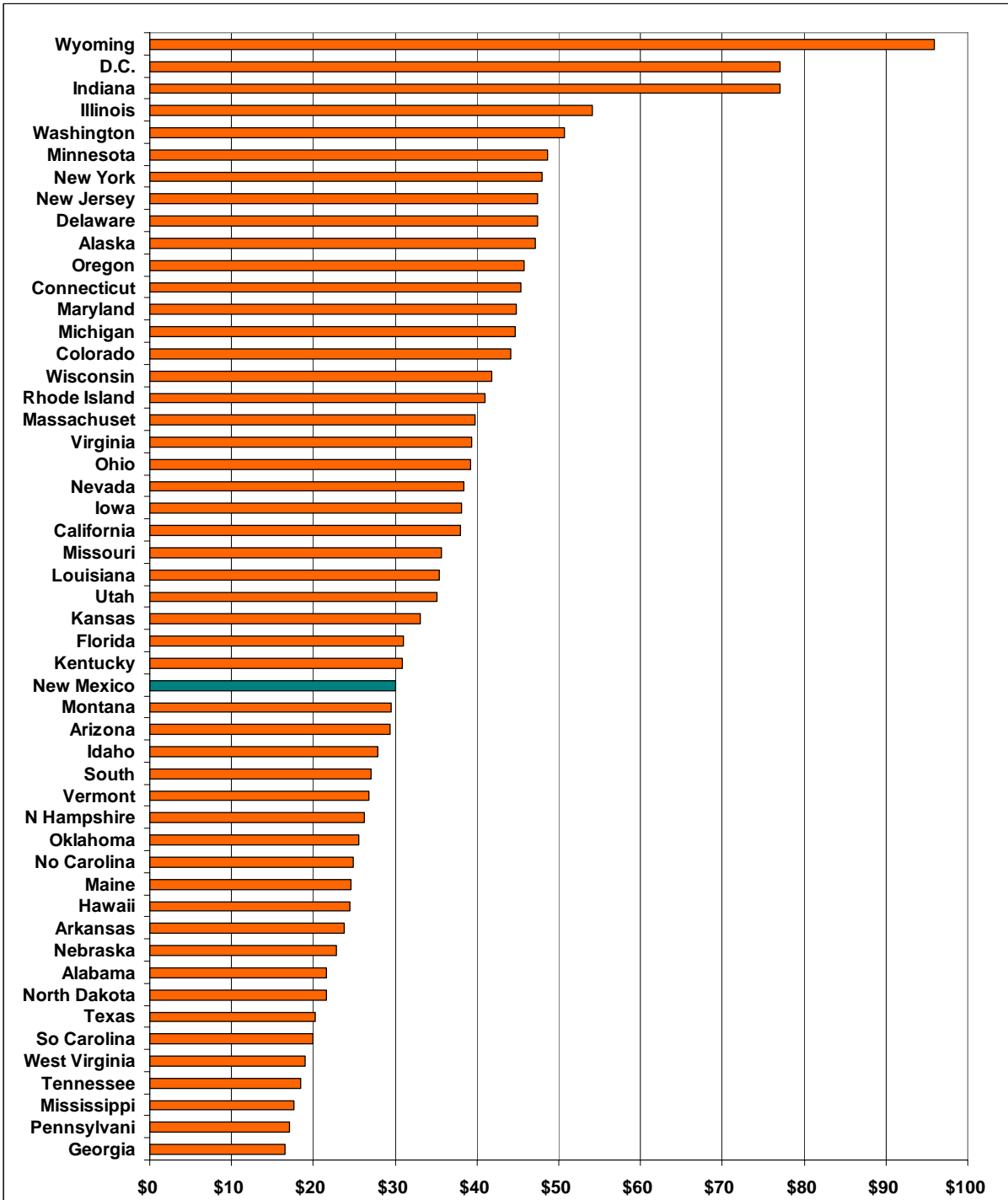
Figure 1.1 State and Local Government Expenditures on Library Operations, Fiscal Year 2007^a



a. Amount of state government expenses for New Mexico are actuals as reported in the NM Legislative Finance Committee's FY2009 Budget and Appropriations Recommendations report. The Census Bureau's report had no state expenditures for New Mexico.

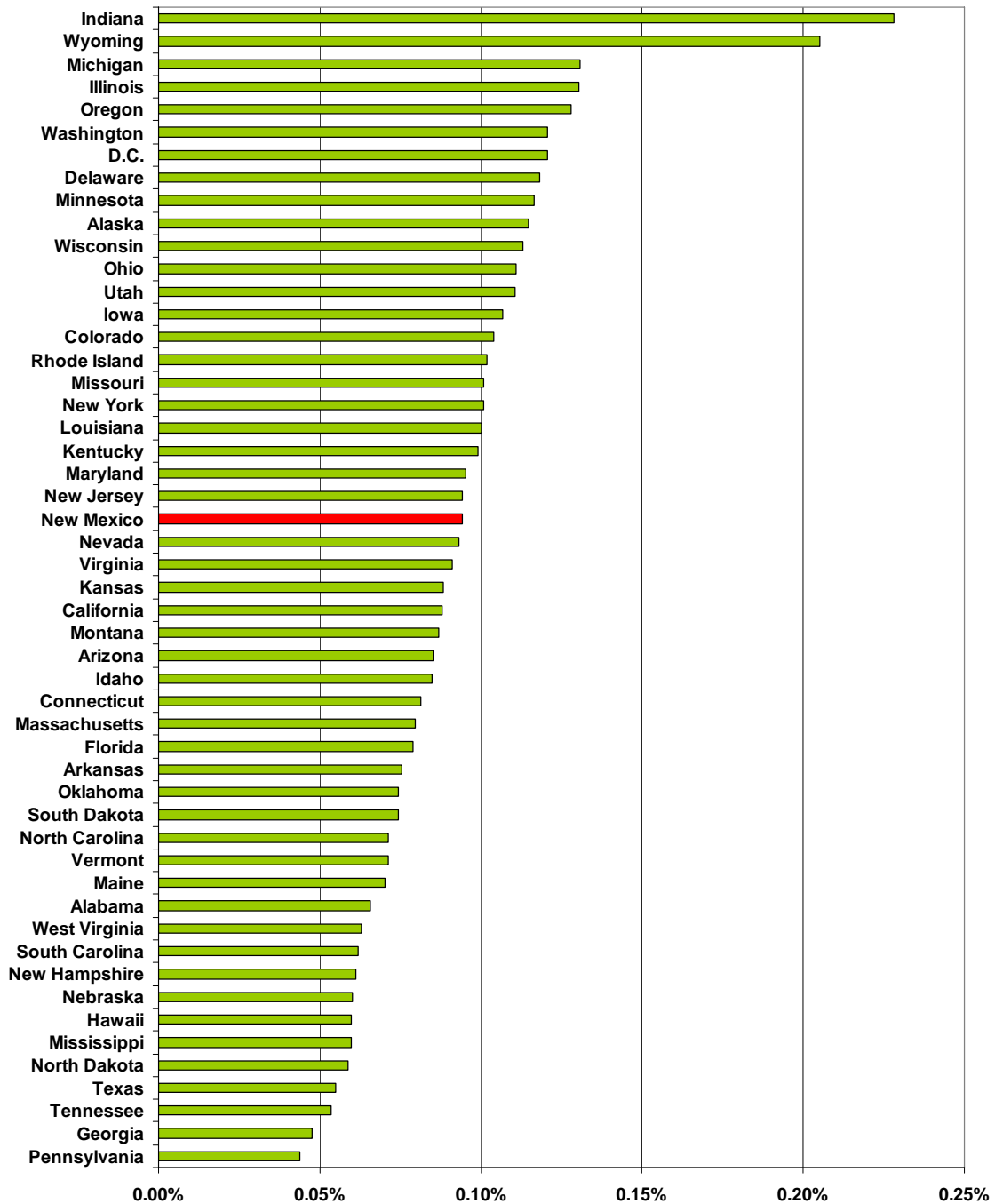
UNM BBER calculations based on US Census Bureau, *State and Local Government Finances by Level of Government and by State: 2006-07*

Figure 1.2. State and Local Expenditures on Library Operations per Capita, Fiscal Year 2007



UNM BBER calculations based on US Census Bureau, *State and Local Government Finances by Level of Government and by State: 2006-07*

Figure 1.3. State and Local Library Expenditures as a Percent of State Personal Income, Fiscal Year 2007



UNM BBER calculations based on US Census Bureau, *State and Local Government Finances by Level of Government and by State: 2006-07* and figures on State Personal Income for 2007 from the US Bureau of Economic Analysis

middle, ranking 25th, with its total library expenditures accounting for 0.09% of 2007 personal income.

Funding For Public Libraries across the US. A 2007 study of funding for public libraries prepared for the Pennsylvania Library Association by Owens and Sieminski of RPA Inc. summarized how public libraries are organized and funded across the US:

In FY 2004, according to the National Center for Educational Statistics, “Fifty-three percent of public libraries were part of a municipal government; 15% were nonprofit association libraries or agency libraries; 14% were separate government units known as library districts; 10% were part of a county/parish; 3% had multi-jurisdictional legal basis under an intergovernmental agreement; 2% were part of a school district; 1% were part of a city/county; and 1% reported their legal basis as “other”.⁵

Today’s libraries continue to be funded by private donations, but the majority of the funding comes from government sources. Nationwide, only 1% of the operating revenue of public libraries is derived from federal sources, 10% from state sources, and the majority of the funding, 82%, from local government sources. The remaining 8% comes from monetary gifts and donations, grants, interest, library fines, and fees for library services. Total operating revenue for the nation’s 9,207 public libraries is about \$9.1 billion.

Nationwide, the average total per capita operating revenue for public libraries was \$32.21....Of that, \$26.25 was from local sources, \$3.21 from state sources, \$0.17 from federal sources and \$2.59 from other sources.⁶

...Not only does the nation have over 9,200 libraries but they are governed in a variety of ways. Funding is dependent primarily on local sources, but local governments (all 52,473 of them) vary widely from the tiniest township to the largest urban area. The types of revenues that local governments are permitted to assess and collect are governed by 50 different state legislatures. Public libraries are competing for scarce funds...⁷

New Mexico adds its own complexities – in the network of tribal libraries and in the great geographic distances between population centers – and constraints – in the anti-donation clause of the New Mexico Constitution and in our persistently low per capita income – but as will be evident, there are many parallels with the experiences across the country. All the more reason to consider the solutions adopted elsewhere. We do so cognizant of but not blindly constrained by Governor Wallace’s dictum, “All calculations based on experience elsewhere, fail in New Mexico.”

Chapter 2 provides an overview of the diversity of funding for public libraries in New Mexico.

⁵ National Center for Education Statistics. Public Libraries in the United States: Fiscal Year 2004. Washington, D/C/. National Center for Education statistics, 2006, p. 5.

⁶ Patricia L. Owens and Mary L. Sieminski of RPA, *Local and State Sources of Funding for Public Libraries: A National Picture*, a report prepared by RPA Inc for the Pennsylvania Library Association and Pennsylvania Citizens for Better Libraries, October 2007, p.3.

⁷ IBID., p. 7

Chapter 3 explores the two workhorses of municipal and county revenues, the gross receipts tax and the property tax. We examine how tax capacity, specifically the tax base per capita for each of these revenue sources, varies from one jurisdiction to another. We then examine the tax effort of different communities and the overall tax burden on those who pay the tax.

Finally, Chapter 4 presents and evaluates the options for providing New Mexico communities with a more sustainable way of funding their public libraries.

Chapter 2. Funding for Library Operations, Including Books and Media

The operations of libraries in New Mexico communities are funded from a variety of sources. **Table 2.1** summarizes the composition of funding, respectively, for municipal, city-county and county, tribal, non-profit libraries and the one trust library operated by the Woolworth Foundation in Jal. With respect to municipal libraries, an average of 85% of their operating funds in FY 09 came from the municipality. Many of these libraries derive no support from the government of the county within which they operate, even though they often serve many people in the unincorporated area. On average across all municipal libraries, the county contribution was 3%. State funding, including GO bond monies for books and media, accounted for about 9% of revenues, while federal grants amounted to only 1% and other sources contributed about 3%.

There are only two city-county libraries, Albuquerque-Bernalillo County, where Albuquerque contributed 81% and the county 10%, with 5% of operating revenues coming from the state and the remaining 4% from other sources, and Lordsburg-Hidalgo, where the city contributed only 14%, the county 69%, the state, 12%, and other sources, 5%. The Los Alamos County library is the only county library, with the county contributing 98% and the state and “other” sources 1% each.

There is considerable variation among the tribal libraries in terms of the amount of support provided by the tribe, but on average, 64% of the funding in FY 09 came from this source. The state and the federal government each contributed about 16% of the funding, while counties added about 3% to the total available for operations and other sources brought in about 1%.

As a group, the non-profit libraries derived about 69% of their operating support from other sources, including local donations and grants, while 16% of their revenues came from counties and 24% from the state. One of the non-profits had federal money and it accounted for about 9% of the total for operations. The one trust library derived about 98% of its operating revenues from the trust.

In FY 09, funding for the operations (including books and media) of the libraries within the state system that responded to the State Library Survey totaled over \$45.5 million, or almost \$22 per person in the state, based on BBER’s estimate of the state population as of July 1, 2008. If the State Library figure for the total of all the library service areas is used, the funding per person serviced approaches \$31.⁸ Total operating income, including funding for books and media has grown at a compound

⁸ In both instances, total funding for operations assumes inclusion of the reported total from Bernalillo County as reported in the State Library survey. City of Albuquerque actuals for FY 09 have a lower figure for what was actually received.

Table 2.1. Sources of Operating Funds for Community Libraries, FY 09

Place	City	Tribal	County	State	Federal	Other	Total
City Libraries							
ALAMOGORDO	0.89	-	0.04	0.07	-	-	1.00
CLAYTON	0.89	-	0.02	0.08	-	0.02	1.00
ARTESIA	0.97	-	-	0.03	-	0.00	1.00
RATON	0.92	-	0.01	0.06	-	0.01	1.00
AZTEC	0.78	-	0.04	0.02	0.10	0.06	1.00
BAYARD	0.46	-	0.13	0.41	-	0.00	1.00
BELEN	0.97	-	-	0.02	-	0.01	1.00
BLOOMFIELD	0.87	-	-	0.08	0.01	0.04	1.00
BOSQUE FARMS	0.72	-	-	0.28	-	-	1.00
CARLSBAD	0.97	-	-	0.02	-	0.00	1.00
LAS VEGAS	0.81	-	-	0.17	-	0.02	1.00
CLOVIS	0.87	-	-	0.06	-	0.08	1.00
COLUMBUS	0.57	-	0.16	0.14	0.04	0.10	1.00
CORRALES	0.89	-	-	0.05	-	0.06	1.00
CUBA	0.67	-	-	0.03	0.30	0.01	1.00
EAGLE NEST	0.79	-	-	0.18	-	0.03	1.00
EDGEWOOD	0.98	-	-	0.02	-	-	1.00
CHAMA	0.78	-	0.17	0.05	-	0.00	1.00
ESPANOLA	0.87	-	0.07	0.06	-	-	1.00
ESTANCIA	0.94	-	-	0.06	-	-	1.00
EUNICE	0.91	-	0.02	0.04	0.00	0.02	1.00
FARMINGTON	0.99	-	0.00	0.00	-	0.01	1.00
FORT SUMNER	0.77	-	0.03	0.19	-	0.02	1.00
SPRINGER	0.88	-	-	0.12	-	-	1.00
HATCH	0.80	-	0.12	0.07	-	0.01	1.00
HOBBS	1.00	-	-	0.00	-	0.00	1.00
COCHITI LAKE	0.83	-	0.06	0.07	-	0.04	1.00
JEMEZ SPRINGS	0.75	-	-	0.09	-	0.17	1.00
LOS LUNAS	0.94	-	-	0.03	0.01	0.02	1.00
LOVINGTON	0.88	-	0.03	0.05	-	0.03	1.00
MAGDALENA	0.88	-	-	0.10	-	0.02	1.00
DEMING	0.83	-	0.10	0.03	-	0.04	1.00
CLOUDCROFT	0.79	-	0.06	0.15	-	-	1.00
SANTA ROSA	0.85	-	0.01	0.04	-	0.11	1.00
MORIARTY	0.89	-	-	0.10	-	0.01	1.00
GRANTS	0.86	-	0.02	0.12	-	-	1.00
MOUNTAINAIR	0.25	-	-	0.75	-	-	1.00
GALLUP	0.96	-	-	0.04	-	-	1.00
PORTALES	0.93	-	-	0.04	-	0.04	1.00
QUESTA	0.90	-	-	-	-	0.10	1.00
RED RIVER	0.83	-	-	0.12	-	0.05	1.00
RESERVE	1.00	-	-	-	-	-	1.00
RIO RANCHO	0.90	-	-	0.06	-	0.04	1.00
ROSWELL	0.96	-	-	0.04	-	0.00	1.00
RUIDOSO	0.92	-	0.06	0.01	-	0.01	1.00
SANTA FE	0.95	-	0.01	0.01	0.00	0.04	1.00
SOCORRO	0.89	-	-	0.09	-	0.02	1.00
SUNLAND PARK	0.87	-	-	0.13	-	-	1.00
TAOS	0.96	-	-	0.01	-	0.03	1.00
TATUM	0.78	-	0.13	0.10	-	-	1.00
SILVER CITY	0.89	-	0.03	0.02	-	0.06	1.00
LAS CRUCES	0.95	-	-	0.03	-	0.02	1.00
BERNALILLO	0.89	-	-	0.11	-	0.00	1.00
T OR C	0.88	-	0.01	0.04	0.04	0.02	1.00
TUCUMCARI	0.93	-	0.00	0.07	-	-	1.00
TULAROSA	0.71	-	0.11	0.03	-	0.15	1.00
VIRDEN	0.87	-	-	0.13	-	-	1.00

Table 2.1. Sources of Operating Funds for Community Libraries, FY 09, Continued

Place	City	Tribal	County	State	Federal	Other	Total
County and City/County Libraries							
ALBUQUERQUE-BERNALILLO	0.81	-	0.10	0.05	0.00	0.04	1.00
LORDSBURG-HIDALGO	0.14	-	0.69	0.12	-	0.05	1.00
LOS ALAMOS COUNTY	-	-	0.98	0.01	-	0.01	1.00
Tribal							
PUEBLO AT ACOMA	-	0.72	-	0.21	0.06	-	1.00
JEMEZ PUEBLO	-	0.02	-	0.21	0.77	-	1.00
DULCE	-	0.87	-	0.07	-	0.06	1.00
LAGUNA	-	0.86	-	0.10	0.04	0.01	1.00
MESCALERO	-	0.90	-	0.10	-	-	1.00
OHKAY OWINGEH	-	0.73	0.10	0.05	0.06	0.06	1.00
COCHITI PUEBLO	-	0.69	-	0.31	-	-	1.00
SAN ILDEFONSO	-	1.00	-	-	-	-	1.00
ISLETA	-	0.87	-	0.13	-	-	1.00
POJOAQUE	-	0.67	-	0.05	0.28	0.00	1.00
SANDIA PUEBLO	-	0.58	0.32	0.10	-	-	1.00
SANTA ANA	-	0.71	-	0.19	0.09	-	1.00
ESPANOLA	-	0.18	0.04	0.34	0.34	0.10	1.00
SANTO DOMINGO PUEBLO	-	0.02	-	0.29	0.69	-	1.00
ZIA PUEBLO	-	0.63	-	0.25	0.12	-	1.00
ZUNI	-	0.80	-	0.16	0.04	-	1.00
NonProfits							
CAPITAN	-	-	0.12	0.11	-	0.77	1.00
EL RITO	-	-	0.09	0.11	-	0.80	1.00
DIXON	-	-	0.11	0.17	-	0.73	1.00
GILA	-	-	0.39	0.24	-	0.37	1.00
GLENWOOD	-	-	0.08	0.41	-	0.50	1.00
PLACITAS	-	-	-	0.07	-	0.93	1.00
ABIQUIU	-	-	0.15	0.41	-	0.43	1.00
LA JOYA	-	-	0.33	0.43	-	0.25	1.00
ANGEL FIRE	0.04	-	-	0.05	-	0.90	1.00
RANCHOS DE TAOS	-	-	-	0.26	-	0.74	1.00
TRUCHAS	-	-	0.16	0.30	-	0.54	1.00
CORONA	-	-	0.35	0.49	-	0.16	1.00
SANTA FE	-	-	0.28	0.09	0.09	0.54	1.00
Private Trust/Contract with City							
JAL	-	-	-	0.01	-	0.99	1.00

UNM Bureau of Business and Economic Research Calculations from State Library Survey, FY 2009

annual rate of 5.6% since FY 04. Many libraries have experienced decreases in operating funds since 2007, presumably associated with the economic downturn. According to the figures reported in the annual State Library surveys, in FY 09, total operating income was down 3.9% from the previous fiscal year.

One gets a sense of how precarious the finances of many libraries may be by taking the unrestricted monies available for library operations and comparing them with the actual expenditures on employee compensation and other operating expenditures, excluding books and media. The analysis is presented in **Table 2.2**. The first three columns present the results when other income is included. The problem is that

Table 2.2. Basic Operating Revenues and Expenditures, FY 09

Place	Staff and Other Operating Expenditures a	Including Other Income b		Excluding Other Income	
		Basic Operating Income c	Net Operating Surplus	Basic Operating Income	Net Operating Surplus
City Libraries					
ALAMOGORDO	648,027	860,432	212,405	860,432	212,405
CLAYTON	99,997	106,129	6,132	104,372	4,375
ARTESIA	474,093	521,794	47,701	520,400	46,307
RATON	194,825	208,694	13,869	207,059	12,234
AZTEC	413,631	398,542	(15,089)	373,450	(40,181)
BAYARD	22,426	82,534	60,108	82,458	60,032
BELEN	343,956	455,120	111,164	452,720	108,764
BLOOMFIELD	185,702	197,132	11,430	188,821	3,119
BOSQUE FARMS	55,907	100,108	44,201	100,108	44,201
CARLSBAD	629,911	682,650	52,739	679,650	49,739
LAS VEGAS	243,857	228,528	(15,329)	223,873	(19,984)
CLOVIS	706,337	719,121	12,784	659,866	(46,471)
COLUMBUS	55,015	53,458	(1,557)	47,571	(7,444)
CORRALES	181,832	186,351	4,519	174,151	(7,681)
CUBA	106,941	113,217	6,276	112,047	5,106
EAGLE NEST	17,787	24,043	6,256	23,157	5,370
EDGEWOOD	95,344	137,209	41,865	137,209	41,865
CHAMA	56,904	58,910	2,006	58,769	1,865
ESPANOLA	230,754	271,870	41,116	271,870	41,116
ESTANCIA	79,658	80,869	1,211	80,869	1,211
EUNICE	203,199	225,603	22,404	220,603	17,404
FARMINGTON	3,761,666	4,427,363	665,697	4,395,102	633,436
FORT SUMNER	59,431	72,481	13,050	71,029	11,598
SPRINGER	19,928	35,168	15,240	35,168	15,240
HATCH	64,194	81,556	17,362	80,608	16,414
HOBBS	900,432	1,030,914	130,482	1,029,576	129,144
COCHITI LAKE	47,521	54,316	6,795	52,229	4,708
JEMEZ SPRINGS	48,023	59,578	11,555	49,155	1,132
LOS LUNAS	595,466	617,928	22,462	605,301	9,835
LOVINGTON	241,023	293,657	52,634	283,152	42,129
MAGDALENA	22,966	31,674	8,708	31,074	8,108
DEMING	367,830	349,630	(18,200)	335,500	(32,330)
CLOUDCROFT	30,725	66,203	35,478	66,203	35,478
SANTA ROSA	124,500	173,170	48,670	154,417	29,917
MORIARTY	135,172	143,255	8,083	140,948	5,776
GRANTS	162,411	191,247	28,836	191,247	28,836
MOUNTAINAIR	1,006	4,226	3,220	4,226	3,220
GALLUP	540,363	622,207	81,844	622,207	81,844
PORTALES	308,575	341,143	32,568	327,851	19,276
QUESTA	26,619	27,794	1,175	25,123	(1,496)
RED RIVER	61,233	63,472	2,239	60,349	(884)
RESERVE	1,247	1,965	718	1,965	718
RIO RANCHO	1,747,394	1,844,330	96,936	1,766,446	19,052
ROSWELL	1,019,208	1,444,261	425,053	1,442,195	422,987
RUIDOSO	430,006	504,734	74,728	498,734	68,728
SANTA FE	3,571,206	3,925,005	353,799	3,785,806	214,600
SOCORRO	350,055	491,680	141,625	481,680	131,625
SUNLAND PARK	88,324	105,124	16,800	105,124	16,800
TAOS	532,268	605,291	73,023	586,291	54,023
TATUM	73,804	84,901	11,097	84,901	11,097
SILVER CITY	333,503	371,545	38,042	349,179	15,676
LAS CRUCES	2,277,606	2,149,542	(128,064)	2,108,555	(169,051)
BERNALILLO	146,940	136,437	(10,503)	135,809	(11,131)
T O R C	246,098	245,286	(812)	240,809	(5,289)
TUCUMCARI	261,080	263,493	2,413	263,493	2,413
TULAROSA	20,958	41,250	20,292	35,250	14,292
VIRDEN	5,443	13,500	8,057	13,500	8,057
County and City/County Libraries					
ALBUQUERQUE	10,725,866	11,779,573	1,053,707	11,299,607	573,741
LORDSBURG	78,479	103,031	24,552	97,678	19,199
LOS ALAMOS	2,052,888	2,378,496	325,608	2,346,190	293,302

other income may include restricted monies for special projects that are not available to pay salaries and operating expenses, such as rent and utilities. The results when other income is excluded are presented in the final two columns. Since non-profit libraries are very dependent on other income, their situation appears particularly dire when these monies are excluded. The analysis does not consider fund balances, which are the “savings accounts” drawn on in tight times. Unfortunately, most public

**Table 2.2. Basic Operating Revenues and Expenditures, FY 09
Continued**

Place	Staff and Other Operating Expenditures a	Including Other Income b		Excluding Other Income	
		Basic Operating Income c	Net Operating Surplus	Basic Operating Income	Net Operating Surplus
City Libraries					
Tribal					
PUEBLO OF ACOMA	71,138	82,158	11,020	82,158	11,020
JEMEZ PUEBLO	46,194	23,144	(23,050)	23,144	(23,050)
DULCE	115,332	132,318	16,986	124,500	9,168
LAGUNA	145,176	149,770	4,594	148,770	3,594
MESCALERO	76,331	101,051	24,720	101,051	24,720
OHKAY OWINGEH	52,785	96,024	43,239	90,024	37,239
COCHITI PUEBLO	35,689	53,583	17,894	53,583	17,894
San Ildefonso	24,636	31,836	7,200	31,836	7,200
ISLETA	133,370	144,610	11,240	144,610	11,240
POJOAQUE	194,933	155,520	(39,413)	155,251	(39,682)
SANDIA PUEBLO	85,823	110,113	24,290	110,113	24,290
SANTA ANA	59,657	48,528	(11,129)	48,528	(11,129)
ESPANOLA	216,984	150,455	(66,529)	127,455	(89,529)
SANTO DOMINGO PUEBLO	26,442	13,850	(12,592)	13,850	(12,592)
ZIA PUEBLO	41,226	47,427	6,201	47,427	6,201
ZUNI	90,891	140,345	49,454	140,345	49,454
NonProfits					
CAPITAN	38,289	55,557	17,268	9,466	(28,823)
EL RITO	97,867	109,074	11,207	22,211	(75,656)
DIXON	95,201	90,025	(5,176)	23,077	(72,124)
GILA	7,588	18,477	10,889	10,100	2,512
GLENWOOD	4,485	9,168	4,683	3,168	(1,317)
PLACITAS	17,383	18,840	1,457	1,350	(16,033)
ABIQUIU	84,687	65,004	(19,683)	36,732	(47,955)
LA JOYA	3,079	5,722	2,643	3,850	771
ANGEL FIRE	46,835	56,608	9,773	5,576	(41,259)
RANCHOS DE TAOS	1,638	5,216	3,578	1,350	(288)
TRUCHAS	39,769	56,262	16,493	22,684	(17,085)
CORONA	8,523	6,462	(2,061)	4,850	(3,673)
SANTA FE	122,504	125,693	3,189	45,060	(77,444)
Private Trust/Contract with City					
JAL	496,681	716,969	220,288	4,162	(492,519)

a. Excludes expenditures on books and media.

b. Other operating income may or may not include income that is restricted, i.e., that can only be spent on special program.

c. Basic operating income equals income from local governments, state grants excluding GO bond proceeds, and federal income that is unrestricted.

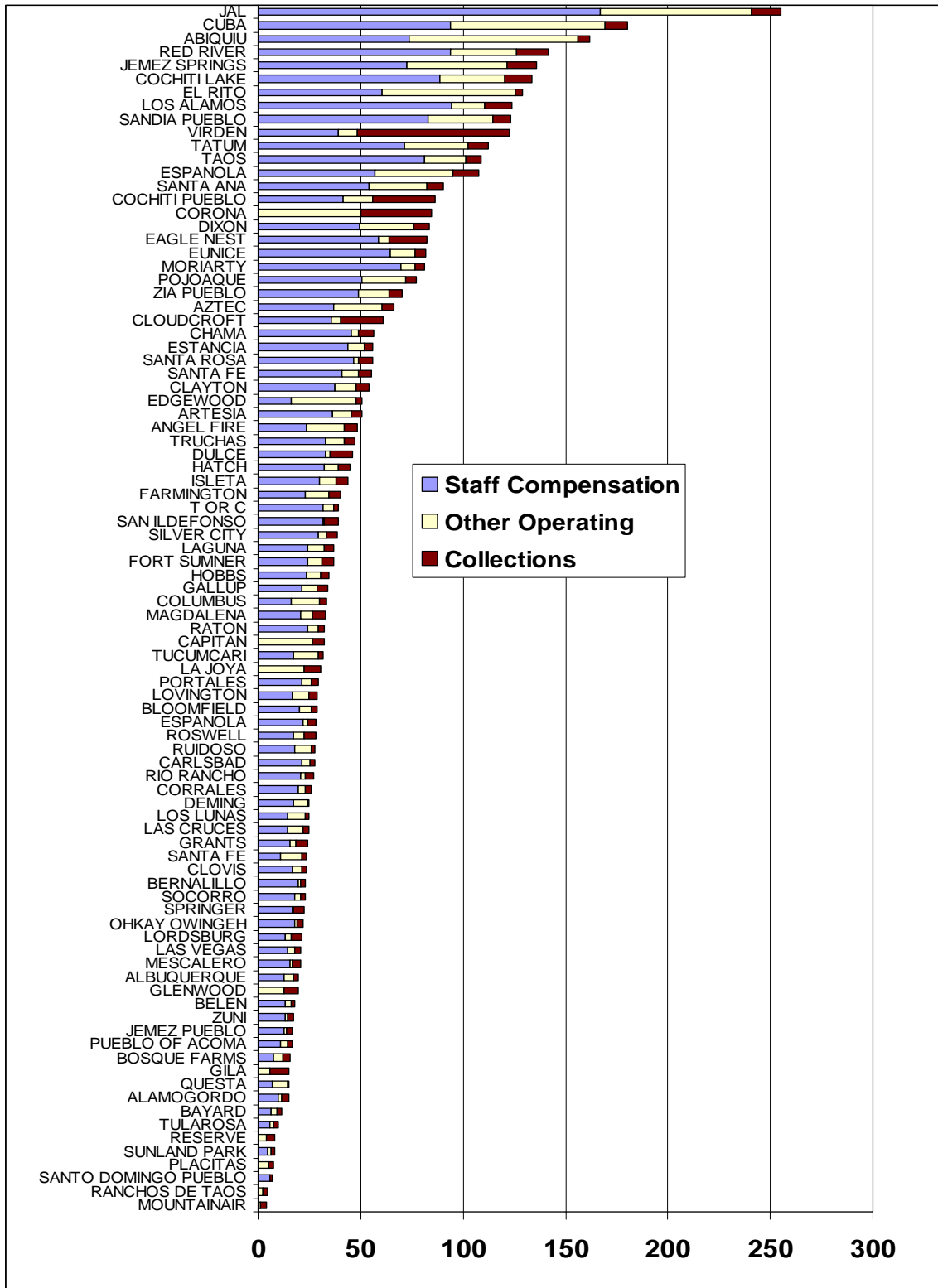
UNM Bureau of Business and Economic Research calculations Using State Library Survey, FY 2009

libraries are funded primarily from their government's general fund, to which any unspent appropriations will typically revert at the end of the year.

Across the libraries, total expenditures on books and media – on collections – accounted for 12.7% of total operating expenses. State GO bond reimbursements covered a little over 25% of the total, though there was substantial variation from one library to another. (See Figure 2.1.)

Figure 2.1 presents data on the composition of operating expenditures for all those libraries reporting expenditures in FY 09. Libraries are ranked based on total operating expenditures per capita based on the 2009 Library Service Area (LSA) population estimates. The US Census Bureau produces annual population estimates for municipalities and counties, so the LSA estimates for many municipal or county

Figure 2.1: Operating Expenditures Per Capita (2009 LSA), FY 09



UNM Bureau of Business and Economic Research from NM State Library Survey, FY 2009

libraries can be and are tied to these estimates.⁹ The LSA population numbers are likely to be less reliable when they include small unincorporated areas, in which population is only counted every ten years for the Decennial Census. This is the situation of the non-profit libraries and many of the tribal libraries. Note that the library in Jal, which is operated by the Woolworth Foundation, has the highest level of expenditures per LSA population followed by Cuba, Abiquiu, Red River, Jemez Springs, Cochiti Lake, El Rito and Los Alamos. All these libraries have relatively high expenditures on staff, but there are a number of small libraries that appear to be run entirely by volunteers (e.g., Corona). In many cases, other operating expenditures necessary to keep the facility open (e.g., utilities) consume a large portion of the budget (e.g., Edgewood).

Funding of City, City-County and County Libraries

Most of the libraries in the state are municipal libraries. As noted above, a large proportion of the monies these libraries have available for operations comes from the municipality, typically as a general fund appropriation. In New Mexico, the gross receipts tax is by far the most important revenue source for municipalities, accounting for over 70% of total general fund revenues. Other important revenue sources include the property tax and franchise fees, which are payments by utilities for the use of public right-of-way. (Gross receipts and property tax capacity and effort for NM municipalities and counties with libraries are discussed at length in the next chapter.) Service-providing units dependent on general tax revenues must compete annually for funding with other basic public services, like police and fire, roads and storm drainage, parks and recreation or corrections in the case of counties. Revenue shortfalls can result in hiring freezes, elimination of vacant positions, decisions to reduce hours of service, etc. Counties have special responsibilities under state statute in addition to the provision of municipal type services. Some of these responsibilities, like corrections and to a lesser extent health care, are placing an increasing financial burden on county budgets. The property tax is the major revenue source for funding county government, although the gross receipts tax has become increasingly important.

Funding of Tribal and Non-Profit Libraries

Both tribal and non-profit libraries in New Mexico face extreme challenges funding their libraries. This section describes the funding sources BBER learned of through internet research and interviews. BBER spoke to four non-profit library directors (of the Embudo Valley Library and Community Center, the Pueblo de Abiquiu Library and Cultural Center, the Vista Grande Public Library, and the Gila Valley Library), the directors of four tribal libraries (Pueblo of Pojoaque Public Library, Jemez Pueblo Community Library, Pueblo of Isleta Library, and Santo Domingo Pueblo Library), and to tribal government officials affiliated with two other tribes with tribal libraries

⁹ There are issues with the Census Bureau estimates and BBER has funding from a recurring state appropriation to produce an independent set of population estimates and to challenge the estimates of the Census Bureau.

(Zia Enrichment Library and Zuni Public Library). The funding sources discovered through this process are summarized in **Table B.1** in Appendix B.¹⁰

Generally speaking, both tribal and non-profit libraries face similar funding challenges. For both library types, most are barely getting by year-to-year with so little assurance of future funding that planning beyond the current funding cycle is impossible. The directors of both types of libraries are often poorly paid (if at all) and spend exorbitant amounts of their time applying for or managing grants. Another challenge faced by both types of libraries is the recent upsurge in patrons and demand for services as a result of the recession. Many of the libraries reported increased numbers of patrons utilizing computing and internet services provided by the library (in some cases because they can no longer afford these luxuries themselves) in their quest for employment. But while demand has risen, funding has generally declined. Despite the frustrations and lack of financial reward, the library directors BBER spoke to were without exception passionate about creating and sustaining quality libraries for members of their communities.

Funding Basic Operating Costs. For the majority of the libraries whose directors BBER spoke to, operating costs are the hardest to cover.¹¹ Several interviewees said that there are lots of grants available for new programs, but very little money available for “buildings or people.” The irony of well-funded programs that must be staffed by volunteers or carried out in cramped quarters was not lost on the interviewees.

Both tribal and non-profit libraries rely upon the State Library’s Grants-in-Aid to cover some of their operating costs.¹² The amount distributed through this program varies, depending upon the legislative allocation. The tribal libraries also use Institute of Museum and Library Services’ (IMLS) non-competitive annual Basic Grants of around \$6,000 to defray operating costs.¹³ Most of the tribal libraries in the State Library system seem to take advantage of this program every year.

Several of the tribal libraries have also applied for the IMLS Enhancement Grant (some, like Jemez Pueblo Community Library and the Pueblo of Pojoaque Library,

¹⁰ BBER does not claim that Table B.1 constitutes a complete list of all funding sources for tribal and non-profit libraries.

¹¹ “Operating costs” in this section is defined as including salaries, utilities, building maintenance, and insurance, based upon what library directors told us the term means to them.

¹² New Mexico Administrative Code 4.5.2 provides for “library collections; library staff salaries; library staff training; library equipment; or other operational expenditures associated with delivery of library services.” (<http://www.nmcpr.state.nm.us/NMAC/parts/title04/04.005.0002.pdf>. Accessed 2/17/2010)

¹³ Basic Grant funds may be used for: “salary for library personnel; materials, supplies, and equipment (including books, journals, electronic resources, library supplies, furniture, computers and other equipment); services (computer- or library-related consultants, training of library personnel in addition to or in lieu of training funds requested under the Education/Assessment Option); and other items such as Internet access charges and fees for participation in networks and consortia that provide the library with direct services.” (http://www.ims.gov/applicants/grants/pdf/NAG-B_2010.pdf. Accessed 2/17/2010)

with repeated success), which provides up to \$150,000 for programs, but can be used to cover the salaries of employees administering the programs.

It appears that the only other sources of funding for operations for the tribal libraries are tribal government allocations. Of the 18 tribal libraries included in the State Library system, every one received some funding from its tribe. The amount of funding varied widely, however, from as little as one percent of the total (averaged over six years – FY 2004 through FY 2009) to as much as 100 percent of the total funding.¹⁴ Ownership by the tribe of a casino did not seem to correlate strongly with the proportion of a tribal library's total funding provided by the tribe. The twelve tribal libraries whose tribes had casinos received an average of 55 percent of their total funding from the tribe, as compared to 44 percent for the six libraries whose tribes do not own a casino. However, looking at the actual funding amounts, those libraries whose tribes had casinos received more than double the amount of funding of their counterparts without casinos - \$60,000 versus \$26,000 (averaged over the six years), suggesting that the budgets of non-casino-associated tribal libraries may be more limited. Indeed, total funding (averaged over the six years) for those tribal libraries whose tribes do not own casinos was 20 percent less than for their casino-owning complement.

Through conversations with tribal library directors or tribal administrators, it appears that tribal funds for libraries come from recurring local revenues (from sales tax, payroll taxes, business licenses, gasoline taxes, court fines, land leases, etc.), whether or not the tribe owns a casino.

One of the hurdles for tribal libraries in securing funds from their tribes may be related to the level of contact the library administration has with tribal administration. The three tribal libraries with the most consistent and secure tribal funding that BBER spoke to (Zuni Public Library, Pueblo of Pojoaque, and Zia Enrichment Library) all have direct negotiations with tribal administration over their budgets. Conversely, the two libraries with the least and/or most inconsistent funding from their tribes with whom BBER spoke, Jemez Pueblo Community Library and Santo Domingo Public Library, both fall under the Education Departments of the tribal government, which may not always advocate on the libraries' behalf.

In addition to Grants-in-Aid, non-profit libraries seem to rely upon grants from non-profit foundations, donations, and fund-raising to meet their operating costs. Nine out of the thirteen non-profit libraries within the State Library system received the majority of their funding (averaged over the six year period) from non-governmental sources.

All thirteen non-profit libraries have received some funding from their county governments in at least one of the six years for which BBER had data. At least some

¹⁴ Pueblo de San Ildefonso Library, which appears to have opened in FY 2009, was funded solely through tribal monies that year (\$31,836).

of this money seems to be used for operating costs.¹⁵ The Vista Grande Public Library in Santa Fe, the Capitan Public Library, and the Glenwood Community Library have received funding from their respective county governments in each of the six years, but the amounts received vary dramatically, from an average of less than \$1,000 for the Glenwood library to \$19,000 for the Vista Grande Public Library. All four of the libraries in Rio Arriba County (Abiquiu Public Library, El Rito Public Library, Embudo Valley Library, and the Truchas Community Library) receive generous (relative to the other non-profit libraries' county government contributions) and consistent county funding, perhaps due to the work they have done as members of the Rio Arriba Independent Libraries association, or RAIL, which works together to lobby the county government for library funding.¹⁶

Funding Programs, Collections, and Capital Projects. Both tribal and non-profit libraries use state GO Bond allocations to purchase materials, collections, and equipment.¹⁷ The amount of the allocation varies depending upon how much the State Legislature and the voting public approves. Each library receives a standard allocation "dependent upon the total library bond funds available". Any remaining funds are divided up among the libraries on a per capita basis.¹⁸

Tribal libraries also utilize the State Library's Tribal Libraries Program Grants "for collection development, programming, furniture, computers and computer software and speakers' series".¹⁹

Non-profit and tribal libraries supplement the GO Bond monies with grants to cover their non-operating costs. There seems to be no shortage of grants available for programs, as mentioned above. State capital outlay has sometimes been a source of funding for building construction, including renovations.

¹⁵ There are potential issues with the anti-donation clause of the NM Constitution related to the use of these monies. (See Appendix A.)

¹⁶ Because of New Mexico's anti-donation clause, non-profit libraries cannot receive State GO Bond monies directly from the state; instead, the libraries must "have an agreement with a local funding authority to act as their fiscal agent for these funds."

¹⁷ According to NMAC 4.5.8 (<http://www.nmcpr.state.nm.us/NMAC/parts/title04/04.005.0008.htm>), "The library bond program funds library resources and equipment . . .". "Library resources" are defined as "library holdings intended for public use and the tools required to make the resources usable by the public. Library resources can include books, videos, DVDs, sound recordings, electronic and digital media, and information materials accessed via the internet." "Equipment means computers, software and related peripherals; servers; thin client terminals; networks, including wireless networks; telecommunications; automation systems; and other equipment used to assist in meeting the information needs of a library's clients."

¹⁸ The 2008 GO Bond Allocations to libraries can be viewed at http://www.nmstatelibrary.org/docs/funding/go_bonds/2008gobondslibrary.pdf, the 2006 allocations are available at

http://www.nmstatelibrary.org/docs/funding/go_bonds/2006GoBondAllocationsLibrary.pdf.

¹⁹ http://www.nmstatelibrary.org/index.php?option=com_content&view=article&id=85&Itemid=628.

Accessed 2/15/2010.

Chapter 3: Tax Capacity and Effort

This chapter deals with the local tax capacity and effort relevant to funding the operations of public libraries in New Mexico. Two revenue sources are considered, the gross receipts tax and the property tax. As **Figures 3.1 and 3.2** illustrate, these two revenue sources dominate among local government general fund revenue

Figure 3.1. General Fund Revenue Sources, NM Municipalities, FY 08

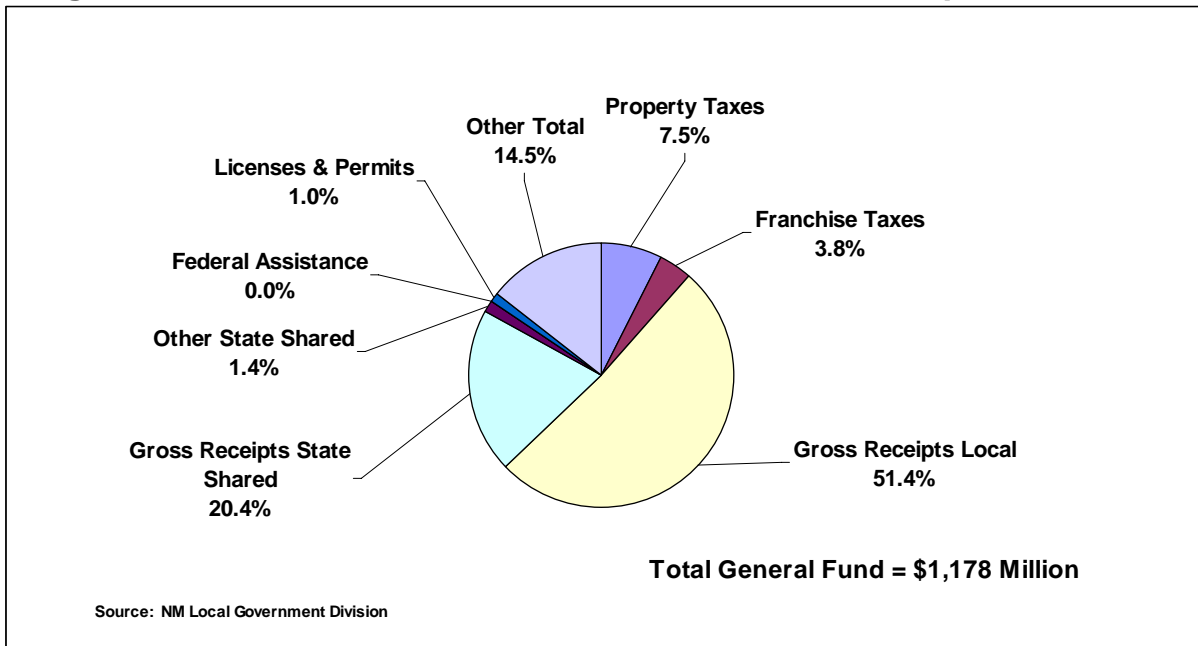
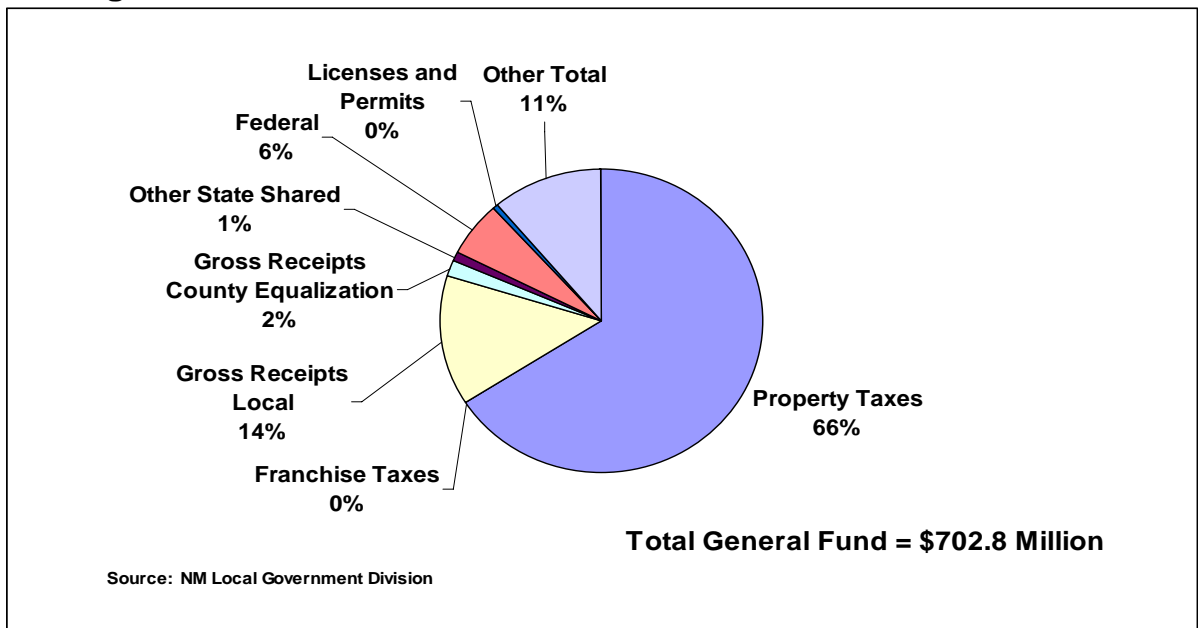


Figure 3.2. General Fund Revenue Sources, NM Counties, FY 08



sources, with the gross receipts tax most important for municipalities and the property tax the workhorse for county governments. Note that gross receipts taxes for municipalities include both those local option gross receipts taxes which the municipality has enacted and also a state shared 1.225% distribution. As shown in Figure 3.1, these sources together account for almost 72 percent of municipal general fund revenues. By contrast, the property tax on average accounts for only 7.5% of municipal revenues, versus 66% of county general fund revenues.

The chapter starts with a discussion of tax capacity and effort for the gross receipts tax and then takes up capacity and effort for the property tax operating levy. In each case the analysis starts with municipal libraries, the most prevalent form of library organization, and then discusses the tax base relevant for county funding.

Gross Receipts Tax

Taxing Capacity for New Mexico Municipal Libraries. Table 3.1 presents data on gross receipts tax capacity for all those municipalities that have libraries. All counties and municipalities have authority to put in place gross receipts taxes for general and for specific purposes. The revenue yield from any one of these taxes, say for example an eighth cent municipal gross receipts tax, will depend upon the communities tax base, their “taxable gross receipts,” so their taxing capacity depends on their local economy and specifically on those economic transactions subject to the gross receipts tax.

For comparison purposes, per capita figures are used, so the first column reports BBER’s estimates of the municipal population for 2008. These figures differ from those estimates produced by the Census Bureau but should be more reliable because BBER has access to and uses local information, including vital statistics and building permits. The population estimates also differ from those for the library service areas because the responsible governments are municipalities. The next set of columns present actual figures on total taxable gross receipts for FY 09 for each of the municipalities. The totals have been adjusted to include the food and medical deductions used by the state in making the hold harmless distributions.²⁰ The last of the columns provides the per capita ranking among the municipalities, highest to lowest. **Figure 3.3** presents a graph of the municipalities from highest to lowest in taxable gross receipts per capita. In FY 09, the energy producing communities of Eunice, Artesia, Hobbs, Farmington and Bloomfield and the resort communities of Red River, Taos and Santa Fe had the highest taxable gross receipts per capita. In

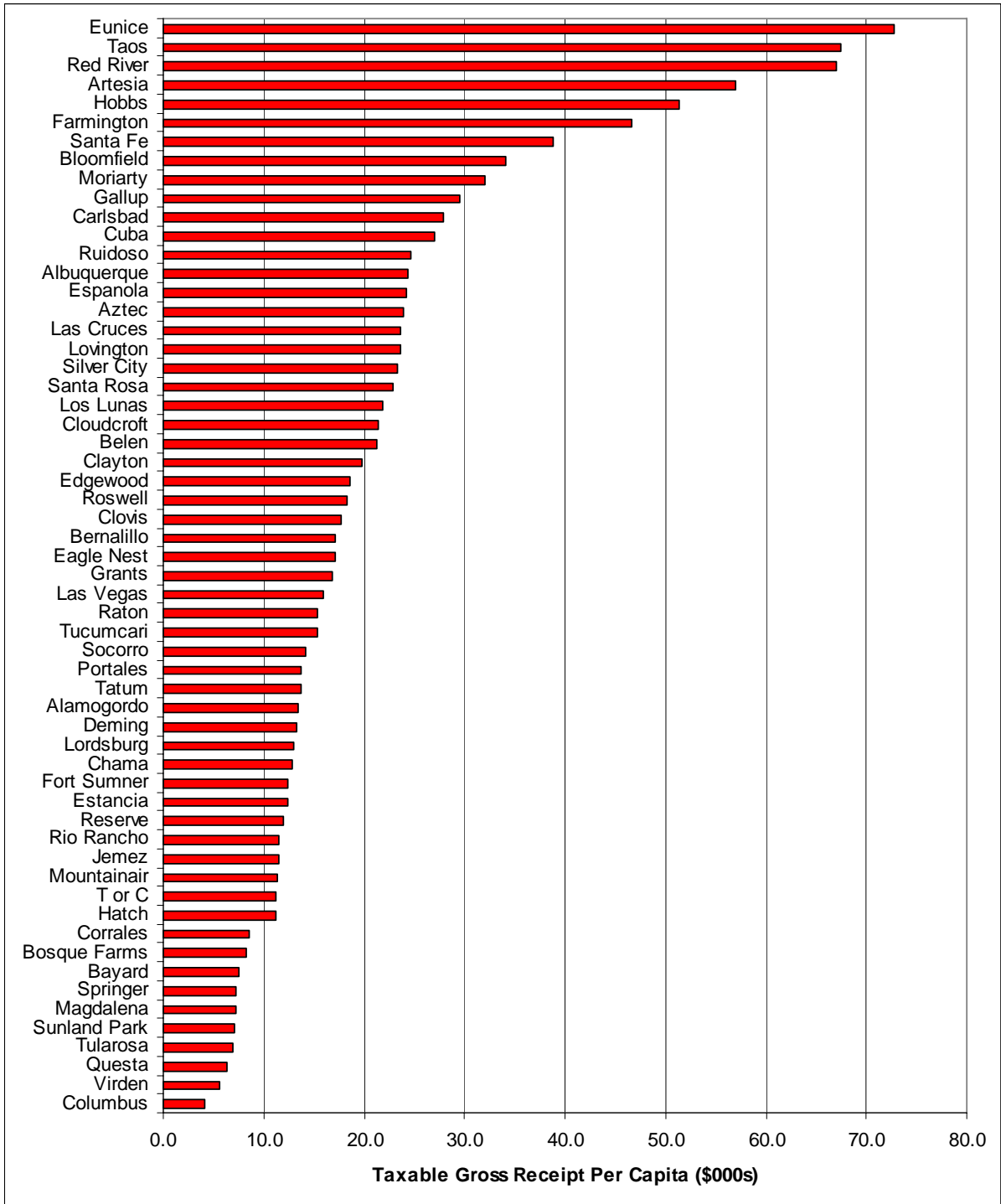
²⁰ There is question about whether counties and municipalities will receive revenues based on food sales in the future. The Governor recently vetoed legislation from the Special Session of the 2010 Legislature that would have given local governments authority to tax food in lieu of the hold harmless distributions currently made and assumed in the calculations presented here. His veto effectively continues the status quo, but the hold harmless distributions are expensive and the issue may resurface again. The figures have also been adjusted to remove the exceptionally large distributions made during the year to correct for previous under-reporting.

Table 3.1. Gross Receipts Tax Capacity, Municipalities with Libraries, FY 09

Municipalities with Libraries	2008 Population ^a	FY 09 Taxable Gross Receipts ^b			Gross Receipts Tax Revenues			Library Revenues from Municipality			
		Total (\$000s)	Per Capita	PC Rank	0.125% Tax less Admin Fee ^c	Per Capita	PC Rank	Muni Revenues ^d	Per Capita	PC Rank	Amt Over 0.125% GRT Yield PC
Alamogordo	36,171	485,795	13,431	37	589,027	16.28	37	821,666	22.72	40	6.43
Albuquerque	532,454	12,949,735	24,321	14	15,701,553	29.49	14	9,589,731	18.01	47	(11.48)
Artesia	11,523	656,011	56,931	4	795,414	69.03	4	517,260	44.89	19	(24.14)
Aztec	6,893	164,464	23,860	16	199,413	28.93	16	350,333	50.82	14	21.89
Bayard	2,484	18,771	7,557	51	22,760	9.16	51	38,096	15.34	51	6.17
Belen	7,647	162,548	21,256	23	197,089	25.77	23	442,575	57.88	10	32.10
Bernalillo	8,473	145,151	17,131	28	175,996	20.77	28	133,185	15.72	50	(5.05)
Bloomfield	7,542	256,979	34,073	8	311,587	41.31	8	185,702	24.62	38	(16.69)
Bosque Farms	4,322	35,551	8,226	50	43,105	9.97	50	77,009	17.82	48	7.84
Carlsbad	26,168	729,372	27,873	11	884,364	33.80	11	676,410	25.85	36	(7.95)
Chama	1,753	22,437	12,799	40	27,205	15.52	40	45,693	26.07	35	10.55
Clayton	2,869	56,598	19,728	24	68,625	23.92	24	99,999	34.86	23	10.94
Cloudfcroft	1,051	22,501	21,409	22	27,282	25.96	22	56,629	53.88	11	27.92
Clovis	35,876	634,827	17,695	27	769,727	21.46	27	656,571	18.30	45	(3.15)
Columbus	2,156	8,757	4,062	58	10,618	4.93	58	35,003	16.24	49	11.31
Corona	139	4,382	31,527	43	5,314	38.23	43	-	-	-	(38.23)
Corrales	8,528	73,406	8,608	49	89,005	10.44	49	171,031	20.06	43	9.62
Cuba	832	22,461	26,996	12	27,234	32.73	12	108,974	130.98	1	98.25
Deming	16,589	219,272	13,218	38	265,867	16.03	38	300,000	18.08	46	2.06
Eagle Nest	396	6,767	17,090	29	8,206	20.72	29	20,855	52.66	13	31.94
Edgewood	4,687	86,929	18,547	25	105,402	22.49	25	135,000	28.80	30	6.32
Espanola	10,404	252,541	24,273	15	306,206	29.43	15	248,735	23.91	39	(5.52)
Estancia	1,921	23,698	12,336	42	28,734	14.96	42	78,368	40.80	22	25.84
Eunice	2,239	162,776	72,700	1	197,366	88.15	1	212,550	94.93	7	6.78
Farmington	43,389	2,022,203	46,606	6	2,451,921	56.51	6	4,362,474	100.54	5	44.03
Fort Sumner	1,291	16,027	12,414	41	19,432	15.05	41	61,110	47.34	17	32.28
Gallup	20,119	593,867	29,518	10	720,064	35.79	10	617,207	30.68	27	(5.11)
Grants	9,470	158,900	16,779	30	192,667	20.34	30	183,117	19.34	44	(1.01)
Hatch	2,090	23,375	11,184	48	28,342	13.56	48	68,440	32.75	25	19.19
Hobbs	30,263	1,554,248	51,358	5	1,884,525	62.27	5	1,026,310	33.91	24	(28.36)
Jemez Springs	439	5,024	11,445	45	6,092	13.88	45	46,834	106.68	3	92.81
Las Cruces	96,072	2,274,051	23,670	17	2,757,287	28.70	17	2,101,588	21.88	41	(6.83)
Las Vegas	16,182	258,724	15,988	31	313,703	19.39	31	220,709	13.64	52	(5.75)
Lordsburg	3,819	49,731	13,022	39	60,299	15.79	39	16,000	4.19	57	(11.60)
Los Lunas	14,730	321,620	21,834	21	389,964	26.47	21	602,062	40.87	21	14.40
Lovington	9,964	234,746	23,559	18	284,629	28.57	18	270,018	27.10	34	(1.47)
Magdalena	974	7,066	7,255	53	8,568	8.80	53	28,000	28.75	31	19.95
Moriarty	1,928	61,697	32,001	9	74,808	38.80	9	138,749	71.97	9	33.16
Mountainair	1,194	13,544	11,344	46	16,422	13.75	46	1,749	1.46	58	(12.29)
Portales	12,677	173,696	13,702	35	210,607	16.61	35	324,706	25.61	37	9.00
Questa	1,971	12,432	6,308	56	15,074	7.65	56	25,123	12.75	53	5.10
Raton	7,206	110,759	15,370	32	134,295	18.64	32	202,443	28.09	33	9.46
Red River	565	37,866	67,019	3	45,912	81.26	3	57,277	101.38	4	20.11
Reserve	454	5,457	12,020	44	6,617	14.57	44	1,965	4.33	56	(10.25)
Rio Rancho	82,589	951,916	11,526	26	1,154,199	13.98	26	1,759,325	21.30	42	7.33
Roswell	49,721	911,417	18,331	13	1,105,093	22.23	13	1,438,819	28.94	28	6.71
Ruidoso	9,892	244,191	24,686	7	296,082	29.93	7	465,606	47.07	18	17.14
Santa Fe	70,689	2,742,020	38,790	20	3,324,699	47.03	20	3,758,658	53.17	12	6.14
Santa Rosa	2,959	67,835	22,925	19	82,250	27.80	19	150,332	50.81	15	23.01
Silver City	10,775	251,149	23,309	34	304,518	28.26	34	335,293	31.12	26	2.86
Socorro	9,271	131,890	14,226	52	159,917	17.25	52	442,055	47.68	16	30.43
Springer	1,171	8,533	7,287	54	10,346	8.84	54	33,000	28.18	32	19.35
Sunland Park	14,860	105,861	7,124	47	128,356	8.64	47	101,960	6.86	55	(1.78)
Taos	4,544	306,240	67,394	2	371,316	81.72	2	583,188	128.34	29	46.63
Tatum	926	12,648	13,659	36	15,336	16.56	36	72,901	78.73	2	62.17
T or C	8,048	90,180	11,205	33	109,343	13.59	33	232,812	28.93	8	15.34
Tucumcari	6,189	94,595	15,284	55	114,696	18.53	55	259,362	41.91	20	23.37
Tularosa	2,939	20,582	7,003	57	24,955	8.49	57	29,400	10.00	54	1.51
Virden	140	785	5,610	57	952	6.80	57	13,500	96.43	6	89.63
Totals	1,282,488	31,072,223	24,228		37,675,070	29.38		35,033,467	27.32		(2.06)

UNM Bureau of Business and Economic Research calculations.

Figure 3.3. Municipalities with Libraries Ranked by Taxable Gross Receipts Per Capita (\$000s), FY 09



some of these communities, e.g., Hobbs, the large per capita tax base may also reflect the fact that businesses in the incorporated area draw from a large population outside the municipal boundaries. Hobbs has historically served as a commercial and retail center for small communities in West Texas as well as in Lea County.

The next set of columns in Table 3.1, under the heading “Gross Receipts Tax Revenues”, presents estimates of the amount of revenue raised per capita in FY 09 from an existing eighth cent increment of gross receipts tax. This per capita estimate ties directly to each municipality’s taxable gross receipts per capita, as shown in the third column of the table: it is the taxable gross receipts per capita multiplied by one eighth of a cent tax (0.125%) minus the 3% administrative fee charged by TRD. Note that the rankings are identical to those for taxable gross receipts.

In the final set of columns, under the heading “Library Revenues from Municipality” we present figures on the monies provided by each of the municipalities for library operations, as reported in the State Library Survey for 2009. Again, for comparison purposes, figures are presented on a per capita basis and communities are ranked. **Figure 3.4** presents the ranking from highest to lowest by per capita municipal expenditures on libraries in FY 09. Note that while some of those with the highest gross receipts tax capacity, e.g., Red River, Eunice, are shown to spend the most on library operations, others, like Virden, which ranks 6th in terms of per capita municipal expenditures, have very low gross receipts tax capacity. Indeed, the correlation between the two variables is only 0.56. In the final column of Table 3.1, we present our calculations of the difference between municipal spending on libraries per capita and the revenues raised from an eighth cent gross receipts tax. Statewide, this tax almost funds municipal library expenditures on operations. The difference then is a measure of whether a municipality’s support for their library is greater than, equal to, or less than what would be commensurate with their gross receipt tax capacity.

Gross Receipts Tax Capacity for New Mexico Counties with Libraries. Table 3.2 and Figure 3.5 present similar information to that in Table 3.1 and Figure 3.3 but for New Mexico counties. As can be seen in Figure 3.5, the top ranked counties in terms of taxable gross receipts per capita are Los Alamos (due to the private ownership of Los Alamos National Laboratories), Lee, Eddy, Union and Sandoval counties. With the exception of Los Alamos County, which, as a Class H consolidated city-county, provides operating funding for the Los Alamos County Library System, Hidalgo County, which provides significant funding for the Lordsburg-Hidalgo Library, and Bernalillo County, which shares significantly in the cost of operating the Albuquerque/Bernalillo County Library System, funding from the county is generally supplemental to that provided by municipalities, by tribal governments and raised by non-profit libraries. The final set of columns in Table 3.2 provides information on the total and per capita flow of dollars from the county and indicates the ranking in per capita terms. Los Alamos County provides the highest level of funding with Hidalgo County a distant second, followed by Rio Arriba, Bernalillo and Lincoln counties. The correlation between gross receipts tax revenues per capita and county operating assistance is 0.75.

Figure 3.4. Per Capita Municipal Support for Library Operations, FY 09

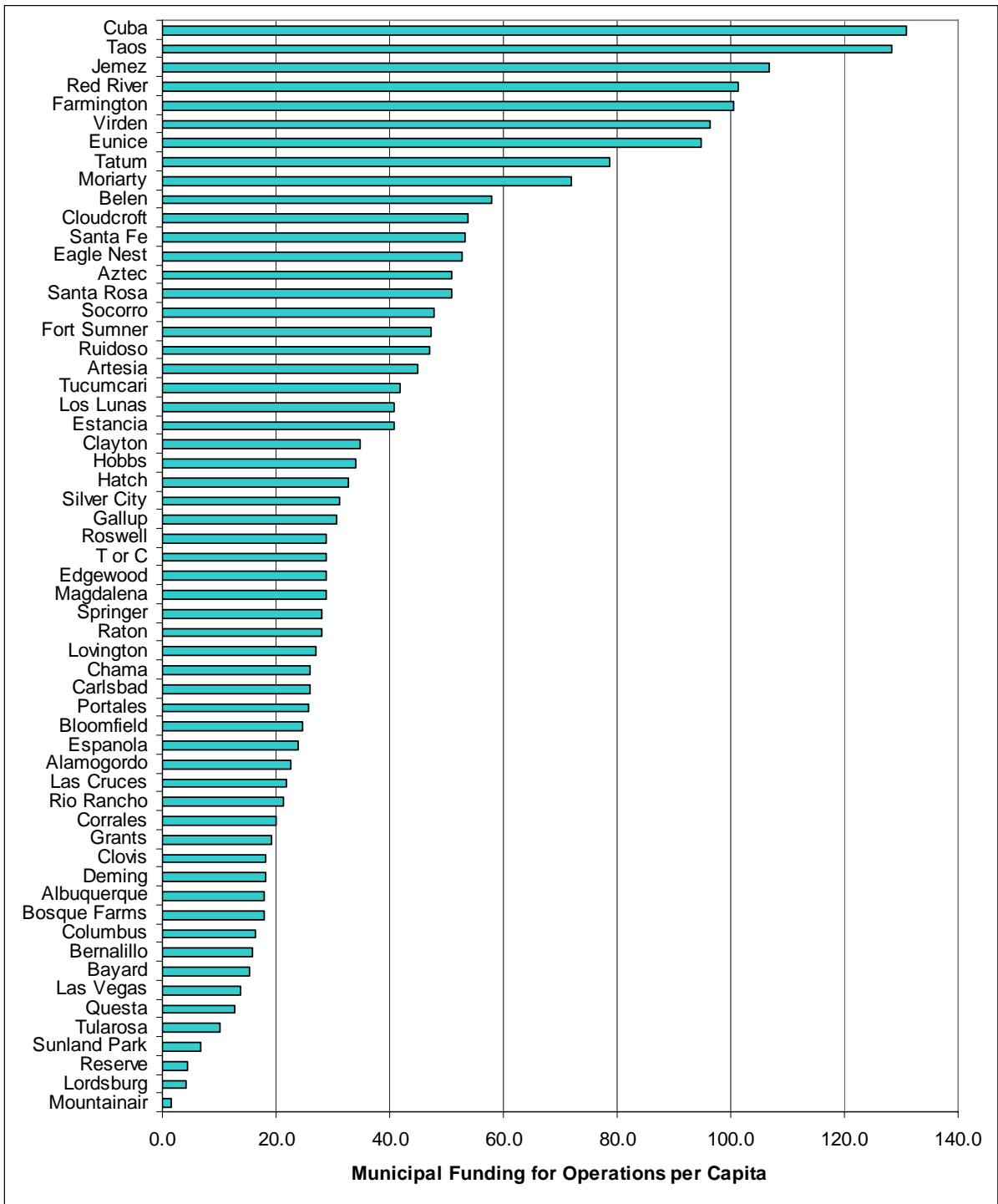


Table 3.2. Gross Receipts Tax Capacity, Counties with Libraries, FY 09

NM Counties with Libraries	2008 Population a	County Taxable Gross Receipts			County Gross Receipts Revenues			Library Revenues from County		
		FY 09 Total (\$000s) b	Per Capita	PC Rank	0.125% Tax less Admin Fee c	Per Capita	PC Rank	County Revenues FY 09 d	Per Capita	PC Rank
Bernalillo	651,612	16,918,308	25,964	7	20,513,449	31.5	7	1,138,925	1.75	4
Catron	3,939	32,666	8,293	31	39,608	10.1	31	1,000	0.25	16
Chaves	64,087	1,293,863	20,189	11	1,568,809	24.5	11	-	-	-
Cibola	28,886	316,086	10,943	28	383,254	13.3	28	5,000	0.17	18
Colfax	14,653	313,865	21,420	10	380,562	26.0	10	1,500	0.10	20
Curry	48,005	840,079	17,500	14	1,018,596	21.2	14	-	-	-
De Baca	2,284	24,157	10,576	29	29,290	12.8	29	2,000	0.88	8
Dona Ana	209,224	3,482,513	16,645	15	4,222,546	20.2	15	10,000	0.05	22
Eddy	52,903	2,569,793	48,576	3	3,115,874	58.9	3	-	-	-
Grant	32,113	519,825	16,187	17	630,288	19.6	17	30,250	0.94	7
Guadalupe	4,839	108,571	22,437	8	131,643	27.2	8	1,000	0.21	17
Hidalgo	5,978	98,015	16,396	16	118,844	19.9	16	78,575	13.14	2
Lea	59,711	3,246,842	54,376	2	3,936,796	65.9	2	27,000	0.45	10
Lincoln	23,236	502,911	21,644	9	609,779	26.2	9	40,500	1.74	5
Los Alamos	20,048	1,778,562	88,716	1	2,156,507	107.6	1	2,341,194	116.78	1
Luna	28,319	372,885	13,167	23	452,123	16.0	23	45,500	1.61	6
McKinley	80,387	1,270,820	15,809	18	1,540,869	19.2	18	-	-	-
Otero	67,472	945,334	14,011	19	1,146,218	17.0	19	43,820	0.65	9
Quay	10,291	198,451	19,284	13	240,622	23.4	13	1,000	0.10	21
Rio Arriba	44,167	617,597	13,983	20	748,837	17.0	20	90,000	2.04	3
Roosevelt	19,243	260,407	13,533	22	315,744	16.4	22	-	-	-
Sandoval	127,928	1,733,551	13,551	5	2,101,930	16.4	5	39,927	0.31	13
San Juan	130,093	4,402,508	33,841	25	5,338,040	41.0	25	40,000	0.31	14
San Miguel	31,204	374,424	11,999	21	453,989	14.5	21	-	-	-
Santa Fe	147,869	3,986,842	26,962	6	4,834,046	32.7	6	61,952	0.42	12
Sierra	13,933	166,037	11,917	27	201,320	14.4	27	3,800	0.27	15
Socorro	18,863	225,480	11,954	26	273,395	14.5	26	2,500	0.13	19
Taos	32,494	654,292	20,136	12	793,329	24.4	12	-	-	-
Torrance	17,923	216,118	12,058	24	262,043	14.6	24	-	-	-
Union	4,448	156,825	35,257	4	190,150	42.7	4	2,000	0.45	11
Valencia	77,545	754,039	9,724	30	914,272	11.8	30	-	-	-
Totals	2,073,696	48,381,668	23,331		58,662,772	28.3		4,007,443	1.9	

a. Population estimates for counties from BBER.

b. Total taxable gross receipts as calculated from the NM Taxation and Revenue Department's Report 500 and including food and medical services deductions.

c. Net revenue raised from a 1/8 cent gross receipts on FY 09 base total taxable receipts

d. With the exception of Bernalillo County which is as reported received by the City of Albuquerque, figures are as reported in FY 09 State Library Survey. Includes all county operating assistance to local municipal, tribal and nonprofit libraries.

UNM Bureau of Business and Economic Research Calculations

As can be seen in **Table 3.3**, Rio Arriba County stands out for the commitment that it makes to funding a number of local libraries – city-run, tribal, and non-profit , but Lincoln, Lea, Luna and Grant county contributions to community libraries should also be mentioned.

Figure 3.5. Ranking of New Mexico Counties with Libraries According to Their Taxable Gross Receipts Per Capita, FY 09

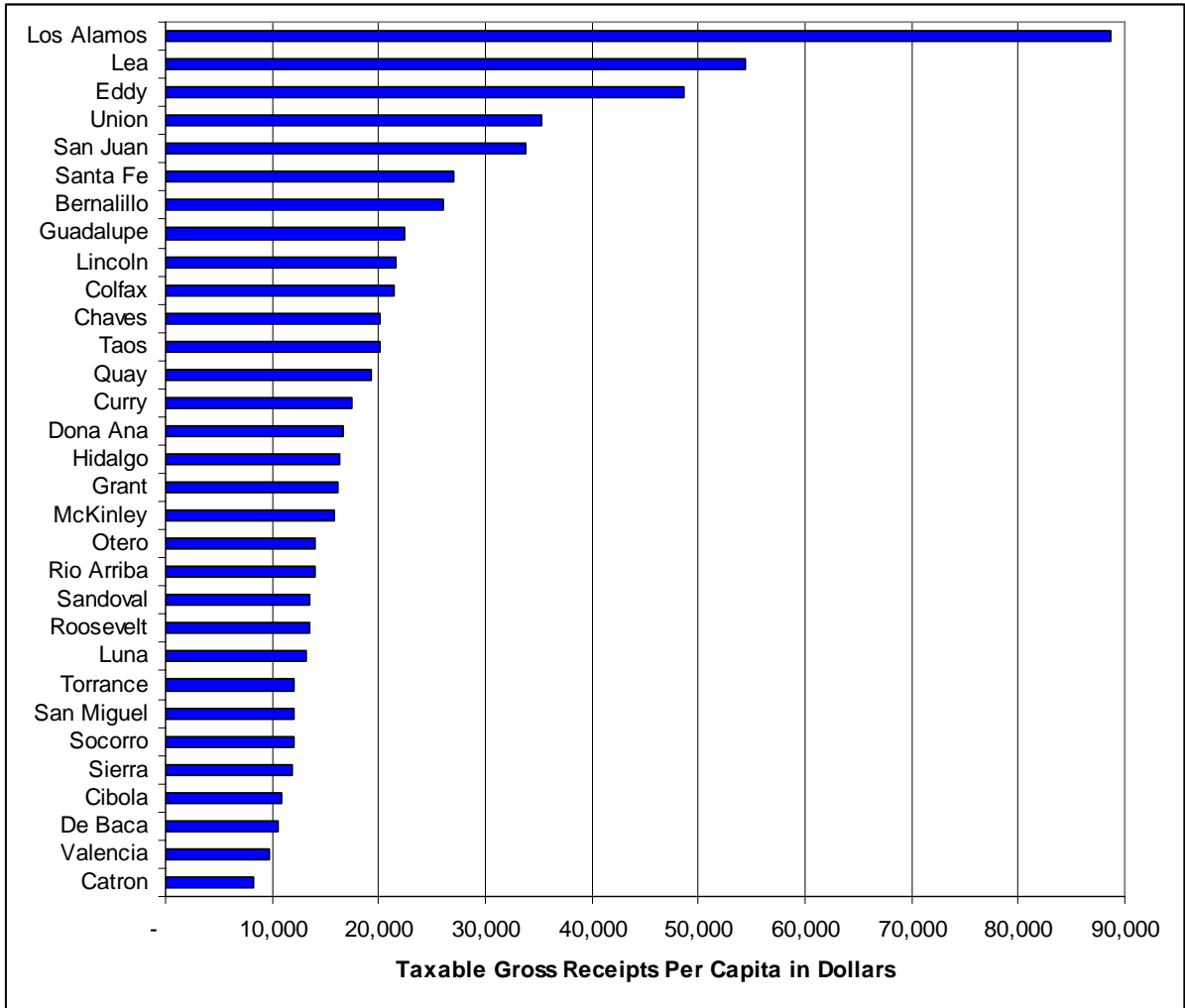


Table 3.3. Operating Assistance Provided by Counties to Individual Local Libraries, FY 09

County	Library Name	Place	Legal Basis	County Support
BERNALILLO	ALBUO/BERNALILLO COUNTY LIBRARY SYSTEM	ALBUQUERQUE	City-County	\$1,138,925
	PUEBLO OF ISLETA LIBRARY	ISLETA	Tribal	\$0
CATRON	GLENWOOD COMMUNITY LIBRARY	GLENWOOD	Non-profit	\$1,000
	RESERVE PUBLIC LIBRARY	RESERVE	City	\$0
CHAVES	ROSWELL PUBLIC LIBRARY	ROSWELL	City	\$0
CIBOLA	ACOMA LEARNING CENTER	PUEBLO OF ACOMA	NL	\$0
	LAGUNA PUBLIC LIBRARY	LAGUNA	Tribal	\$0
	MOTHER WHITESIDE MEMORIAL LIBRARY	GRANTS	City	\$5,000
COLFAX	ARTHUR JOHNSON MEMORIAL LIBRARY	RATON	City	\$1,500
	EAGLE NEST PUBLIC LIBRARY	EAGLE NEST	City	\$0
	FRED MACARON LIBRARY	SPRINGER	City	\$0
	SHUTER LIBRARY OF ANGEL FIRE	ANGEL FIRE	Non-profit	\$0
CURRY	CLOVIS CARVER PUBLIC LIBRARY	CLOVIS	City	\$0
DE BACA	FORT SUMNER PUBLIC LIBRARY	FORT SUMNER	City	\$2,000
DONA ANA	HATCH PUBLIC LIBRARY	HATCH	City	\$10,000
	SUNLAND PARK COMMUNITY LIBRARY	SUNLAND PARK	City	\$0
	THOMAS BRANIGAN MEMORIAL LIBRARY	LAS CRUCES	City	\$0
EDDY	ARTESIA PUBLIC LIBRARY	ARTESIA	City	0
	CARLSBAD PUBLIC LIBRARY	CARLSBAD	City	\$0
GRANT	BAYARD PUBLIC LIBRARY	BAYARD	City	\$10,750
	GILA VALLEY LIBRARY	GILA	Non-profit	\$8,750
	THE PUBLIC LIBRARY	SILVER CITY	City	\$10,750
GUADALUPE	MOISE MEMORIAL LIBRARY	SANTA ROSA	City	\$1,000
HIDALGO	LORDSBURG-HIDALGO LIBRARY	LORDSBURG	City-County	\$78,575
	VIRDEN PUBLIC LIBRARY	VIRDEN	City	\$0
LEA	EUNICE PUBLIC LIBRARY	EUNICE	City	\$5,000
	HOBBS PUBLIC LIBRARY	HOBBS	City	\$0
	LOVINGTON PUBLIC LIBRARY	LOVINGTON	City	\$10,000
	TATUM COMMUNITY LIBRARY	TATUM	City	\$12,000
	WOOLWORTH COMMUNITY LIBRARY	JAL	Private trust/c	\$0
LINCOLN	CAPITAN PUBLIC LIBRARY	CAPITAN	Non-profit	\$7,000
	RUIDOSO PUBLIC LIBRARY	RUIDOSO	City	\$30,000
	VILLAGE OF CORONA PUBLIC LIBRARY	CORONA	Non-profit	\$3,500
LOS ALAMOS	LOS ALAMOS COUNTY LIBRARY SYSTEM	LOS ALAMOS	County	\$2,341,194
LUNA	COLUMBUS VILLAGE LIBRARY	COLUMBUS	City	\$10,000
	MARSHALL MEMORIAL LIBRARY	DEMING	City	\$35,500
MCKINLEY	OCTAVIA FELLIN PUBLIC LIBRARY	GALLUP	City	\$0
	ZUNI PUBLIC LIBRARY	ZUNI	Tribal	\$0
OTERO	ALAMOGORDO PUBLIC LIBRARY	ALAMOGORDO	City	\$35,320
	MESCALERO COMMUNITY LIBRARY	MESCALERO	Tribal	\$0
	MICHAEL NIVISON PUBLIC LIBRARY	CLOUDCROFT	City	\$4,000
	TULAROSA PUBLIC LIBRARY	TULAROSA	City	\$4,500
QUAY	TUCUMCARI PUBLIC LIBRARY	TUCUMCARI	City	\$1,000
RIO ARRIBA	EL RITO PUBLIC LIBRARY	EL RITO	Non-profit	\$10,000
	ELEANOR DAGGETT MEMORIAL LIBRARY	CHAMA	City	\$10,000
	EMBUDO VALLEY LIBRARY & COMMUNITY CENTER	DIXON	Non-profit	\$10,000
	ESPANOLA PUBLIC LIBRARY	ESPANOLA	City	\$20,000
	JICARILLA PUBLIC LIBRARY	DULCE	Tribal	\$0
	P'OE TSAWA COMMUNITY LIBRARY	OHKAY OWINGEH	Tribal	\$10,000
	PUEBLO DE ABIQUIU LIBRARY & CULTURAL CENTER	ABIQUIU	Non-profit	\$10,000
	SANTA CLARA PUEBLO COMMUNITY LIBRARY	ESPANOLA	Tribal	\$10,000
TRUCHAS COMMUNITY LIBRARY	TRUCHAS	Non-profit	\$10,000	
ROOSEVELT	PORTALES PUBLIC LIBRARY	PORTALES	City	\$0
SAN JUAN	AZTEC PUBLIC LIBRARY	AZTEC	City	\$20,000
	BLOOMFIELD PUBLIC LIBRARY	BLOOMFIELD	City	\$0
	FARMINGTON PUBLIC LIBRARY	FARMINGTON	City	\$20,000
SAN MIGUEL	CARNEGIE PUBLIC LIBRARY	LAS VEGAS	City	\$0
SANDOVAL	CORRALES COMMUNITY LIBRARY	CORRALES	City	\$0
	CUBA PUBLIC LIBRARY	CUBA	City	\$0
	IRENE S. SWEETKIND PUBLIC LIBRARY	COCHITI LAKE	City	\$3,500
	JEMEZ PUEBLO COMMUNITY LIBRARY	JEMEZ PUEBLO	Tribal	\$0
	JEMEZ SPRINGS PUBLIC LIBRARY	JEMEZ SPRINGS	City	\$0
	PLACITAS COMMUNITY LIBRARY	PLACITAS	Non-profit	\$0
	PUEBLO DE COCHITI LIBRARY	COCHITI PUEBLO	Tribal	\$0
	RIO RANCHO PUBLIC LIBRARY	RIO RANCHO	City	\$0
	SANDIA PUEBLO LEARNING RESOURCE CENTER	SANDIA PUEBLO	Tribal	\$36,427
	SANTA ANA PUEBLO COMMUNITY LIBRARY	SANTA ANA	Tribal	\$0
	SANTO DOMINGO PUEBLO LIBRARY	SANTO DOMINGO PUEBLO	Tribal	\$0
TOWN OF BERNALILLO PUBLIC LIBRARY	BERNALILLO	City	\$0	
ZIA ENRICHMENT LIBRARY	ZIA PUEBLO	Tribal	\$0	
SANTA FE	EDGEWOOD COMMUNITY LIBRARY	EDGEWOOD	City	\$0
	PUEBLO DE SAN ILDEFONSO LIBRARY	SAN ILDEFONSO	Tribal	\$0
	PUEBLO OF POJOAQUE PUBLIC LIBRARY	POJOAQUE	Tribal	\$0
	SANTA FE PUBLIC LIBRARY	SANTA FE	City	\$20,000
	VISTA GRANDE PUBLIC LIBRARY	SANTA FE	Non-profit	\$41,952
SIERRA	TRUTH OR CONSEQUENCES PUBLIC LIBRARY	TRUTH OR CONSEQUENCES	City	\$3,800
SOCORRO	MAGDALENA PUBLIC LIBRARY	MAGDALENA	City	\$0
	RIO ABAJO COMMUNITY LIBRARY	LA JOYA	Non-profit	\$2,500
	SOCORRO PUBLIC LIBRARY	SOCORRO	City	\$0
TAOS	QUESTA PUBLIC LIBRARY	QUESTA	City	\$0
	RED RIVER PUBLIC LIBRARY	RED RIVER	City	\$0
	TALPA COMMUNITY CENTER LIBRARY	RANCHOS DE TAOS	Non-profit	\$0
	TAOS PUBLIC LIBRARY	TAOS	City	\$0
TORRANCE	ESTANCIA PUBLIC LIBRARY	ESTANCIA	City	\$0
	MORIARTY COMMUNITY LIBRARY	MORIARTY	City	\$0
	MOUNTAINAIR PUBLIC LIBRARY	MOUNTAINAIR	City	\$0
UNION	ALBERT W. THOMPSON MEMORIAL LIBRARY	CLAYTON	City	\$2,000
VALENCIA	BELEN PUBLIC LIBRARY	BELEN	City	\$0
	BOSQUE FARMS PUBLIC LIBRARY	BOSQUE FARMS	City	\$0
	LOS LUNAS PUBLIC LIBRARY	LOS LUNAS	City	\$0

Compiled by UNM Bureau of Business and Economic Research

Gross Receipts Tax Effort, New Mexico Counties, Municipalities and Unincorporated Areas and the State of New Mexico

Previously, we have considered taxing capacity in different communities, by which we understand the tax base per capita. In this section, we are concerned with tax effort: the amount of tax local residents are willing to impose on themselves over and above the state tax and, within a municipality, over and above the county tax in place within that municipality. **Table 3.4** presents information on the gross receipts taxes in place as of July 1, 2009 and on the total tax in effect in every taxing jurisdiction across the state. The data is organized by county, and each municipality or part of a municipality in that county is listed along with the total taxes in place for that municipality, for the county within which that municipality is located and for the state that would be paid by businesses located in the municipality. The darker grey lines for the counties indicate the gross receipts tax rates in place for the unincorporated areas. So, for example, the county rate in unincorporated Bernalillo County was 0.9375%. Businesses with gross receipts tax liability in the unincorporated area would pay this rate plus the state 5% for a total tax of 5.9375%. In Albuquerque, the municipal total gross receipts tax was 1.0650%, while the county rate was 0.8125%. Combined with the state 5%, the total gross receipts tax rate in Albuquerque was 6.8775%. Note that in some municipalities, like Tucumcari, the combined state, county and municipal gross receipts tax is as high as 8.0%, while in unincorporated Lea and Lincoln counties the total tax rate is only 5.375%. Rates are likely to be significantly higher in municipalities, where municipalities have considerable authority to tax and where the jurisdictions tax rate is on top of both the county and the state rate. There are a limited number of county taxes, e.g., the county environmental tax, that may only be imposed in the unincorporated area.

Figure 3.6 ranks municipalities with libraries according to the local gross receipts tax rate they had in place on July 1, 2009. Effort by this measure should be put into perspective, as it only measures part of the tax on local businesses and hence only part of the burden on them and on those who buy their goods or services. Since the state rate is 5% throughout the state, the combined county and municipal rates give a reasonable picture of how the tax burden varies across those municipalities with libraries. **Figure 3.7** provides such a ranking, showing separately the municipal tax and the county piece within each municipality. The rankings are quite different, as some counties, like Colfax have a very low tax in place, while others, like Bernalillo, make considerable use of the gross receipts tax – to meet capital as well as operating needs.

A Final Word on Gross Receipts Tax Effort. The gross receipts analysis of effort looks at the total gross receipts taxes in place across, respectively, municipalities and counties and at the total tax rates paid when city, county and state gross receipts taxes are combined. Cities and counties each have gross receipts tax authority that is strictly limited by state law. The tax enactment table that is published every six months by the NM Taxation and Revenue Department provides information for each county and each municipality on each of the taxes authorized under state law that

Table 3.4. Gross Receipts Taxes in Place in All New Mexico Taxing Jurisdictions as of July 1, 2009

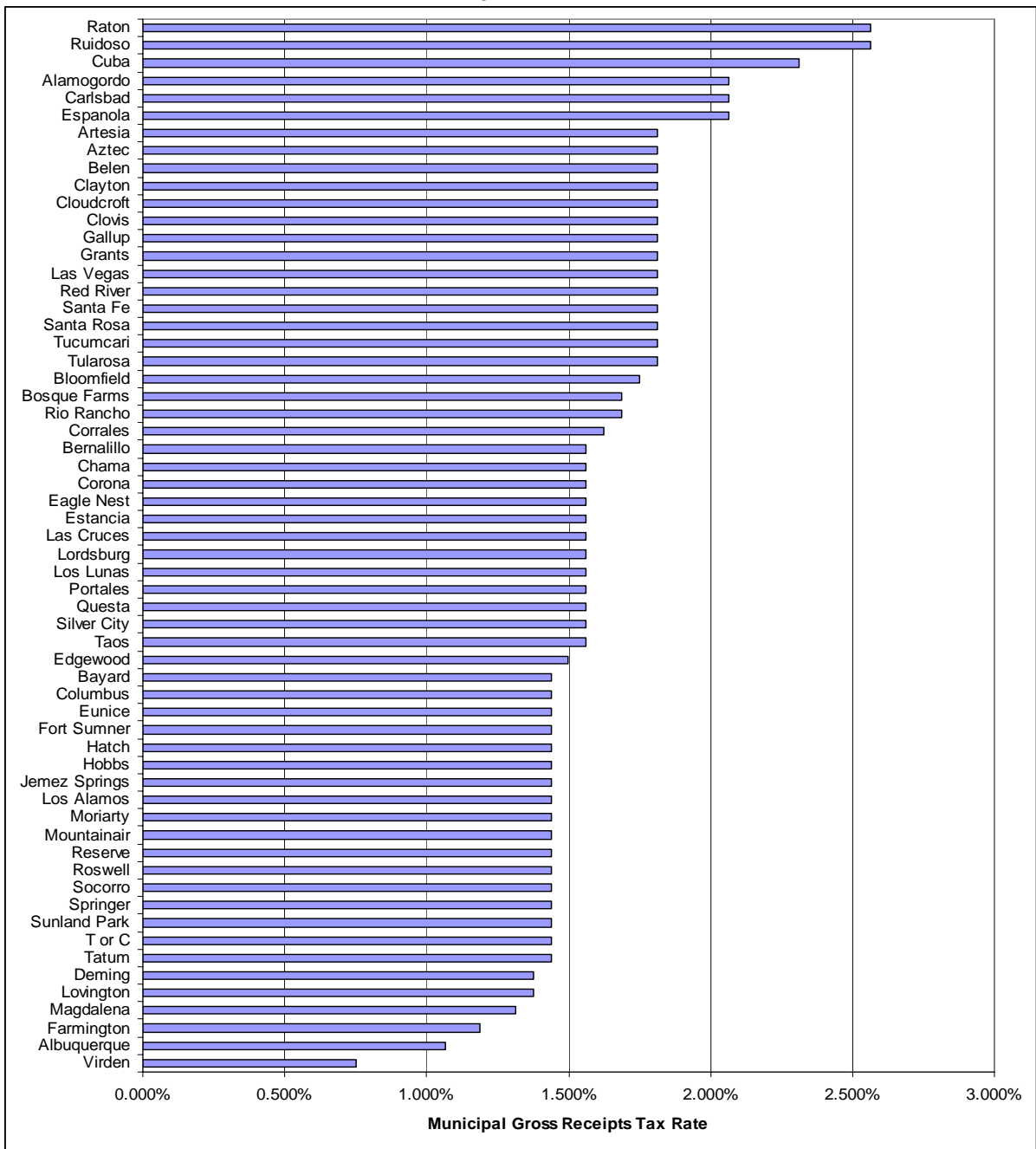
County	City	City Imposed	County Imposed	State Imposed	Total Tax Rates
Bernalillo			0.9375%	5.0000%	5.9375%
	Albuquerque	1.0650%	0.8125%	5.0000%	6.8775%
	Rio Rancho (Pt.)	1.4375%	0.8125%	5.0000%	7.2500%
	Los Ranchos	1.1250%	0.8125%	5.0000%	6.9375%
	Tijeras	1.0000%	0.8125%	5.0000%	6.8125%
Catron			0.5000%	5.0000%	5.5000%
	Reserve	1.4375%	0.3750%	5.0000%	6.8125%
Chaves			0.9375%	5.0000%	5.9375%
	Roswell	1.4375%	0.5625%	5.0000%	7.0000%
	Hagerman	1.4375%	0.5625%	5.0000%	7.0000%
	Dexter	1.2500%	0.5625%	5.0000%	6.8125%
	Lake Arthur	0.7500%	0.5625%	5.0000%	6.3125%
Cibola			1.5625%	5.0000%	6.5625%
	Grants	1.8125%	1.0625%	5.0000%	7.8750%
	Milan	1.4375%	1.0625%	5.0000%	7.5000%
Colfax			0.6250%	5.0000%	5.6250%
	Cimmaron	1.4375%	0.2500%	5.0000%	6.6875%
	Eagle Nest	1.5625%	0.2500%	5.0000%	6.8125%
	Angel Fire	2.0625%	0.2500%	5.0000%	7.3125%
	Raton	2.5625%	0.2500%	5.0000%	7.8125%
	Springer	1.4375%	0.2500%	5.0000%	6.6875%
	Maxwell	0.5000%	0.2500%	5.0000%	5.7500%
Curry			0.7500%	5.0000%	5.7500%
	Clovis	1.8125%	0.6250%	5.0000%	7.4375%
	Texico	1.5625%	0.6250%	5.0000%	7.1875%
	Melrose	1.5000%	0.6250%	5.0000%	7.1250%
	Grady	0.9375%	0.6250%	5.0000%	6.5625%
De Baca			1.1875%	5.0000%	6.1875%
	Fort Sumner	1.4375%	0.8125%	5.0000%	7.2500%
Dona Ana			1.2500%	5.0000%	6.2500%
	Las Cruces	1.5625%	0.8750%	5.0000%	7.4375%
	Mesilla	1.8125%	0.8750%	5.0000%	7.6875%
	Hatch	1.4375%	0.8750%	5.0000%	7.3125%
	Sunland Park	1.4375%	0.8750%	5.0000%	7.3125%
Eddy			0.6250%	5.0000%	5.6250%
	Carlsbad	2.0625%	0.2500%	5.0000%	7.3125%
	Loving	1.4375%	0.2500%	5.0000%	6.6875%
	Artesia	1.8125%	0.2500%	5.0000%	7.0625%
	Hope	1.2500%	0.2500%	5.0000%	6.5000%
Grant			1.0625%	5.0000%	6.0625%
	Silver City	1.5625%	0.6875%	5.0000%	7.2500%
	Hurley	1.4375%	0.6875%	5.0000%	7.1250%
	Bayard	1.4375%	0.6875%	5.0000%	7.1250%
	Santa Clara	1.4375%	0.6875%	5.0000%	7.1250%
Guadalupe			1.3125%	5.0000%	6.3125%
	Santa Rosa	1.8125%	1.0625%	5.0000%	7.8750%
	Vaughn	1.3125%	1.0625%	5.0000%	7.3750%
Harding			0.5625%	5.0000%	5.5625%
	Roy	1.4375%	0.3125%	5.0000%	6.7500%
	Mosquero (Pt.)	1.0625%	0.3125%	5.0000%	6.3750%
Hidalgo			0.9375%	5.0000%	5.9375%
	Lordsburg	1.5625%	0.8125%	5.0000%	7.3750%
	Virден	0.7500%	0.8125%	5.0000%	6.5625%
Lea			0.3750%	5.0000%	5.3750%
	Lovington	1.3750%	0.2500%	5.0000%	6.6250%
	Eunice	1.4375%	0.2500%	5.0000%	6.6875%
	Hobbs	1.4375%	0.2500%	5.0000%	6.6875%
	Jal	1.4375%	0.2500%	5.0000%	6.6875%
	Tatum	1.4375%	0.2500%	5.0000%	6.6875%
Lincoln			0.3750%	5.0000%	5.3750%
	Ruidoso	2.5625%	0.2500%	5.0000%	7.8125%
	Ruidoso Downs	1.5625%	0.2500%	5.0000%	6.8125%
	Carrizozo	1.6250%	0.2500%	5.0000%	6.8750%
	Corona	1.5625%	0.2500%	5.0000%	6.8125%
	Capitan	1.4375%	0.2500%	5.0000%	6.6875%

Table 3.4. Gross Receipts Taxes, July 1, 2009, Continued

County	City	City Imposed	County Imposed	State Imposed	Total Tax Rates
Los Alamos	Los Alamos	1.4375%	0.7500%	5.0000%	7.1875%
Luna			1.3750%	5.0000%	6.3750%
	Deming	1.3750%	1.0000%	5.0000%	7.3750%
	Columbus	1.4375%	1.0000%	5.0000%	7.4375%
McKinley			1.6250%	5.0000%	6.6250%
	Gallup	1.8125%	1.1250%	5.0000%	7.9375%
Mora			0.8125%	5.0000%	5.8125%
	Wagon Mound	1.3750%	0.4375%	5.0000%	6.8125%
Otero			0.8125%	5.0000%	5.8125%
	Alamogordo	2.0625%	0.4375%	5.0000%	7.5000%
	Tularosa	1.8125%	0.4375%	5.0000%	7.2500%
	Cloudcroft	1.8125%	0.4375%	5.0000%	7.2500%
Quay			1.3125%	5.0000%	6.3125%
	Tucumcari	1.8125%	1.1875%	5.0000%	8.0000%
	House	1.4375%	1.1875%	5.0000%	7.6250%
	Logan	1.8125%	1.1875%	5.0000%	8.0000%
	San Jon	1.8125%	1.1875%	5.0000%	8.0000%
Rio Arriba			1.1875%	5.0000%	6.1875%
	Chama	1.5625%	0.8125%	5.0000%	7.3750%
	Espanola (Pt.)	2.0625%	0.8125%	5.0000%	7.8750%
Roosevelt			1.0625%	5.0000%	6.0625%
	Portales	1.5625%	1.0625%	5.0000%	7.6250%
	Elida	1.3125%	1.0625%	5.0000%	7.3750%
	Floyd	0.5000%	1.0625%	5.0000%	6.5625%
	Dora	0.7500%	1.0625%	5.0000%	6.8125%
	Causey	0.5000%	1.0625%	5.0000%	6.5625%
Sandoval			1.1250%	5.0000%	6.1250%
	Bernalillo	1.5625%	0.3750%	5.0000%	6.9375%
	Cuba	2.3125%	0.3750%	5.0000%	7.6875%
	Jemez Springs	1.4375%	0.3750%	5.0000%	6.8125%
	San Ysidro	1.2500%	0.3750%	5.0000%	6.6250%
	Corrales	1.6250%	0.3750%	5.0000%	7.0000%
	Rio Rancho	1.6875%	0.3750%	5.0000%	7.0625%
San Juan			1.1875%	5.0000%	6.1875%
	Aztec	1.8125%	0.8125%	5.0000%	7.6250%
	Farmington	1.1875%	0.8125%	5.0000%	7.0000%
	Bloomfield	1.7500%	0.8125%	5.0000%	7.5625%
San Miguel			1.3750%	5.0000%	6.3750%
	Las Vegas	1.8125%	0.8750%	5.0000%	7.6875%
	Pecos	1.4375%	0.8750%	5.0000%	7.3125%
Santa Fe			1.5000%	5.0000%	6.5000%
	Santa Fe	1.8125%	1.2500%	5.0000%	8.0625%
	Espanola (Pt.)	2.0625%	1.2500%	5.0000%	8.3125%
	Edgewood	1.5000%	1.2500%	5.0000%	7.7500%
Sierra			1.1875%	5.0000%	6.1875%
	T or C	1.4375%	1.0625%	5.0000%	7.5000%
	Williamsburg	1.3750%	1.0625%	5.0000%	7.4375%
	Elephant Butte	1.0625%	1.0625%	5.0000%	7.1250%
Socorro			0.8125%	5.0000%	5.8125%
	Socorro	1.4375%	0.4375%	5.0000%	6.8750%
	Magdalena	1.3125%	0.4375%	5.0000%	6.7500%
Taos			2.0000%	5.0000%	7.0000%
	Taos	1.5625%	1.5000%	5.0000%	8.0625%
	Questa	1.5625%	1.5000%	5.0000%	8.0625%
	Red River	1.8125%	1.5000%	5.0000%	8.3125%
	Taos Ski Valley	2.0625%	1.5000%	5.0000%	8.5625%
Torrance			1.3750%	5.0000%	6.3750%
	Estancia	1.5625%	0.8750%	5.0000%	7.4375%
	Willard	1.3125%	0.8750%	5.0000%	7.1875%
	Moriarty	1.4375%	0.8750%	5.0000%	7.3125%
	Mountainair	1.4375%	0.8750%	5.0000%	7.3125%
	Encino	1.0625%	0.8750%	5.0000%	6.9375%
Union			0.9375%	5.0000%	5.9375%
	Clayton	1.8125%	0.9375%	5.0000%	7.7500%
	Des Moines	1.4375%	0.9375%	5.0000%	7.3750%
	Folsom	1.4375%	0.9375%	5.0000%	7.3750%
	Grenville	1.4375%	0.9375%	5.0000%	7.3750%
Valencia			1.3750%	5.0000%	6.3750%
	Los Lunas	1.5625%	1.0000%	5.0000%	7.5625%
	Bosque Farms	1.6875%	1.0000%	5.0000%	7.6875%
	Belen	1.8125%	1.0000%	5.0000%	7.8125%
	Peralta	1.4375%	1.0000%	5.0000%	7.4375%

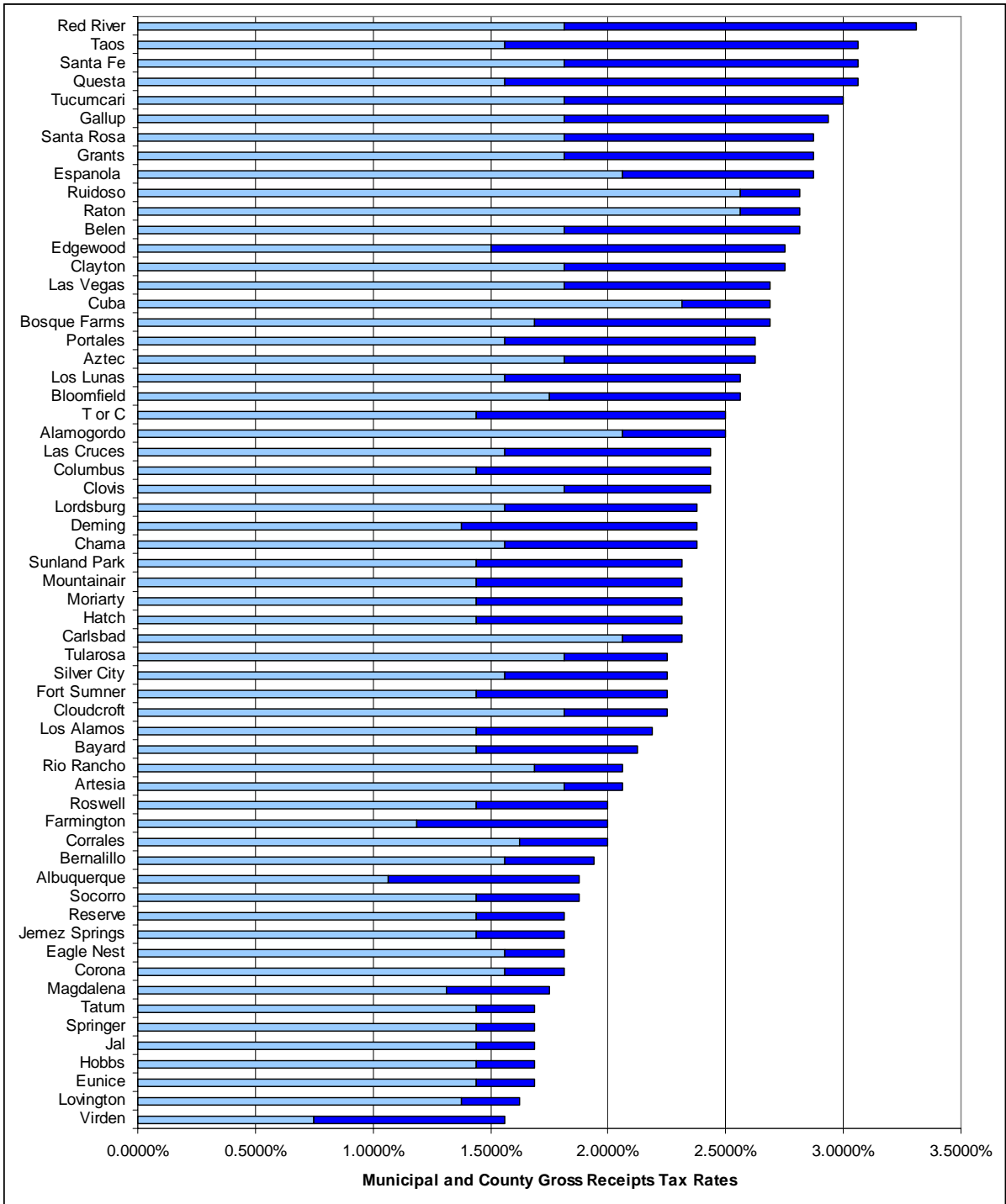
Source: New Mexico Taxation and Revenue Department, *Enactment Dates of Local Option Taxes -- as of July 1, 2009*

Figure 3.6. Gross Receipts Tax Rates in Municipalities with Libraries, July 1, 2009



are currently in place, when they were passed, and whether or not they are subject to a sunset. The same document also indicates those specific taxes that are currently not in use. In each case, state statute lays out the authority, the purposes for which the tax can be used, whether the tax may be approved by the governing body, typically subject to a negative referendum, or requires a special election. The first page of the report, *Enactment Dates of Local Option Taxes -- as of July 1, 2009*, is

Figure 3.7. Municipal and County Gross Receipts Tax Rates in Municipalities with Libraries, July 1, 2009



reproduced as **Table C.1** in Appendix C of this report to give a sense of what is included.²¹ Note that, as yet, no municipality or county has put in place any increments of the total 0.25% quality of life gross receipts tax that was approved by the Legislature and signed into law in 2005. This tax, which could be imposed in a region of municipalities and/or counties, could be used as a funding source for libraries as well as other arts and cultural projects.

Property Tax

Property Tax Capacity of Municipalities with Libraries. A community's property tax base is the net taxable value of properties in that community as assessed by the local assessor and (for utilities and certain other properties as laid out in statute) centrally by the New Mexico Taxation and Revenue Department. In **Table 3.5**, we report information on the property tax base in 2009 for all those municipalities with libraries. We are using the property tax data for tax year 2009 so as to provide the most current information. However, FY 09 revenues were based on net taxable value for tax year 2008. Net taxable value equals the assessed value divided by three (3) minus exemptions. So, for example, if your home was assessed at \$100 thousand and you took the \$2,000 head of household exemption, the net taxable value of this property would be \$31,333. The figures on net taxable value include values for land and improvements. In the case of communities where there is oil, gas, and copper production, the net taxable value reflects the value of production and of equipment, as defined in statute.

As was done in calculating gross receipts tax capacity, property tax capacity is calculated on a per capita basis, or as net taxable value per capita. **Figure 3.8** provides a ranking of the municipalities with libraries according to their net taxable value per capita. Note that once again Red River with its very tiny population heads the list followed by Taos, Santa Fe, Ruidoso and Corrales.

The second set of columns present the calculated revenue yield from a 1.3 mill levy, which equates to \$1.30 per \$1,000 in net taxable value. These revenues are then compared with the municipal contribution to cover local library operations. Statewide across all municipalities with libraries, a 1.3 mill levy would a little more than cover the FY 09 municipal expenditures on library operations. Those municipalities with the highest property tax capacity per capita do not necessarily spend the most on libraries. Indeed, the correlation for per capita spending with that for per capita property tax capacity is quite low – 0.40 versus 0.56 for the per capita gross receipts tax revenues.

²¹ Go to http://www.tax.state.nm.us/pubs/GrossReceiptsRates/july_2009_enactment_dates.pdf to view the entire document.

Table 3.5. Property Tax Capacity in Municipalities with Libraries, FY 09

Cities with Libraries	Population 2008 Estimate a	Property Tax Base b			Property Tax Revenues		Library Revenues from Municipality			
		Net Taxable Value (\$ 000s)	Per Capita	PC Rank	Revenue From 1.3 Mill Levy c	Per Capita	Muni Revenues d	Per Capita	PC Rank	PC Amt Over PC 1.3 Mill Levy
ALAMOGORDO	36,171	428,555	11,848	32	557,121	15.4	821,666	22.7	42	7.3
ALBUQUERQUE	532,454	11,858,931	22,272	13	15,416,611	29.0	9,589,731	18.0	48	(10.9)
ARTESIA	11,523	230,706	20,021	17	299,918	26.0	517,260	44.9	20	18.9
AZTEC	6,893	17,257	2,504	58	22,434	3.3	350,333	50.8	17	47.6
BAYARD	2,484	103,808	41,791	6	134,951	54.3	38,096	15.3	50	(39.0)
BELEN	7,647	170,546	22,302	12	221,710	29.0	442,575	57.9	12	28.9
BERNALILLO	8,473	103,447	12,209	30	134,481	15.9	133,185	15.7	52	(0.2)
BLOOMFIELD	7,542	76,197	10,103	40	99,056	13.1	185,702	24.6	39	11.5
BOSQUE FARMS	4,322	19,119	4,424	57	24,855	5.8	77,009	17.8	49	12.1
CARLSBAD	26,168	325,271	12,430	27	422,852	16.2	676,410	25.8	37	9.7
CHAMA	1,753	22,988	13,114	25	29,884	17.0	45,693	26.1	28	9.0
CLAYTON	2,869	24,613	8,579	43	31,997	11.2	99,999	34.9	25	23.7
CLOUDCROFT	1,051	40,830	38,849	7	53,079	50.5	56,629	53.9	11	3.4
CLOVIS	35,876	422,519	11,777	33	549,274	15.3	656,571	18.3	46	3.0
COLUMBUS	2,156	11,687	5,421	54	15,193	7.0	35,003	16.2	47	9.2
CORRALES	8,528	358,679	42,059	5	466,282	54.7	171,031	20.1	43	(34.6)
CUBA	832	7,561	9,087	42	9,829	11.8	108,974	131.0	7	119.2
DEMING	16,589	183,825	11,081	37	238,972	14.4	300,000	18.1	45	3.7
EAGLE NEST	396	14,868	37,545	8	19,328	48.8	20,855	52.7	10	3.9
EDGEWOOD	4,687	82,832	17,673	19	107,682	23.0	135,000	28.8	16	5.8
ESPAÑOLA	10,404	159,287	15,310	23	207,073	19.9	248,735	23.9	27	4.0
ESTANCIA	1,921	23,856	12,418	29	31,012	16.1	78,368	40.8	21	24.7
EUNICE	2,239	47,620	21,268	14	61,906	27.6	212,550	94.9	8	67.3
FARMINGTON	43,389	997,709	22,995	10	1,297,022	29.9	4,362,474	100.5	4	70.7
FORT SUMNER	1,291	8,127	6,295	51	10,565	8.2	61,110	47.3	14	39.2
GALLUP	20,119	346,858	17,240	21	450,915	22.4	617,207	30.7	34	8.3
GRANTS	9,470	113,005	11,933	31	146,906	15.5	183,117	19.3	44	3.8
HATCH	2,090	14,092	6,743	50	18,320	8.8	68,440	32.7	23	24.0
HOBBS	30,263	505,219	16,694	22	656,784	21.7	1,026,310	33.9	26	12.2
JEMEZ SPRINGS	439	8,786	20,014	18	11,422	26.0	46,834	106.7	2	80.7
LAS CRUCES	96,072	1,957,514	20,375	15	2,544,769	26.5	2,101,588	21.9	40	(4.6)
LAS VEGAS	16,182	181,743	11,231	36	236,266	14.6	220,709	13.6	51	(1.0)
LORDSBURG	3,819	30,614	8,016	48	39,799	10.4	16,000	4.2	56	(6.2)
LOS LUNAS	14,730	296,905	20,156	16	385,977	26.2	602,062	40.9	24	14.7
LOVINGTON	9,964	60,543	6,076	53	78,706	7.9	270,018	27.1	35	19.2
MAGDALENA	974	5,244	5,384	55	6,817	7.0	28,000	28.7	33	21.7
MORIARTY	1,928	43,863	22,750	11	57,022	29.6	138,749	72.0	9	42.4
MOUNTAINAIR	1,194	9,457	7,920	49	12,294	10.3	1,749	1.5	58	(8.8)
PORTALES	12,677	103,954	8,200	45	135,140	10.7	324,706	25.6	36	15.0
QUESTA	1,971	22,863	11,600	35	29,722	15.1	25,123	12.7	53	(2.3)
RATON	7,206	90,678	12,584	26	117,882	16.4	202,443	28.1	32	11.7
RED RIVER	565	47,822	84,640	1	62,168	110.0	57,277	101.4	1	(8.7)
RESERVE	454	5,643	12,430	28	7,336	16.2	1,965	4.3	57	(11.8)
RIO RANCHO	82,589	2,168,285	26,254	9	2,818,770	34.1	1,759,325	21.3	41	(12.8)
ROSWELL	49,721	584,662	11,759	34	760,061	15.3	1,438,819	28.9	31	13.7
RUIDOSO	9,892	446,025	45,089	4	579,832	58.6	465,606	47.1	19	(11.5)
SANTA FE	70,689	3,500,661	49,522	3	4,550,859	64.4	3,758,658	53.2	13	(11.2)
SANTA ROSA	2,959	43,212	14,603	24	56,175	19.0	150,332	50.8	15	31.8
SILVER CITY	10,775	186,132	17,274	20	241,972	22.5	335,293	31.1	30	8.7
SOCORRO	9,271	97,818	10,551	39	127,163	13.7	442,055	47.7	18	34.0
SPRINGER	1,171	9,798	8,367	44	12,737	10.9	33,000	28.2	38	17.3
SUNLAND PARK	14,860	146,013	9,826	41	189,817	12.8	101,960	6.9	55	(5.9)
TAOS	4,544	301,513	66,354	2	391,967	86.3	583,188	128.3	3	42.1
TATUM	926	4,570	4,936	56	5,942	6.4	72,901	78.7	5	72.3
TRUTH OR CONSE	8,048	87,161	10,830	38	113,309	14.1	232,812	28.9	29	14.8
TUCUMCARI	6,189	49,691	8,029	47	64,598	10.4	259,362	41.9	22	31.5
TULAROSA	2,939	23,892	8,129	46	31,060	10.6	29,400	10.0	54	(0.6)
VIRDEN	140	873	6,235	52	1,135	8.1	13,500	96.4	6	88.3
Totals	1,282,627	27,238,438	21,236		35,409,969	27.6	35,033,467	27.3		(0.3)

a. Population estimates from BBER.

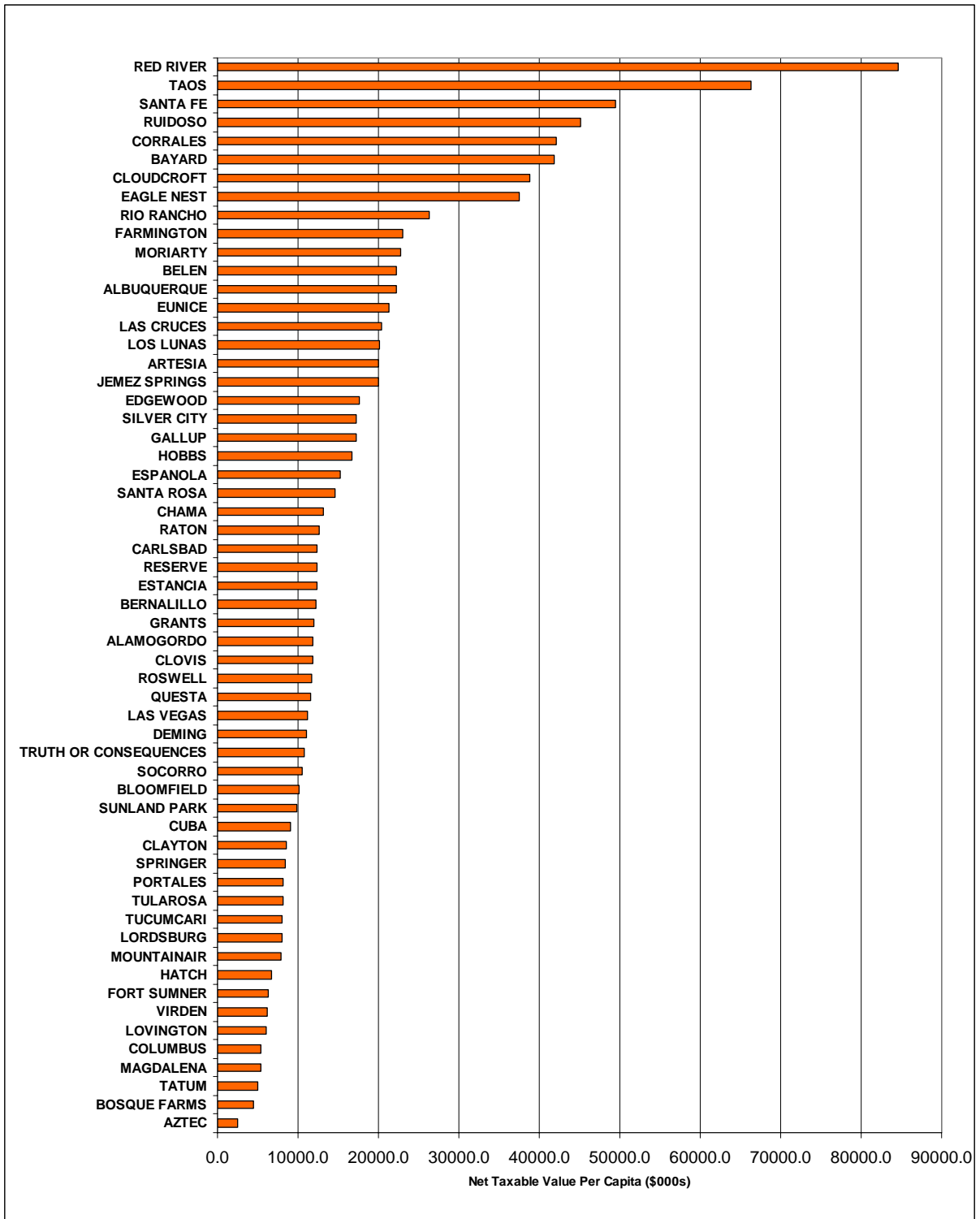
b. Net Taxable Value for Tax Year 2009 from the New Mexico Local Government Division

c. Gross revenues from a 1.3 mill property tax on 2009 net taxable value. This is a measure of what would be raised from a newly imposed levy. Yield control holds down imposed levies to prevent revenue growth from exceeding growth due to new construction

d. As reported in FY 09 State Library Survey.

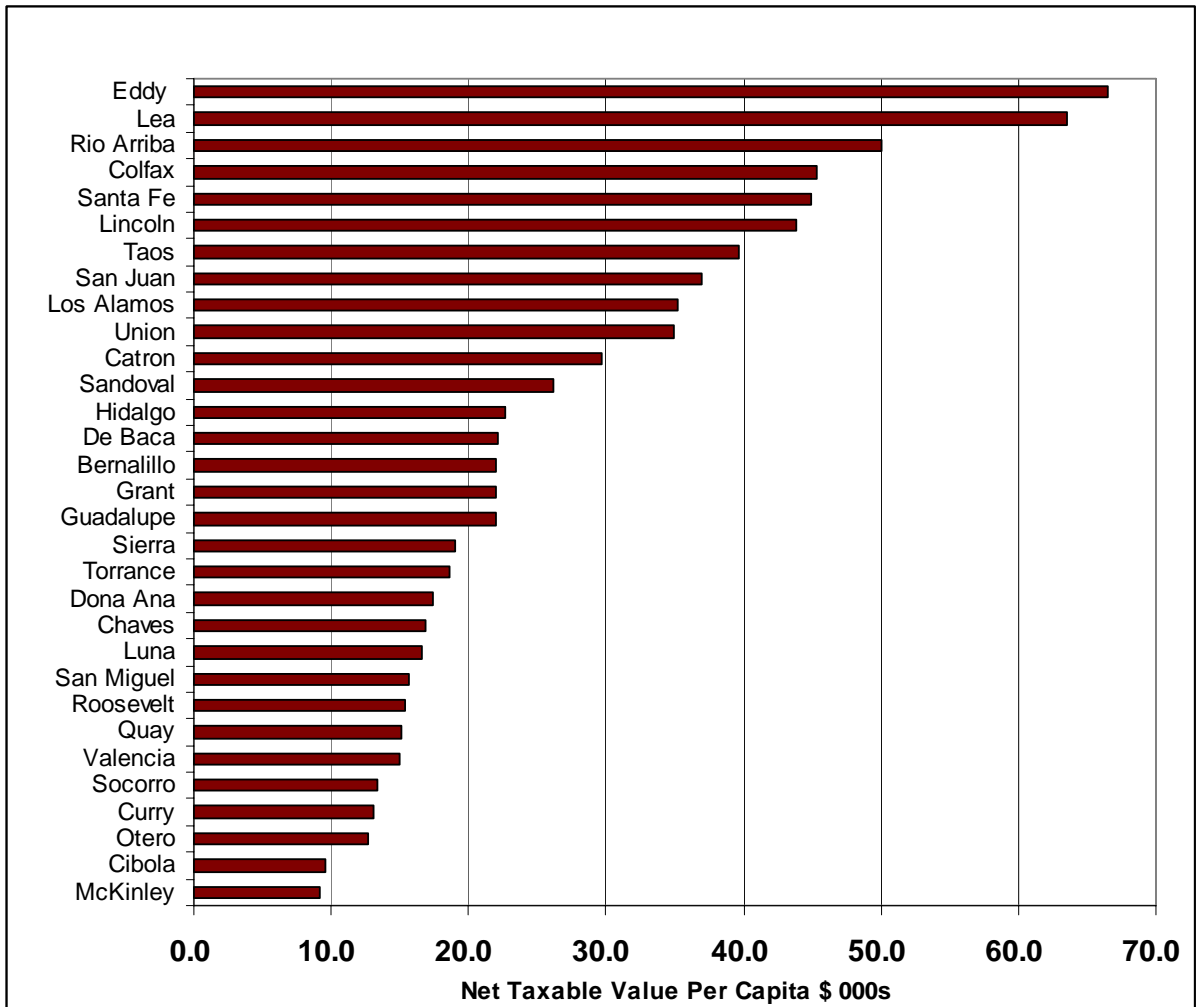
UNM Bureau of Business and Economic Research Calculations

Figure 3.8. Net Taxable Value per Capita of Municipalities with Libraries



Property Tax Capacity of Counties with Libraries. Figure 3.9 provides a ranking of New Mexico counties with libraries according to their net taxable value per capita in FY 09. By this measure, the oil and gas areas of Eddy, Lea and Rio Arriba counties lead the list. Eddy County provides no operating assistance to local libraries. Lea County ranks 10th in terms of the assistance it provides; Rio Arriba ranks 3rd.

Figure 3.9. Property Tax Capacity per Capita, New Mexico Counties with Libraries, FY 09



Property Tax Effort, Municipalities. Table 3.6 from the New Mexico Local Government Division (LGD) summarizes information relating to property tax effort across New Mexico municipalities. The second column indicates whether or not the municipality has a library within its borders and if so whether the municipality contributes financially to covering operating costs. The third column presents the imposed operating levy in each community. This is the rate imposed by the

Table 3.6. Property Tax Effort by Municipalities with and without Libraries, Tax Year 2009

	Operates		Remaining Authority	Total Municipal Net Taxable Value	Remaining Property Tax Revenue
	Library	Rate Imposed			
Alamogordo	X	7.064	0.586	428,554,974	245,861
Albuquerque	X	6.544	1.106	11,858,931,422	35,764,087
Angel Fire		7.650	0.000	262,965,910	0
Artesia	X	2.225	5.425	230,706,375	1,228,905
Aztec	X	6.873	0.777	106,733,148	69,323
Bayard	X	2.225	5.425	17,256,816	93,213
Belen	X	7.650	0.000	103,808,145	0
Bernalillo	X	5.725	1.925	170,546,103	311,251
Bloomfield	X	7.000	0.650	103,447,059	59,359
Bosque Farms	X	3.225	4.425	76,197,138	317,908
Capitan		2.225	5.425	19,118,986	21,708
Carlsbad	X	6.225	1.425	325,270,831	436,957
Carrizozo		5.225	2.425	11,814,211	21,225
Causey		2.225	5.425	694,751	4,412
Chama	X	5.225	2.425	22,987,967	50,616
Cimarron		7.650	0.000	10,978,240	0
Clayton	X	4.938	2.712	24,612,945	64,132
Cloudcroft	X	2.225	5.425	40,830,195	210,220
Clovis	X	3.725	3.925	422,518,759	1,561,124
Columbus	X	7.650	0.000	11,686,928	0
Corona	N	4.425	3.225	2,494,034	6,528
Corrales		5.870	1.780	358,678,730	626,101
Cuba	X	7.650	0.000	7,560,587	0
Deming	X	2.975	4.675	183,824,725	863,837
Des Moines		4.938	2.712	1,956,789	5,366
Dexter		2.225	5.425	7,263,480	37,202
Dora		2.225	5.425	770,809	3,523
Eagle Nest	X	2.225	5.425	14,867,872	78,209
Edgewood	X	0.000	7.650	82,832,268	641,770
Elephant Butte		2.225	5.425	57,347,575	286,272
Elida		2.225	5.425	1,581,578	8,034
Encino		2.225	5.425	978,981	4,559
Espanola	X	7.650	0.000	159,286,801	0
Estancia	X	2.225	5.425	23,855,563	112,116
Eunice	X	7.650	0.000	47,619,809	0
Farmington	X	2.225	5.425	997,709,090	4,890,143
Floyd		2.225	5.425	550,531	2,987
Folsom		5.425	2.225	808,984	1,966
Fort Sumner	X	2.225	5.425	8,126,728	42,265
Gallup	X	7.650	0.000	346,857,564	0
Grady		7.650	0.000	438,211	0
Grants	X	6.500	1.150	113,004,821	316,632
Grenville		7.650	0.000	410,013	0
Hagerman		2.225	5.425	4,733,482	23,245
Hatch	X	5.500	2.150	14,092,085	28,055
Hobbs	X	5.555	2.095	505,218,706	873,362
Hope		7.650	0.000	1,805,719	0
House		7.650	0.000	564,358	0
Hurley		2.225	5.425	9,361,400	50,055
Jal	NP	7.650	0.000	12,519,370	0
Jemez Springs	X	5.950	1.700	8,785,993	14,956

Table 3.6. Property Tax Effort by Municipalities, Continued

	Operates Library	Rate Imposed	Remaining Authority	Total Munipl Net Taxable Value	Remaining Property Tax Revenue
Lake Arthur		2.225	5.425	1,291,803	6,786
Las Cruces	X	5.120	2.530	1,957,514,338	4,734,269
Las Vegas	X	7.650	0.000	181,742,697	0
Logan		7.650	0.000	19,862,627	0
Lordsburg	X	3.225	4.425	30,614,444	136,045
Los Alamos	C	4.938	2.712	*	
Los Lunas	X	7.650	0.000	296,905,029	0
Los Ranchos		0.000	7.650	221,400,886	1,606,997
Loving		2.225	5.425	5,533,761	27,383
Lovington	X	5.650	2.000	60,542,865	113,037
Magdalena	X	2.225	5.425	5,244,034	25,101
Maxwell		7.650	0.000	2,112,630	0
Melrose		2.225	5.425	5,213,226	26,938
Mesilla		2.225	5.425	69,565,481	282,976
Milan		7.650	0.000	35,786,434	0
Moriarty	X	2.225	5.425	43,862,768	201,404
Mosquero		2.225	5.425	679,629	3,497
Mountainair	X	7.650	0.000	9,456,726	0
Pecos		2.225	5.425	17,191,989	87,363
Peralta		0.000	7.650	50,385,401	352,665
Portales	X	3.225	4.425	103,953,582	437,999
Questa	X	5.225	2.425	22,862,913	53,510
Raton	X	7.650	0.000	90,678,375	0
Red River	X	7.650	0.000	47,821,768	0
Reserve	X	2.225	5.425	5,643,054	28,794
Rio Rancho	X	7.650	0.000	2,168,284,909	0
Roswell	X	7.650	0.000	584,662,171	0
Roy		2.225	5.425	1,608,950	9,052
Ruidoso	X	6.368	1.282	446,024,502	505,665
Ruidoso Downs		7.650	0.000	46,071,339	0
San Jon		7.650	0.000	1,512,673	0
San Ysidro		7.650	0.000	2,760,064	0
Santa Clara	P	2.225	5.425	12,030,229	62,859
Santa Fe	X	2.817	4.833	3,500,660,629	16,928,917
Santa Rosa	X	4.938	2.712	43,211,516	110,935
Silver City	X	2.225	5.425	186,132,056	965,068
Socorro	X	5.813	1.837	97,818,049	172,629
Springer	X	7.650	0.000	9,797,740	0
Sunland Park	X	3.775	3.875	146,013,137	544,278
T or C	X	2.225	5.425	87,161,078	427,437
Taos	X	4.225	3.425	301,512,907	966,009
Taos SV		4.000	3.650	58,495,356	164,893
Tatum	X	4.225	3.425	4,570,455	13,597
Texico		2.225	5.425	5,491,486	28,325
Tijeras		2.225	5.425	10,363,770	53,060
Tucumcari	X	7.650	0.000	49,691,093	0
Tularosa	X	7.650	0.000	23,892,223	0
Vaughn		7.650	0.000	6,315,498	0
Virden	X	2.225	5.425	872,844	4,243
Wagon Mound		7.650	0.000	4,044,953	0
Willard		5.225	2.425	1,560,361	3,464
Williamsburg		2.225	5.425	5,024,064	25,297

X Municipal library supported by the municipality.

H Class H County with county/municipal library system.

N Library in Corona had no support from municipality in FY 09 but support in the past.

NP Library but functions as a nonprofit with no municipal revenues. Jal Library is supported by the Woolworth Foundation.

P Pueblo. Gets tribabl support.

governing body or through a special election, if approval is made contingent on a referendum. The operating levy rates on residential and non-residential properties may be less than the imposed levy as a result of yield control, which only applies to operating levies. Under state law, all municipalities have 7.65 mills of operating authority. The fourth column indicates the remaining amount of this authority. The fifth column is the total net taxable value for 2009 at the time the LGD set the tax rates. The final column indicates the amount of revenue that could be generated by this additional authority if used. Thus, Belen is an example of a community that has used all of its property tax operating authority. Los Ranchos, which enjoys the use of a branch library supported by Bernalillo County, currently has no operating levy in place. The village could raise \$1.6 million by using all of its authority.

Table 3.6 provides a reasonable way of looking at the operating tax effort of different municipalities with a public library. However, the municipal operating levy is a small piece of the total property taxes paid by residents and businesses within a municipality. Some municipalities make use of general obligation bonds for funding their capital program. The debt service on those bond issues approved by the voters can be met through a property tax debt service levy, which would be in addition to the operating levy. Moreover, residents and businesses within a municipality are all subject to whatever property taxes the county and the state (debt service levy for GO bond issues approved by the voters only) may have in place and there are any number of other overlapping taxing jurisdictions, including school districts, higher public educational facilities, county medical facilities, water conservation and drainage districts. The total property taxes on residential and non-residential properties and extractive industries (e.g., oil, gas, copper) are available from the County Assessor. **Table 3.7** from a publication very recently released by the NM Taxation and Revenue Department provides a useful and quick comparison across municipalities and unincorporated areas of the total residential tax burden for a \$180 thousand home in tax year 2008 (Fiscal Year 2009). Note that in Albuquerque, the tax obligation would be in excess of \$2,200, while in neighboring Los Ranchos, which historically has shied away from using the property tax, owners of a similarly assessed house would pay less than \$1,700. In Taos, the tax bill would be only \$856.

Property Tax Effort, Counties. **Table 3.8** provides information on property tax effort for counties. Note that many counties have used all of their operational authority. Eddy County, with the largest property tax capacity per capita, has used only 7.5 mills of its operating authority and has the lowest imposed levy among the counties. San Juan County, which is the top producer of natural gas has imposed only 8.5 mills of its operating authority.

Municipal and County Tax Capacity and Effort . New Mexico municipalities and counties vary greatly in terms of their taxing capacity, the gross receipts and property tax bases that can be tapped to meet ongoing needs, including that of running a library. To provide the desired level of services may require some communities to impose higher taxes – to increase their taxing effort. Many municipalities and

Table 3.7. Approximate Taxes on Residential Property Assessed at \$180,000 by Location, Tax Year 2008

County	Municipality	Tax District	Tax Obligations	County	Municipality	Tax District*	Tax Obligations	County	Municipality	Tax District	Tax Obligations	County	Municipality	Tax District	Tax Obligations	
Bernalillo	Albuquerque	12 In	\$2,269	Eddy	Hope	16D In	\$1,502	Otero		1 OUT	\$1,088	San Miguel		21 OUT	\$753	
	Los Ranchos	12 In	\$1,892	(continued)		C Out	\$1,003	(continued)		4 OUT	\$1,128	(continued)		50	\$928	
	Tijeras	12 In	\$1,683			10 Out	\$840			11 OUT	\$1,038	Santa Fe	Santa Fe	C IN	\$1,124	
	Corrales	2A In	\$1,810			16 Out	\$1,179			16	\$1,526		Espanola	18 IN	\$978	
	Rio Rancho	R1-A NR	N/A	Grant	Silver City	1 IN	\$889	Quay	Tucumcari	1 IN	\$1,374		Edgewood	8T IN	\$1,061	
		12 Out	\$1,634		Hurley	2H IN	\$1,208		House	19 IN	\$874			C OUT	\$1,038	
		8T	\$1,473		Bayard	2B IN	\$1,201		Logan	32 IN	\$1,138			1	\$1,138	
		24 Out	\$1,473		Santa Clara	2C IN	\$1,167		San Jon	34 IN	\$1,465			8T	\$1,115	
Catron	Reserve	1 In	\$895			1 OUT	\$803			1 OUT	\$1,124			18 OUT	\$802	
		1 Out	\$788			2 OUT	\$1,129			19 OUT	\$809			6 IN	\$1,288	
		2 Out	\$1,008	Guadalupe	Santa Rosa	8 IN	\$1,572			32 OUT	\$789	Sierra	T or C	6W IN	\$1,293	
		2A Out	\$1,008		Vaughn	33 IN	\$1,694			34 OUT	\$1,178		Williamsburg	6W IN	\$1,293	
Chaves	Roswell	1 in	\$1,507		Roy	3 IN	\$994			23/47	\$984		Elephant Butte	6 EB	\$1,331	
	Hagerman	6 in	\$1,258		Mosquero	5 IN	\$901			33	\$789			6 OUT	\$1,203	
	Dexter	8 in	\$1,348			8 OUT	\$1,328			53	\$815	Socorro	Socorro	1 IN	\$1,728	
	Lake Arthur	20 In	\$1,102			33 OUT	\$1,250			19 IN	\$1,309		Magdalena	12 IN	\$1,469	
		1 Out	\$1,064			3 OUT	\$913		Rio Arriba	Espanola	45 IN	\$1,034		1 OUT	\$1,457	
		6 Out	\$1,201			5 OUT	\$821				19 OUT	\$1,180		12 OUT	\$1,423	
		8 Out	\$1,325			24/25	\$819				21	\$1,194		5	\$1,808	
		20 Out	\$982	Hidalgo	Lordsburg	1 IN	\$1,497				45 OUT	\$918		7L	\$1,368	
		14	\$894		Virde	1A IN	\$1,399				53	\$758		13T	\$1,368	
		27/28	\$809			1 OUT	\$1,310				6T	\$1,118		1 IN	\$856	
		28	\$0			1A OUT	\$1,310				32	\$840		9 IN	\$771	
		1L	\$942			6	\$900	Roosevelt	Portales	1 IN	\$1,590		Red River	9RR IN	\$923	
Cibola	Grants	3 In	\$1,738	Lea	Lovington	1 IN	\$1,726		Elida	2 IN	\$1,125		Taos Ski Valley	8-18 IN	\$888	
	Milan	3A In	\$1,775		Eunice	8 IN	\$1,567		Floyd	5 IN	\$951			1 OUT	\$728	
		3 Out	\$1,474		Hobbs	16 IN	\$1,497		Causey	39A IN	\$1,107			1A	\$728	
		Qmo2	\$1,088		Jal	19 In	\$1,494		Dora	39 IN	\$1,085			4	\$702	
Colfax	Cimarron	3 In	\$1,225		Tatum	28 IN	\$1,457			1 OUT	\$1,403			6	\$979	
	Eagle Nest	3A In	\$986			1 OUT	\$1,450			2 OUT	\$1,028			9 OUT	\$666	
	Angel Fire	3B IN	\$1,188			8 OUT	\$1,157			5 OUT	\$822		Estancia	7 IN	\$1,374	
	Raton	11 in	\$957			16 OUT	\$1,229			39 OUT	\$987	Torrance	Willard	7W IN	\$1,571	
	Springer	24 In	\$1,564			19 OUT	\$1,083			3	\$1,180		Moriarty	8 IN	\$1,537	
	Maxwell	28 In	\$1,256			28 OUT	\$1,255			9/53	\$824		Mountainair	13 IN	\$1,893	
		3 Out	\$903	Lincoln	Ruidoso	3 IN	\$1,539			9A	\$819		Encino	16 IN	\$1,379	
		11 Out	\$680		Ruidoso Do	35 IN	\$1,692	Sandoval	Bernalillo	1 IN	\$1,205			7 OUT	\$1,268	
		24 Out	\$1,313		Carrizozo	7 IN	\$1,453		Cuba	20 IN	\$1,322			8 OUT	\$1,420	
		28 Out	\$984		Corona	13 IN	\$1,239		Jemez Springs	31 IN	\$1,262			13 OUT	\$1,304	
		35	\$834		Capitan	28 IN	\$930		San Ysidro	31A IN	\$1,360			16 OUT	\$1,254	
Curry	Clovis	1 In	\$1,418			3/35 OUT	\$1,253		Corrales	2A IN	\$1,334			20 / 35	\$1,128	
	Texico	2 In	\$1,288			7 OUT	\$1,172		Rio Rancho	94 IN	\$1,648		Union	Clayton	1 IN	\$1,162
	Melrose	12 In	\$946			13 OUT	\$997			1 OUT	\$1,056		Des Moines	22D IN	\$1,391	
	Grady	61 In	\$1,631			20	\$1,171			20 OUT	\$1,108		Folsom	22F IN	\$1,338	
		1 Out	\$1,208			28 OUT	\$853			31 out	\$1,045		Grenville	22G IN	\$1,580	
		2 Out	\$1,159	Los Alamos	Los Alamos	1	\$980			2AC IN	\$1,738			1 OUT	\$875	
		12 Out	\$823	Luna	Deming	1 IN	\$1,224			94 OUT	\$1,189			22 OUT	\$1,138	
		61 Out	\$1,192		Columbus	1A IN	\$1,328	San Juan	Aztec	2 IN	\$1,287			49	\$1,466	
De Baca	Fort Sumner	20 In	\$1,729			1 OUT	\$1,075		Farmington	5 IN	\$1,327	Valencia	Los Lunas	1 IN	\$2,022	
		20 Out	\$1,600	McKinley	Gallup	1 IN	\$1,874		Bloomfield	6 IN	\$1,552		Bosque Farms	1 IN	\$1,713	
Dona Ana	Las Cruces	2 In	\$1,565			1 OUT	\$1,451			2 OUT	\$985		Belen	2 IN	\$1,739	
	Mesilla	2D In	\$1,288		Zuni		\$1,656			5 OUT	\$1,243		Peralta	PR IN	\$1,806	
	Sunland Park	16 In	\$1,772	Mora	Wagon Mou	12 IN	\$1,285			6 OUT	\$1,124			1 OUT	\$1,808	
	Hatch	11 In	\$1,681			1	\$1,249			22	\$1,211			2 OUT	\$1,405	
		2 Out	\$1,219			12 OUT	\$990			61/20	\$1,412			3LL OUT	\$1,802	
		11 Out	\$1,403			12C	\$1,383	San Migue	Las Vegas	1 IN	\$1,627			3BN OUT	\$1,471	
		16 Out	\$1,614			1-A	\$990		Las Vegas	2 IN	\$1,644			PR OUT	\$1,808	
Eddy	Carlsbad	C In	\$1,364	Otero	Alamogordo	1 IN	\$1,491		Pecos	21 IN	\$782					
	Loving	10 In	\$954		Tularosa	4 IN	\$1,445			1 OUT	\$1,194					
	Artesia	16 In	\$1,292		Cloudcroft	11 IN	\$1,091			2 OUT	\$1,211					

*Assumes owners qualify for \$2,000 head of household exemption, hence net taxable value is \$58,000.

Information source: calculated from rate certificates issued by the NM Department of Finance and Administration.

**Table 3.8. Property Tax Effort by Counties with and without Libraries,
Tax Year 2009**

	Libraries Operate Within	Rate Imposed	Remaining Authority	Total Municipal Net Taxable Value	Remaining Property Tax Revenue
Bernalillo	Y	10.750	1.100	14,321,984,342	15,754,183
Catron		11.850	0.000	116,659,934	-
Chaves	Y	10.350	1.500	1,083,255,849	1,624,884
Cibola	Y	11.850	0.000	275,071,854	-
Colfax	Y	10.350	1.500	663,974,584	995,962
Curry	Y	9.850	2.000	624,844,971	1,249,690
De Baca	Y	11.850	0.000	50,614,450	-
Dona Ana	Y	11.850	0.000	3,634,794,716	-
Eddy	Y	7.500	4.350	3,520,439,702	15,313,913
Grant	Y	11.850	0.000	704,852,966	-
Guadalupe	Y	11.850	0.000	106,153,547	-
Harding		10.850	1.000	78,621,596	78,622
Hidalgo	Y	11.850	0.000	135,302,278	-
Lea	Y	10.600	1.250	3,790,486,865	4,738,109
Lincoln	Y	11.600	0.250	1,019,442,539	254,861
Los Alamos	Y	8.850	3.000	706,826,890	2,120,481
Luna	Y	11.850	0.000	468,907,826	-
McKinley	Y	11.850	0.000	737,555,704	-
Mora		11.850	0.000	107,424,754	-
Otero	Y	11.850	0.000	855,525,786	-
Quay	Y	11.850	0.000	155,903,852	-
Rio Arriba	Y	11.850	0.000	2,211,729,221	-
Roosevelt	Y	10.850	1.000	295,597,133	295,597
Sandoval	Y	10.350	1.500	3,348,477,492	5,022,716
San Juan	Y	8.500	3.350	4,805,571,690	16,098,665
San Miguel	Y	11.850	0.000	489,748,385	-
Santa Fe	Y	11.850	0.000	6,633,131,738	-
Sierra	Y	11.850	0.000	265,596,091	-
Socorro	Y	11.850	0.000	250,762,908	-
Taos	Y	11.850	0.000	1,289,070,423	-
Torrance	Y	11.850	0.000	332,612,376	-
Union	Y	9.150	2.700	155,206,923	419,059
Valencia	Y	11.850	0.000	1,163,441,412	-
				54,399,590,798	63,966,740

NM Local Government Division, *Local Property Tax Rate Report*

counties have imposed all the authority they have for the property tax operating levy or have very limited additional taxing authority that could be used to fund library operations. As will be seen in the next chapter, however, taxing districts can be created to fund all matter of government services. Such districts are not constrained by the strict constitutional limits on county and municipal property tax operating levies. But any new district taxes require a referendum of the property owners within the district boundaries. While the governing bodies of counties and municipalities can increase property tax rates up to their authority without a referendum, taxing districts can impose levies only if such are approved by the eligible voters.

Even those municipalities that have used all their authority to impose municipal gross receipts taxes (1.5%), their authority to impose an environmental gross receipts tax, and perhaps much if not all of their authority for the infrastructure gross receipts tax are likely to have additional gross receipts tax authority that could be relevant to funding library operations in the municipal quality of life tax. The same is true for counties. The problem is that the gross receipts tax is typically much easier to sell than other taxes and as a result has become overused. As Figure 3.7 suggests, as of July 1, 2009, with local and state taxes combined, there were already five municipalities in which the combined county and municipal gross receipts taxes exceeded 8%. The Legislature meeting in the 2010 special session opted to increase the state gross receipts tax by another 0.125%. New Mexico has always had a very broad-based general sales tax in the gross receipts tax. The problem as rates get higher is that tax payers find more and more incentive to escape taxation by buying across the border, by making purchases online, and so forth. And many businesses subject to tax have come in successfully to request special treatment from the legislature (e.g., for-profit general and specialty hospitals, call centers) or have taken actions to restructure their operations to avoid the tax (Lovelace). As a result, less and less activity is subject to tax, so the tax base shrinks and may grow at a slower rate.

Chapter 4. Funding Options toward Sustainability

This chapter will consider options for funding library operations in New Mexico.

Increased State Library Assistance

There are many ways in which the New Mexico State Library could increase the assistance provided to local libraries, whether local government, tribal or non-profit. One way would be through offering various grants for which local libraries could apply. This does create the burden of applying for monies, but some of the grants could be structured to provide basic operating monies – for salaries, utilities, etc. A second option would be to increase the funding available through the existing State Grants-in-Aid program that distribute funding to local libraries/library systems once certain minimum criteria have been met. However it is accomplished, increasing state assistance will require new money.

Increased State Appropriation to Expand Grants-in-Aid Program. Currently state operating assistance, excluding the GO bond program, is relatively small – less than \$700 thousand statewide. One way to help local libraries throughout New Mexico would be to increase the amount of this assistance, perhaps with a special recurring appropriation, and ideally one that increases state aid “dramatically” as one library director hoped. In these times of declining revenues and tough fiscal problems, the funding needs of libraries, which fall under the NM Cultural Services Department, are likely to be lost amidst the voices crying to preserve funding for education and healthcare (Medicaid). Collectively, however, local libraries might be able to mount a sufficient lobbying effort to increase recurring state aid.

Push for Dedicated Funding. Collectively libraries might have the clout to get a revenue issue on the ballot and then to push successfully for passage. This is an option that is used in other states, usually where there is initiative and referendum. To our knowledge, this has not really been tried at the state level in New Mexico. We vote on statewide general obligation bonds; we vote to make changes in the Constitution, which may affect revenue distributions (e.g., from the state’s permanent funds), but to our knowledge we have never as a state voted on a ballot issue to raise taxes for operating purposes. Local governments are required by NM statute to put some tax issues on the ballot (e.g., increments of the infrastructure gross receipts tax, local option gasoline taxes), or they do so rather than put in place an unpopular tax that could cause problems at election time; i.e., they let the voters decide (e.g., City of Albuquerque for the “Basic Services” gross receipts tax; Bernalillo County’s use of part of their operating levy for open space). While the Legislature is probably loath to cede control over funding sources, it may be possible to put new revenue sources in place. The Legislature would have to pass legislation putting the new tax in place, or it could make the tax contingent on a positive statewide referendum. Libraries are generally popular with the voters.

In theory there are many candidates as new funding sources. In practice, very few raise enough revenue even statewide to make the effort worthwhile. The State of Ohio apparently gave its libraries a stock transaction tax which generated ample revenues, catapulting that state's libraries into first place among the states in per capita funding. New Mexico probably has no single transaction tax that could generate sufficient revenue statewide to give the appropriate boost to library operations except perhaps a real estate transaction tax. The battle over the City of Santa Fe's recent attempt to put such a tax in place might dissuade some from trying. The three major revenue sources, income, sales and property, each have their detractors. The first two are major state general fund revenue sources, so they will be jealously guarded. The gross receipts tax is critical to funding not simply state but local government needs and is widely thought to be too high. Note that the Legislature meeting in special session (2010) recently backed off from imposing a half cent temporary gross receipts tax and approved only an eighth cent tax. The 2010 Legislature also proved itself to be very reluctant to touch the personal income tax and reverse even part of the 2003 phased reduction in the marginal rate from 8.2% to 4.9%. Efforts to get a piece of the personal income tax for local governments have failed time and again. The property tax has not been a state general fund revenue source since the "Big Max" tax cut in 1981, and what remained of the 20 mills in operating authority allowed under the State Constitution was divided up between counties and municipalities.

The property tax is a very unpopular tax in New Mexico and is underutilized: in 2005 and again in 2008, New Mexico ranked 48th among the states in its property tax per capita; in 2005, it ranked 47th in terms of property tax per dollar of personal income; in 2008, it ranked 42nd in median property taxes on owner-occupied housing as a percent of median housing value (2008).²² In part this is probably because of the lack of fairness in how it is often administered. In part it is because many people here continue to be cash poor even if real estate rich and they may have limited ability to meet their property tax obligations, particularly if property values are rising (e.g., the case of Santa Fe). Historically in New Mexico and elsewhere, people have been severed from their land and homes by an inability to pay their property taxes. Nevertheless, the voters regularly support bond issues that will be paid from debt service levies and they support operating funding for hospitals, for community colleges, and for irrigation and flood control authorities.

As mentioned, the state has given away the operating property tax authority it had under the Constitution. However, under the State Constitution, there exists an option to put in place a property tax if such is approved by a majority of the qualified voters of the taxing district. According to Chapter VIII Sec. 2 of the State Constitution, which deals with property tax limits and exceptions,

Taxes levied upon real or personal property for state revenue shall not exceed four mills annually on each dollar of the assessed valuation thereof except for the support of the educational, penal and charitable institutions of the state, payment of the state debt and

²² National Tax Foundation (<http://www.taxfoundation.org/>)

interest thereon; and the total annual tax levy upon such property for all state purposes exclusive of necessary levies for the state debt shall not exceed ten mills; provided, however, that taxes levied upon real or personal tangible property for all purposes, except special levies on specific classes of property and except necessary levies for public debt, shall not exceed twenty mills annually on each dollar of the assessed valuation thereof, **but laws may be passed authorizing additional taxes to be levied outside of such limitation when approved by at least a majority of the qualified electors of the taxing district who paid a property tax therein during the preceding year voting on such proposition.** (As amended November 3, 1914, September 19, 1933, and November 7, 1967.)

The highlighted language anticipates the creation of special tax districts. A second provision of Chapter VIII, Sec. 9 makes an “elected governing authority prerequisite to levy of tax”:

No tax or assessment of any kind shall be levied by any political subdivision whose enabling legislation does not provide for an elected governing authority. This section does not prohibit the levying or collection of a tax or special assessment by an initial appointed governing authority where the appointed governing authority will be replaced by an elected one within six years of the date the appointed authority takes office. The provisions of this section shall not be effective until July 1, 1976. (As added November 5, 1974.)

Can the entire state be recognized as a “taxing district”? We have talked with knowledgeable people who think so, but have no legal opinion to go on.

Issues. Any increase in funding for state assistance to public libraries will raise difficult issues and could create major divisions among libraries. The issues are already there. The State Library currently makes some monies available to all libraries regardless of size, of population served, and of local resources. For tiny libraries in rural areas, such lump sum distributions can be a godsend, but such distributions can be resented by larger libraries desperate to keep up with the demands for services. Key issues regarding the structure of additional state operating support include the following:

1. Incentivizing local effort. Additional funding from the state could provide a disincentive for local funding; indeed, the state funding could displace local funding, with local governments withdrawing support and channeling the savings to meet other needs. There will need to be some requirement, as currently exists, that eligibility for state funding is contingent on continued local support. The question then is whether the bar needs in some cases to be raised and how to do that. The devil is in the details. State matching funding could be used to induce a higher level of support from local governments, but it would need to be based on ability to pay. Otherwise, the availability of matching funds might serve to increase further the inequalities in library funding across communities.

2. Determining service area population. If service area population numbers are somehow to be used in the formula for distributing funds, the methodology used in determining service area population will need to be reviewed and the resultant methodology more rigorously applied. The financial impacts of favorable or unfavorable population estimates will be magnified as the total pot of funding grows.

BBER has been unable to replicate the population numbers used by the State Library. In many cases the differences from Census estimates are trivial and may simply reflect on-going revision of the official estimates. In other cases, the estimates seem to have been adjusted, for example to reflect a city's provision of service well beyond its borders, but BBER was provided no official documentation in support of such an adjustment.

3. Anti-donation clause. This issue really only pertains to non-profit libraries, but these community libraries face some of the toughest challenges in terms of raising operating monies. The State Library currently requires that funding go through a local government, a municipality or, more commonly, a county, who acts as fiscal agent. In the case of GO bond proceeds, the local government retains title to whatever properties are purchased. One option for operating funds might be for the local government to contract for public library services in the defined service area.

Whether or not state aid is increased, one thing that might help would be more flexibility in terms of when and what the monies may be spent on.

Increased State GO Bond Monies for Libraries

BBER's research has indicated the importance of GO bonds, particularly for purposes of purchasing books and media. Getting this purpose added to the state GO bond program was a major triumph. Further increasing the proportion of the state's GO bond program which goes for local library books and media is likely to be an uphill battle, since state GO bonds support a number of different purposes, each of which has a vocal constituency. For example, the \$196.3 million in Series 2009 GO Bonds supported "senior citizen, library, health and higher education and state special school projects..." The sources and uses table from the Official Statement is reproduced below as **Table 4.1**.

Nor does the state have substantial unused GO bonding capacity. Indeed, according to the same Official Statement, with the 2009 bonds they would have used 90% of their bonding capacity per the State Constitution. As noted above, the property tax base used to support these bonds is currently under dispute.

Of course, some municipalities and counties with libraries already issue GO bonds for books and media. This is true of Albuquerque and of Bernalillo County; Rio Rancho will soon be going to the voters with a GO bond issue for this purpose. Unfortunately, the transaction costs for issuing GO bonds are such that only the larger communities will avail themselves of this funding option in the absence of a critical need that can be met in no other way. According to the FY 2009 annual reports published by the NM Local Government Division,²³ the following municipalities had outstanding GO bond indebtedness as of June 30, 2009:

²³ New Mexico Department of Finance and Administration, Local Government Division, Annual Reports for Municipalities and for Counties, 2009. Available on their webpage:

Table 4.1. State of New Mexico Series 2009 General Obligation Bonds

Sources:	
Par Amount of Bonds	\$196,330,000.00
Original Issue Premium (Discount)	28,082,009.60
Total Sources	\$224,412,009.60
Uses:	
Project Fund Deposits:	
Senior Citizen Facilities	\$14,700,000.00
Academic, Public and Tribal Library Acquisitions	11,000,000.00
Health Facilities	57,828,000.00
Higher Education and Special Schools	139,900,000.00
	223,428,000.00
Delivery Date Expenses:	
Cost of Issuance	\$440,000.00
Underwriter's Discount	518,311.20
	958,311.20
Other Uses of Funds:	
Additional Proceeds	\$25,698.40
Total Uses	\$224,412,009.60

Official Statement, the State of New Mexico Capital Projects General Obligation Bonds, Series 2009

Alamogordo, Albuquerque, Angel Fire, Bloomfield, Corrales, Gallup, Los Ranchos, Milan, Rio Rancho, Roswell, Ruidoso, Ruidoso Downs, Santa Fe, and Silver City. Counties with GO bond indebtedness were Bernalillo, Curry, Dona Ana, Grant, McKinley, Mora, Otero, Sandoval, Santa Fe, Socorro, Torrance and Valencia. Perhaps some of these GO bond issuers can be persuaded to include library books and media in future issues.

Increased Funding from Counties

Currently there are only three counties, Bernalillo, Hidalgo and Los Alamos, that have either a city-county library system or a county system. As Table 3.2 indicates, beyond these three counties, only Rio Arriba (\$2.04), Lincoln (\$1.74), Luna (\$1.61), Grant (\$0.94), DeBaca (\$0.88) and Otero (\$0.65) contributed more than 50 cents per capita for local library operations, and there are a number of counties that made no contribution.²⁴ Many of these counties with minimum or no contribution to funding local libraries have a large gross receipts and/or property tax capacity per person. (Please see Figures 3.5 and 3.9 in the previous chapter.) Since municipal, tribal and non-profit libraries provide library services to many who live in unincorporated areas or in small incorporated towns without their own libraries, it is reasonable to ask

<http://fmb.nmdfa.state.nm.us/content.asp?CustComKey=202788&CategoryKey=203096&pn=Page&DomName=fmb.nmdfa.state.nm.us>

²⁴ Based on the State Library Survey, FY 09, and BBER's 2008 county population estimates.

whether counties might be persuaded to contribute more for this municipal-type service so important to people in more rural areas. As noted in the previous chapter, Rio Arriba really sets the standard here, contributing to municipal, tribal and non-profit libraries on the consistent basis that is so important for maintaining staff, programs, and product.

Of interest, since 2000, Wisconsin has had a law “requiring counties to pay at least 70% of the cost of services provided to their residents without a local public library, and requiring localities with public libraries to maintain effort.” The law has “increased funding somewhat while more equally distributing the costs of services.”²⁵

As reported in the previous chapter, our research on taxing effort indicated that many counties have exhausted their property tax operating authority. Indeed, only 13 of 33 counties have remaining authority and three of these (Bernalillo, Los Alamos, and Lincoln) already make a significant per capita contribution to libraries. All counties have some remaining gross receipts tax authority, including the quality of life tax, but as displayed in Table 3.4, gross receipts tax rates in the unincorporated portions of counties vary from a low of 0.375% in Lea and Lincoln counties to 2.0% in Taos County. While many counties are hard-pressed to cover escalating costs for corrections and other obligations, there would seem to be unused taxing capacity in many. Moreover, as will be explored in the next section, the option is always there to form a taxing district and go to the voters for property taxes specifically for libraries or to form a quality of life district and go to the voters for approval of a gross receipts tax for libraries (and perhaps other arts and cultural organizations).

Increased Funding from Municipalities

As noted in the previous chapter, a large tax base does not ensure that a local library will exist, much less that it will be well funded. Winning the battle for priority in the distribution of tax dollars may require galvanizing public support as well as an orchestrated and effective lobbying campaign.

Establish Taxing Districts

One of the most promising options in terms of sustainable revenues for operations is the move to form taxing districts. A number of states have enabling legislation specifically for library districts. The Owens and Sieminski study on funding for public libraries provided a list of states with legislation to create library districts along with the taxes that can be used. (See **Table 4.2.**) The most commonly used revenue source is the property tax, but some states allow use of sales and/or income taxes.

²⁵ Owens and Sieminski, *Op. Cit.*, p. 29.

The provisions of the New Mexico Constitution reproduced earlier in this chapter open up the option of establishing taxing districts based on the property tax. **Table 4.3** provides some examples of taxing districts that already exist and that raise revenues for operations and perhaps also capital projects. These are districts for which the operating levy is subject to yield control. This means that the additional yield from a particular imposed levy will be automatically restricted to the sum of the rate of inflation, as calculated per the yield control statute, and the growth rate due to new construction.

As is perhaps evident in the sample provided in Table 4.3 and in the relevant sections of the Constitution, there is considerable latitude in New Mexico in terms of defining districts. This makes it a perfect vehicle to handle financing operations for

Table 4.2 States with Legislation Allowing Creation of Library Districts

States	Revenue Sources Available				Unknown	Never Implemented	Open Only to Some Areas
	Property Taxes	General Sales	Excise	Income			
Alaska					X		
Arizona				X			
California	X						
Colorado		X		X			
Connecticut						X	
Delaware					X		
Florida	X						
Idaho	X						
Illinois	X						
Indiana	X		X	X			
Kansas	X						
Kentucky	X						
Michigan							
Minnesota	X					X	X
Missouri	X						
Montana	X						
Nevada	X						Counties
New Jersey							
New Mexico *	X	X					
Oklahoma	X						
Oregon	X						
South Carolina	Tax used determined by public vote						Counties determine
Texas	X	X					
Utah	X						
Vermont *	X						
Washington	X						

* Nothing specific to libraries. Precedent is there for other purposes.

* Not specific to libraries

Compiled by UNM Bureau of Business and Economic Research based on information provided in Patricia Owens and Mary Sieminski, *Local and State Sources of Funding for Public Libraries*, Oct. 2007, pp. 19-20

community libraries, which may include non-profit libraries as well as municipal and county libraries. Some districts, like the Albuquerque Flood Control Authority and the South Sandoval Flood Control District, cover only parts of a county and may cover

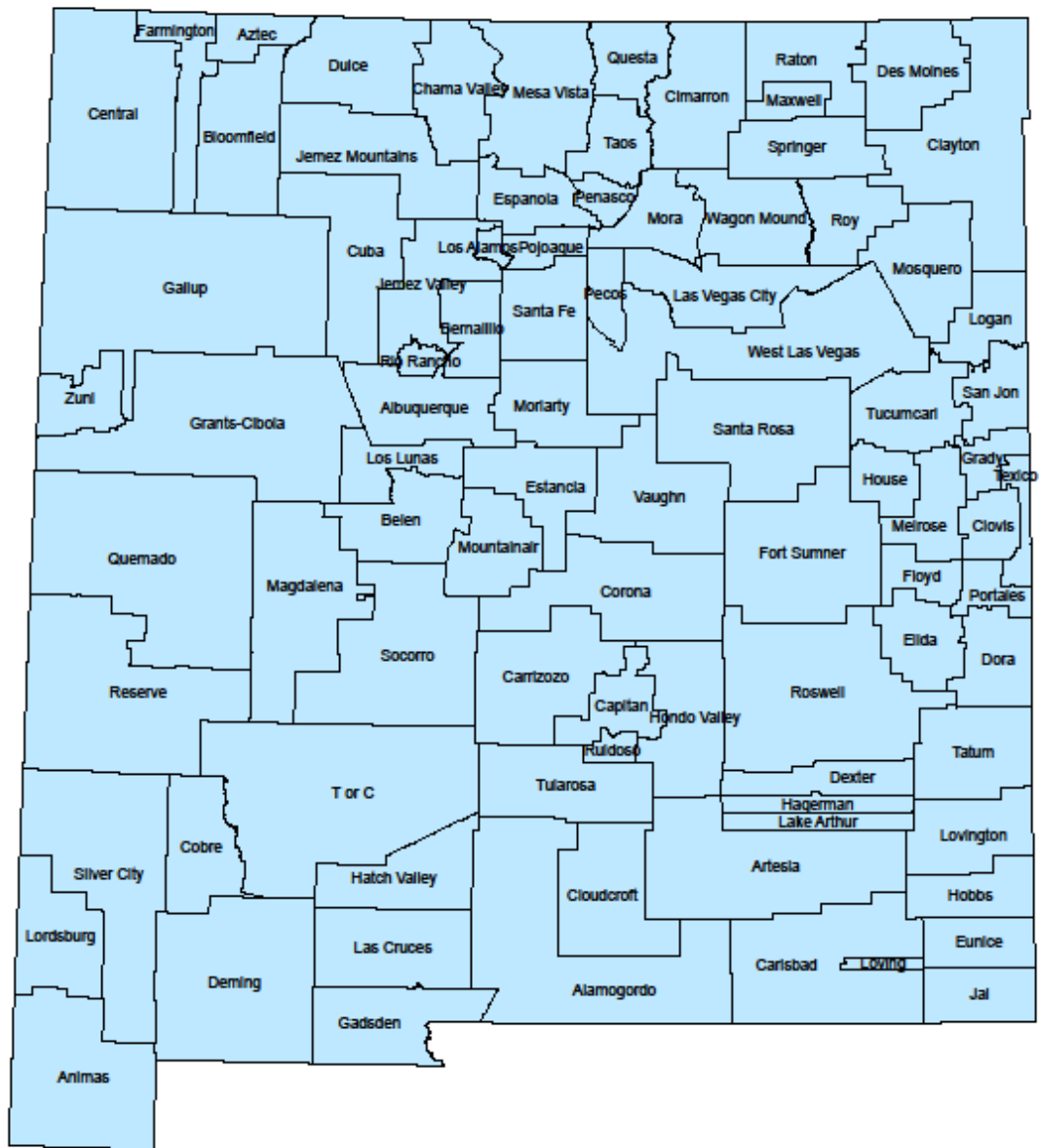
Table 4.3. Property Tax Rates for Districts Subject to Yield Control Statute (Section 7-37-7.1 NMSA 1978)

	Formation Process (for districts)	Mill Levy	Mill Imposed on: (area)	Statutory Reference (NMSA 1978)
Municipal Parking District	Provisional order, petition, notice/appeal	6.00	Municipality	Sec.3-51-14
County Flood Control		1.50	County -- (taxable property within 5 miles of any river or stream that tends to flood)	Sec.4-50-2
Community Service District	Not specified	10.00	District	Sec.4-54-4
Economic Advancement District	Petition designating area of district	2.00	District -- (concurrent with the territorial areas of one or more existing school districts in the county)	Sec.6-19-4
College District Act	College determines boundaries	5.00	District -- (determined by college)	Sec.21-2A-5
County Boards of Horticultural Commissioners	County commissioners appoint county board of horticultural commissioners	5.00	County -- (all orchard lands and lands used for nurseries within the county)	Sec.76-3-2
Albuquerque Metro Flood Control		0.50	A portion of Bernalillo County (for more details see Sec.72-16-6)	Sec.72-16-22
Las Cruces Metro Flood Control		0.50	A combination of watersheds in Dona Ana County (for more details see Sec.72-17-6)	Sec.72-17-22
Flood Control Districts	Petition, hearing, organizational election	2.00	District	Sec.72-18-22
Southern Sandoval Co. Flood Control		1.00	A portion of southern Sandoval county (for more details see Sec.72-19-6)	Sec.72-19-22
Soil and Water Conservation District	Landowners petition	5.00	Real Property within district excluding any incorporated cities & towns (contiguous and must lie within well-defined watershed areas)	Sec.73-20-17
Solid Waste Authority	Petition, hearing, establishment by county commission	3.00	County, or group of contiguous counties, and any municipality or municipalities	Sec.74-10-27
Community College Districts		2.00	"Community College District" (for more details see Sec. 21-13-2)	Sec. 21-13-24.1
Artesian Conservancy Districts	Petition, hearing, provisions established when organized	5.00	Areas both including the artesian basin and areas that use the water from the basin	Sec. 73-1-21

*or any lower amount required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon this tax levy, for each one thousand dollars (\$1,000) of net taxable value as that term is defined in the Property Tax Code [Chapter 7, Articles 35 through 38 NMSA 1978]

only parts of existing municipalities. Some, like the Rio Grande Conservancy District, cover parts of several counties. Basically, with a district it is possible to specify the geography to be served and it need not conform to existing jurisdictional boundaries. Maps of parcels of land to be included in the district are easily drawn. Having said that, however, it is important to anticipate holding elections and it may make the most sense to use boundaries that correspond to those for other districts that regularly hold elections. For libraries, two obvious types of districts to consider are public school districts and community college districts. A map of public school districts is provided in **Figure 4.1**. **Table 4.4** indicates the communities that comprise the

Figure 4.1. School District Boundaries



Legend

School District Boundaries

Source: New Mexico Public Education Department

different college districts. According to Bill Cicola, Director of the Rio Rancho Public Library, public schools in New York where he previously worked welcomed the

Table 4.4. Municipalities and Counties in Community College Districts

ENMU - ROSWELL BRANCH - OPERATIONAL	CENTRAL NEW MEXICO COMMUNITY COLLEGE - OPERATIONAL
Dexter - Chaves County	Bernalillo County, Form PTD-13
Hagerman - Chaves County	Albuquerque - Bernalillo County
Lake Arthur - Chaves County	Los Ranchos - Bernalillo County
Roswell - Chaves County	Tijeras - Bernalillo County
ENMU - RUIDOSO BRANCH - OPERATIONAL	Corrales (2A) - Bernalillo County
Ruidoso - Lincoln County	Rio Rancho (R1-A) - Bernalillo County
Ruidoso Downs - Lincoln County	Corrales - Sandoval County
NMSU - ALAMOGORDO BRANCH - OPERATIONAL	Rio Rancho (94) - Sandoval County
Alamogordo - Otero County	Albq-Corrales (2AC) - Sandoval County
NMSU - CARLSBAD BRANCH - OPERATIONAL	CLOVIS COMMUNITY COLLEGE - OPERATIONAL
Carlsbad - Eddy County	Clovis - Curry County
NMSU - DONA ANA BRANCH - OPERATIONAL	LUNA COMMUNITY COLLEGE - OPERATIONAL
Las Cruces - Dona Ana County	Las Vegas - City - San Miguel County
Sunland Park / Gadsden (+ #16 Otero County)	Las Vegas - West - San Miguel County
Hatch - Dona Ana County	Maxwell - Colfax County
Mesilla - Dona Ana County	Mora - Mora County
Sunland Park - Dona Ana County	Santa Rosa - Guadalupe County
NMSU - GRANTS BRANCH - OPERATIONAL	Springer - Colfax County
Grants - Cibola County	Wagon Mound - Mora County
Milan - Cibola County	Gladstone - Union County
UNM - GALLUP BRANCH (Regular) - OPERATIONAL	MESALANDS COMMUNITY COLLEGE - OPERATIONAL
Gallup - McKinley County	Tucumcari - Quay County
Zuni - McKinley County	NEW MEXICO JUNIOR COLLEGE - OPERATIONAL
UNM - LOS ALAMOS BRANCH - OPERATIONAL	Eunice - Lea County
Los Alamos - Los Alamos County	Hobbs - Lea County
UNM - TAOS BRANCH - OPERATIONAL	Jal - Lea County
Taos - Taos County	Lovington - Lea County
UNM - VALENCIA BRANCH - OPERATIONAL	Tatum - Lea County/Chaves County
Belen - Valencia County	SAN JUAN COLLEGE - OPERATIONAL
Bosque Farms - Valencia County	Aztec - San Juan County
Los Lunas - Valencia County	Bloomfield - San Juan County
Peralta - Valencia County	Central - San Juan County
Sch Dist #5 - Socorro County	Farmington - San Juan County
	SANTA FE COMMUNITY COLLEGE - OPERATIONAL
	Santa Fe - Santa Fe County

Source: New Mexico Higher Education Department

inclusion of libraries in their elections because such virtually guarantees a much larger turn-out in the election.²⁶

The Owens and Sieminski study on library funding reports the results of their survey of state libraries. New York indicated that “Establishing a public library district where voters approve the library budget and elect the library trustees has been the most promising model for providing ongoing, stable local funding for public libraries. Public library districts generally are funded at twice the per capita when compared to similar libraries that are not library districts.”²⁷ (For more detail, See Appendix D.) Oregon similarly praised districts: “We believe that library taxing districts are the best

²⁶ **Appendix D** provides more detail on New York library districts. It includes a presentation by Bill Cicola, prepared for last year’s annual meeting of New Mexico public libraries, that discusses the New York State model for library districts. Before coming to New Mexico, Bill was director of several different libraries in New York. Appendix Table D1 presents an outline of the New York model.

²⁷ Owens and Sieminski, p. 29

strategy to provide adequate and stable funding for public library services. Districts also have the advantage that boundaries can be drawn for the library service area to include everyone that needs library services. Library districts can allow for the consolidation of small, independent libraries into larger, more efficient and effective organizations.”¹⁹ While not praising districts in particular, Colorado claims, “The most effective strategy has been open honest communication between the library and the community about what the library needs.”²⁸

As indicated above, the flexibility in setting district boundaries is a major advantage of the property tax and makes this financing option very attractive for funding the diverse types of local library organization that exist in New Mexico. The obvious exception here are tribal libraries but even these, which often serve people who live outside of the reservation, could be included in a district that covers unincorporated communities and lands as well as incorporated villages and cities. The major drawback is the property tax itself, which, as mentioned earlier has been an unpopular tax.

Unfortunately, state policy toward this revenue source has often made things worse rather than better. Properties are assessed by local assessors, who are elected officials and who may or may not have the relevant education, training and experience, and who are often underfunded for the responsibilities they assume. They inherit a system in which assessed values may deviate substantially from the statutory “current and correct.” The Taxation and Revenue Department provides limited oversight. All this has been further complicated by the appreciation of residential property values during the housing boom, which came to an abrupt end in 2006, and the phenomenon of “tax lightening.”²⁹

As is evident in Table 4.2, library districts can be formed with alternative revenue sources, like the gross receipts tax. There are possibilities already mentioned for gross receipts tax districts, specifically based on the quality of life gross receipts tax, but since the authority to tax rests with municipal and county governments for the benefit of their residents, the boundaries for such a district must be coincident with one or more counties or one or more municipalities. There would be the possibility of creating a new statute to enable use of the gross receipts tax by an established library district. There are a number of types of districts authorized under state statute to derive revenue from new gross receipts taxes: water and sanitation districts, from the water and sanitation gross receipts tax authorized under Section 7-20E-26 NMSA 1978; the Regional Spaceport District, from the “county regional spaceport gross

²⁸ *Ibid.*, p. 28

²⁹ A law passed in 2000 had attempted to limit the property tax burden on owner-occupied houses by restricting the growth in the value of existing properties to no more than 3% per year. Sharply rising property values meant that many new owners of single family housing got a major shock in their first tax bills since they were not covered by the 3% cap. The result has been lawsuits and court decisions challenging the legality under the state constitution of the 3% cap. The 2009 Legislature attempted but failed to pass legislation dealing with the issue, so valuation of residential property is currently in a kind of limbo with two different sets of laws – current statute and court decisions invalidating parts of state statute.

receipts tax” and/or the “municipal regional spaceport gross receipts tax” under Section 7-20E-25 and a similar provision for municipalities; regional transit districts, if member counties succeed in imposing the “county regional transit gross receipts tax” as authorized under Section 7-20E-23. In all the above instances, the taxes are imposed by the governing body of or by a public referendum of voters within a county or a city, so the jurisdictional boundaries are county, city, and, for the spaceport, unincorporated county, all of which have jurisdictional boundaries for which taxes are currently collected. The major exception is the tax increment development district, which can derive gross receipts tax revenues based on activity within a set of defined district boundaries from the city, if the property is within municipal boundaries, from the county and from the state. (See Section 5-15-15. Tax increment financing; gross receipts tax increment.)

Library districts funded by income tax are highly unlikely. This is a state revenue source, and efforts to provide local option income taxes or to give local governments a share of the income tax have been defeated in the past. Individual excise taxes would require new statutory language and typically have a base that is much smaller than the general taxes discussed above. Individual excise taxes are typically costly to administer and collect. Efforts to have voters approve existing excise taxes, like the gasoline tax, for which counties and municipalities have taxing authority have been defeated, and the authority available under statute has to our knowledge never been exercised.

To conclude, library districts and particularly those funded by the property tax have considerable promise. However, one needs to recognize that forming a district and pulling off successful elections requires considerable work. As the person filling out the survey on library funding for Montana observed, “Our local library mill levy votes have been fairly successful, but [have required] a lot of work and [for this reason] are not happening in our smallest and poorest libraries.”³⁰

Collaboration

In response to a question regarding strategies most effective in increasing funding for public libraries, the respondent from Maine noted, “Collaboration and partnership with other cultural agencies and state agencies”.³¹ There would seem to be considerable benefits of working together -- in terms of cost economies, in terms of shared experiences and expertise, in terms of providing library users with access to more services as well as to a greater selection of books and media, and in terms of increased clout. And there are possibilities for mutual benefits from collaboration with other entities that have library resources, public schools and higher educational institutions, or that do cultural programming.

³⁰ Owens and Sieminski, p. 11.

³¹ *Ibid.*, p. 11

Appendix A: Anti-Donation Clause and Funding for Non-Profit Libraries

In response to our question about the anti-donation clause, Geraldine Hutchins provided BBER a narrative, which we found helpful and have paraphrased below.

With GO bonds, we have an attorney general opinion for the 2004 GO bonds that establishes the guidelines that we follow....

Non-profits have to have an agreement with a local government (city or county) that agrees to serve as their fiscal agent. In that agreement they both agree that all items purchased with GO bond funds are the property of the local government and the local government grants the non-profit library use of the items. According to the Attorney General's opinion,

A public body may lease to, loan or otherwise contract with a "local public library" for use of the purchased materials in a manner that allows reasonable public access to or use of those materials at no or minimal cost, and maintains ownership of those materials in the public body.³²

This applies to all the non-profits and Woolworth in Jal, which is a trust that has a JPA with the city.

The State Library is also trying to make sure that GO Bonds for local government libraries go through their local governments and not to the libraries and that that legislative pass-through funding and any operating funding for non-profits goes to the county or their local government rather than through the State Library.

³² Marty Daly, Assistant Attorney General, State of New Mexico, in a memorandum to Loui Baca, Director of the Administrative Services Division, Office of Cultural Affairs, on Projects to be included in the Sale of General Obligations Bonds, Winter 2003 (Series 2003) Subject to Condition

Appendix B. Tribal and Non-Profit Library Funding Sources

Table B.1. Tribal and Non-Profit Library Funding Sources

<u>SOURCE</u>	<u>NAME</u>	<u>LIBRARY TYPE</u>	<u>FUNDING TYPE</u>	<u>AMOUNT AVAILABLE</u>	<u>USE PERIOD</u>	<u>USES ALLOWED</u>
Governmental						
Federal						
	Library Services and Technology Act (LSTA) Grants	Tribal or Non-profit	Grant	Based on state population -- for FY09 in NM- \$1,553,168	Two years	Promotes access to information resources provided by libraries. Provides funds to state library administrative agencies. May use funds to support statewide initiatives and services. May also distribute the funds through subgrant competitions or cooperative agreements with public, academic, school, and special libraries in the state.
	LSTA: Technology Enhancement Grant	Tribal or Non-profit	Grant	based on state population	Two years	Equipment, software and similar material purchases
	LSTA: Technology Showcase Grant	Tribal or Non-profit	Grant	based on state population	Two years	Implementation of innovative projects that use technology to develop new services or to demonstrate new approaches to current services.
	Institute of Museum and Library Services (IMLS) Native American Library Services (NALS) Grants	Tribal	Grant	varies	One year	Supports existing library operations and to maintain core library functions.
	IMLS NALS: Basic Grant and Basic Grant with Education/Assessment Option	Tribal	Grant	The estimated Basic Grant award for FY 2010 is \$6,000. The estimated Education/Assessment Option award amount is \$1,000	One year	Basic Grant funds may be used for: salary for library personnel; materials, supplies, and equipment (including books, journals, electronic resources, library supplies, furniture, computers and other equipment); services (computer- or library-related consultants, training of library personnel in addition to or in lieu of training funds requested under the Education/Assessment Option); and other items such as Internet access charges and fees for participation in networks and consortia that provide the library with direct services. Education/Assessment Option funds may be used: for library staff to attend library-related continuing education courses and training workshops on- or offsite; for library staff to attend or give presentations at conferences related to library services; and to hire a consultant for an onsite professional library assessment.
	IMLS NALS: Enhancement Grants	Tribal	Grant	up to \$150,000	One or two years	Enhancement Grant funds may be used only for costs directly related to the enhancement project, such as costs for salaries for library personnel, library materials (including books, journals, electronic resources, and equipment), library project supplies, furnishings, telecommunication services and equipment, and fees for participation in networks and consortia that provide the library with direct services.
	IMLS: Native American/Native Hawaiian Museum Services	Tribal	Grant	\$5,000 - \$50,000	Up to two years	Collections management, community engagement, conservation, digital collections/tools, formal education, informal learning, partnerships, professional development/continuing education, public programs, research
	IMLS: Save America's Treasures	Tribal or Non-profit	Grant	A dollar-for-dollar, non-Federal match is required. The minimum grant request for collections projects is \$25,000 Federal share. The maximum grant request for all projects is \$700,000 Federal share. In 2006, the average Federal grant award to collections was \$132,000.	NA	Conservation
	IMLS: Coming Up Taller	Tribal or Non-profit	Grant	\$10,000	NA	Community engagement, informal learning, partnerships, public programs
	IMLS: Laura Bush 21st Century Librarian Program	Tribal or Non-profit	Grant	\$50,000-\$1,000,000	Up to three years, except for doctoral program projects, which may be up to four years	Collections management, community engagement, conservation, formal education, informal learning, partnerships, professional development/continuing education, research
	IMLS: National Leadership Grants	Tribal or Non-profit	Grant	\$50,000-\$1,000,000; up to \$100,000 for planning grants	Up to three years	Collections management, community engagement, conservation, demonstration, digital collections/tools, formal education, informal learning, partnerships, public programs, research

Table B.1. Tribal and Non-profit Library Funding Sources, Continued

<u>SOURCE</u>	<u>NAME</u>	<u>LIBRARY TYPE</u>	<u>FUNDING TYPE</u>	<u>AMOUNT AVAILABLE</u>	<u>USE PERIOD</u>	<u>USES ALLOWED</u>
Governmental						
Federal						
	National Medal for Museum and Library Service	Tribal or Non-profit	Award	\$10,000	NA	Any
	Administration for Native Americans	Tribal or Non-profit	Grant	NA	NA	Social and economic development, language preservation, and environmental regulatory enhancement.
	E-Rate: Universal Service Discount Program for Libraries	Tribal or Non-profit	Discount	\$2.25 billion through the federal govt	One year	Provides discounts for telecommunications services ranging from 20 to 90 percent.
	U.S. Department of Commerce's Technology Opportunities Program	Tribal or Non-profit	Grant	varies	Varies	Supports digital networks.
	National Park Service's Tribal Preservation Program	Tribal	Grant	varies	NA	Locating and identifying cultural resources, preserving an historic property, comprehensive preservation planning, oral history and documenting cultural traditions, education and training.
	The Johnson-O'Malley Program (BIA-administered)	Tribal	Grant	no money was budgeted in FY09 for this program, they're currently trying to secure funding for FY10	NA	The basic purpose is to provide supplementary financial assistance to meet the educational needs of Native children.
	BIA Proceeds of Labor	Tribal				
	U.S. Department of Agriculture Construction Grants	Tribal or Non-profit	Grant	\$25,000-\$100,000 (RBEG) or \$50,000 or less (RBOG)	NA	The RBEG program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses help fund business incubators, and help fund employment related adult education programs. To assist with business development, RBEGs may fund a broad array of activities. The RBOG program supports economic development planning in rural areas. Supports non-farm businesses.
State						
	General Obligation Bonds	Tribal or Non-profit	Bond disbursement	varies according to voters and legislature	Must be expended within the fiscal year in which they are made available.	Acquisitions: library books, equipment and library resources.
	Tribal Libraries Program Grant	Tribal	Grant	Varies	One (fiscal) year	Collection development, programming, furniture, computers and computer software and speakers' series.
	New Mexico State Grants-in-Aid	Tribal or Non-profit	Allocation allotment	Varies	One (fiscal) year	Library collections, library staff salaries, library staff training, library equipment, other operational expenditures associated with delivery of library services.
	New Mexico Works Program		Stipend (for placed person)	Places and pays for program participants, essentially providing free staff.	NA	
	New Mexico Helps Program		Matching funds	Provides matching funds to pay for program participants placed in staff positions.	NA	
County						
	County GO Bonds	Tribal or Non-profit	Bonds			
	County Allocations	Tribal or Non-profit	Stipends			
Local						
	Tribal Allocations	Tribal	Tribal allocations			
Non-governmental						
Non-profit						
	Special Library Association	Tribal or Non-profit	Scholarships, Grants, Awards, Honors	Varies by funding option	One year for scholarships, NA for grants, awards, and honors	Scholarships aid in pursuing graduate education in library science, grants for research projects for the advancement of library sciences, the support of programs developed by SLA Chapters, Divisions, or Committees, and the support of the Association's expanding international agenda.
	American Library Association	Tribal or Non-profit	Awards and Grants	Varies	Varies	Varies according to particular award or grant
	New Mexico Library Association	Tribal or Non-profit	Scholarships and Grants	Continuing Ed grants up to \$200; Marrion Doroh Memorial Scholarship & College Scholarship Fund Amounts NA	NA	Continuing Ed Grant promotes professional development, NMLA through the Continuing Education Fund, supports requests to attend workshops, conferences, and related activities. Scholarships to be used for undergraduate and graduate studies that promote library science
	Clothes Helping Kids	Tribal or Non-profit	Grant	In 2010, expected to provide \$5,000 to recipient programs	One year	Community programs that work directly with children and youth and address educational needs, health issues, human services, the environment or traditional arts and culture.
	United Way of Northern New Mexico	Non-profit	Grant			

Table B.1. Tribal and Non-profit Library Funding Sources, Continued

SOURCE	NAME	LIBRARY TYPE	FUNDING TYPE	AMOUNT AVAILABLE	USE PERIOD	USES ALLOWED
Non-governmental						
Corporate						
	Target Corp.	Tribal or Non-profit	Grant	Varies, the handful of disclosed recipients of the Arts Grants from 2009 received between \$5,000 and \$50,000. The Early Childhood Reading Grants are \$2,000	NA	Arts grants promote art and cultural education being implemented in K-12 institutions. The Early Childhood Reading grants provides funds to schools, libraries and nonprofit organizations to support programs such as after-school reading events and weekend book clubs.
	Best Buy Corp.	Tribal or Non-profit	Grant	Grants will average \$3000-\$5000 and will not exceed \$10,000.	One year	Broadly, activities around "non-profit organizations that provide positive experiences to help teens to excel in school, engage in their communities, and develop leadership skills."
	Walmart Foundation	Tribal or Non-profit	Grants and Scholarships	The State Giving Program Grants start at \$25,000.	NA	Broadly, education, job skills training, environmental sustainability and health
Foundation						
	Bill and Melinda Gates Foundation	Tribal or Non-profit	Scholarships and Grants	NA	NA	Funding programs that evaluate local technology needs, purchase equipment, train library staff, and help libraries build public support for long-term funding.
	NM Library Foundation	Tribal or Non-profit	Grant	no more than \$1000 per grantee	Varies according to time frame in project description	Build and maintain their collections, update information access technology and enhance library programs.
	Chamisa	Tribal				
	New Mexico Children's Foundation	Tribal or Non-profit	Grant	\$63,500 in FY08/09	One year	Funds small non-profit children's organizations
	New Mexico Community Foundation	Tribal or Non-profit	Grant	Varies, historical account available through 2007	NA	All
	Santa Fe Community Foundation	Tribal or Non-profit	Grant	Varies according to particular grant	NA	Health and human services, environment, education, civic affairs, arts
	McCune Foundation	Tribal or Non-profit		varies year to year		Funds projects that benefit the state of New Mexico in the areas of arts, economic development, education, environment, health, and social services. Grants for specific projects, operating expenses, and capital expenses are considered.
	Los Alamos National Laboratories Foundation	Tribal or Non-profit	Grants and Scholarships	Unspecified for Educational Enrichment, \$5,000-\$15,000 for Educational Outreach, up to \$1,500 for Small Grants	Up to three years	STEM Education grants aid education in science, technology, engineering, and mathematics (STEM); Community Outreach grants target community improvement, delivery of social services, or improvement of the quality of education. They may include support for community events.
	PNM Foundation	Non-Profit	Grants and Awards	\$5,000 for Reduce Your Use, \$1,000 for Energy Exploration: Powering Discovery, up to \$1,000 for Matching Grants, up to \$500 for PNM Volunteer	NA	Improving energy saving methods, research involving energy use, and general use for non-profit entities
	The Daniels Fund	Non-Profit	Grants and Scholarships	Varies	NA	Early childhood education, K-12 education reform, ethics and integrity
	RGK Foundation	Non-Profit	Grant	Individual amounts vary -- \$38,500 so far in 2010, \$4,390,893 total for 2009	NA	Primarily programs that focus on formal K-12 education (particularly mathematics, science and reading), teacher development, literacy, and higher education.
	JW Barnett Jr. Family Foundation	Non-Profit				
	Benwood Foundation	Non-Profit		Individual amounts vary, 2009 Total was \$2,760,100	One year	NA
Charity						
	National Relief Charities	Tribal	Grants and Scholarships	The AIEF Challenge Grants provide nearly \$200,000 to students yearly.	NA	The AIEF (American Indian Education Foundation) provides scholarships to 200 students every year to pursue college degrees.
	Bread for the Journey		Grant	NA	NA	Sustaining cultural diversity, promoting ecological conservation, improving the lives of women and children, developing the leadership of youth through the arts and civic engagement, creating simple systems to meet basic needs of the most vulnerable in their communities

Appendix C. Enactment Dates of Local Option Taxes

Table C.1. Enactment Dates of Local Option Taxes as of July 1, 2009

New Mexico Taxation and Revenue Department

ENACTMENT DATES OF LOCAL OPTION TAXES -- as of July 1, 2009

5/27/2009

CITY		MUNICIPAL LOCAL OPTION TAXES																		TOTAL RATES								
		Municipal Gross Receipts Tax						Municipal Infrastructure Gross Receipts Tax				Municipal Capital Outlay Gross Receipts Tax				Municipal Env. Svcs. GRT	Municipal Quality of Life Gross Receipts Tax			Municipal Regional Spaceport GRT	Municipal Higher Education Facilities GRT	City Imposed Rates	County Imposed Rates	Total Tax Rate (1)				
		.25%	.25%	.125%	.125%	.25%	.25%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.0625%	.50%	.0625%	.0625%	.0625%				
Bernalillo County	02-002																								0.0000%	0.9375%	5.9375%	
Albuquerque	02-100	1/82	1/82			1/00 ²³	7/04		7/92																1.0625%	0.8125%	6.8750%	
State Fairgrounds	02-555																								0.0000%	0.9375%	5.9375%	
Los Ranchos de Albuquerque	02-200	1/92 ¹⁵	1/92 ¹⁵	1/91	1/91	1/91			7/94	7/94															1.1250%	0.8125%	6.9375%	
Rio Rancho (part)	02-647	7/82	7/82	7/83	7/83	7/85	7/85 ²		1/92	1/92															1.4375%	0.8125%	7.2500%	
Tijeras	02-318	7/81	7/81	7/84	7/84	7/94																			1.0000%	0.8125%	6.8125%	
Catron County	28-028																								0.0000%	0.5000%	5.5000%	
Reserve	28-130	7/80	7/80	1/82	1/82	1/91	1/91		7/93	7/93															1.4375%	0.3750%	6.8125%	
Chaves County	04-004																								0.0000%	0.9375%	5.9375%	
Dexter	04-201	1/79	1/82	7/83	7/83	7/88	7/88																		1.2500%	0.5625%	6.8125%	
Hagerman	04-300	1/80	1/82	1/82	1/82	7/86	7/90		7/95	7/95															1.4375%	0.5625%	7.0000%	
Lake Arthur	04-400	1/80	7/83	7/83	7/83																				0.7500%	0.5625%	6.3125%	
Rowell	04-101	7/79	7/79	1/82	1/82	7/86	7/86 ²		7/92	1/98															1.4375%	0.5625%	7.0000%	
Cibola County	33-033																								0.0000%	1.5625%	6.5625%	
Grants	33-227	7/78	7/79	1/82	1/82	7/85	1/87	7/09	1/93	1/93	7/06	7/06													1.8125%	1.0625%	7.8750%	
Milan	33-131	1/80	7/80	1/83	1/83	7/85	1/91		7/93	7/93															1.4375%	1.0625%	7.5000%	
Colfax County	09-009																								0.0000%	0.6250%	5.6250%	
Angel Fire	09-600	1/87	1/87	1/87	1/87	1/87	1/87		7/93	7/93	7/02	7/02	7/02 ⁴³	7/02	7/02	7/02	7/96								2.0625%	0.2500%	7.3125%	
Cumaron	09-401	7/79	7/79	1/82	1/82	1/85	1/85 ²		1/92	7/92															1.4375%	0.2500%	6.6875%	
Eagle Nest	09-509	7/79	1/82	1/82	1/82	7/86	7/86 ²		1/93	7/02 ⁴⁴	7/02	7/02													1.5625%	0.2500%	6.8125%	
Maxwell	09-202	7/79	1/82																						0.5000%	0.2500%	5.7500%	
Raton (39)	09-102	7/78	7/79	7/83	7/83	7/85	7/05		7/92	7/92	1/00	1/00													2.5625%	0.2500%	7.8125%	
Springer	09-301	7/79	7/82	7/82	7/82	1/85	1/87		1/93	1/93															1.4375%	0.2500%	6.6875%	
Curry County	05-005																								0.0000%	0.7500%	5.7500%	
Clovis	05-103	7/79	1/81	1/82 ¹⁵	1/82	7/97	1/01 ¹⁵		7/97	7/97	7/00	7/00	7/04	7/04	7/04	7/04	1/92 ¹⁴								1.8125%	0.6250%	7.4375%	
Clovis Airport	05-154																								0.0000%	0.7500%	5.7500%	
Grady	05-203	7/79	1/89	1/89	1/89				7/92	7/92																0.9375%	0.6250%	6.5625%
Melrose	05-402	7/79	7/82	1/83	1/83	7/93	1/03		7/93	7/93 ³⁸	7/04														1.5000%	0.6250%	7.1250%	
Texico	05-302	1/82	1/82	7/92	7/92	7/92	7/92		7/04	7/04	7/04	7/04													1.5625%	0.6250%	7.1875%	
DeBaca County	27-027																								0.0000%	1.1875%	6.1875%	
Fort Sumner	27-104	7/79	7/79	1/82	1/82	1/85	1/85 ²		7/92	7/92															1.4375%	0.8125%	7.2500%	
Dona Ana County	07-007																								0.0000%	1.2500%	6.2500%	
Hatch	07-204	1/82	1/82	1/82	1/82	1/89	1/89		7/95	7/95															1.4375%	0.8750%	7.3125%	
Las Cruces	07-105	1/80	1/82	1/83	1/83	1/85	7/90		7/92	7/92	7/02	7/02													1.5625%	0.8750%	7.4375%	
Mesilla	07-303	7/79	7/79	7/82	7/82	1/86	1/91		1/92	7/92	7/03	7/03	7/03	7/03	7/03	7/03	7/91								1.8125%	0.8750%	7.6875%	
Sunland Park	07-416	7/84	7/84	7/84	7/84	1/90	1/91		7/92	7/92															1.4375%	0.8750%	7.3125%	

Appendix D. Library District Models, New York

Transcript of a speech by Bill Cicola, Director of the Rio Rancho Public Library

My name is Bill Cicola and I have been the Director of the Rio Rancho Public Libraries for the last 8 months. As way of some background information I began my career in libraries as a Young Adult Librarian on Long Island, New York in 1974 just after receiving my MLS from the Palmer Library School. In 1978 I was promoted to Assistant Director at the same Library. In 1983 I was appointed as Director of the West Babylon Public Library were I was responsible for creating a new library serving a community of 25,000 residents. In 1999 I was appointed Director of the Copiague Memorial Public Library were my initial task was to complete a building program for a 25,000 square foot building that was 1 year behind schedule. From 1999 through 2006 I served as the Director of the Mastics-Moriches-Shirley Community Library, a Library with 97 employee and a \$7.5 operating budget. In December of 2006 I retired and relocated to New Mexico. I realized I was not cut out to be retired after only 18 months and was fortunate to be appointed as Director in Rio Rancho. During my entire 33 years of library service I was always employed at a School District Public Library. More about this in a moment.....

In 2000, the Report of the New York Regents Commission made the following statement: All New Yorkers should live in a community that has access to, and supports, a quality public library, and all libraries must have adequate local support. The Regents also made the further recommendation: Promote the availability of local public library service to all New Yorkers and improve local support for public libraries through the formation of Public Library Districts.

A Public Library District is a library that enables voters to approve the library budget and elect the library trustees. Libraries can choose from a number of models:

- School District Public Library – serves residents of a single school district
- Special Legislative District Public Library – state legislation authorizes local election to create a district
- Association Library – private entity

School District Public Library

A School District Public Library is created by passage of a referendum placed on the school district ballot. A petition signed by 25 qualified voters within the school district is necessary to place the proposition for a vote. School District Public Libraries have services areas that coincide with the school districts in which they are located, and voters within the school district determine the library's budget and trustees.

School District Public Libraries are totally independent of the school district. Once the library has been established, the library board has the authority to schedule a vote on a library budget and Trustee election each year. If the proposition to fund a School District Library passes, the school district must collect the tax money and pay

the funds to the library. Because they are public entities, School District Libraries are subject to New York civil service and public procurement laws and regulations.

Special Legislative District Public Library

The vote to create a Special Legislative District Public Library is authorized by state legislation. A State Legislator introduces a bill specifying the service area of the library and authorizing a public vote to create the library, elect the trustees, and establish a budget. Once the state legislation is passed, an election is scheduled with the municipality to select trustees and approve the initial budget. The municipality collects the taxes on behalf of the library and turns the funds over to the library board, which is completely autonomous. If the new Special Legislative District Public Library is replacing an existing library, the existing library transfers assets to the new library and surrenders its charter to the Board of Regents.

Association Library District

This model is available to libraries currently chartered as Association Libraries that do not want to relinquish their “private” status by re-chartering as a School District Public Library or a Special Legislative District Public Library.

Although an Association Library District is not a public entity, the library can emulate the basic characteristics of a public library district by providing a process for:

- a. Public election of trustees;
- b. The library to secure 60 percent or more of its operating revenue through a public budget vote; and
- c. The library to ensure financial accountability by presenting annually to appropriate funding agencies, and the public, a written budget that would enable the library to meet or exceed minimum standards and to carry out its long-range plan of service.

As I alluded to earlier, my entire career up to this point was spent working in the School District Public Library model. With this model the Library is responsible to run the annual Trustee Election and Budget vote and must follow all the legal requirements to publish legal notices; obtain voting machines; secure voter books and polling staff – in essence run the entire election process.

To establish the tax rate for the annual proposed budget we contacted the Town Assessor’s Office in which the library was located and obtained the current assessed value for all parcels in the district. Once the library Board adopted the proposed budget we took the average assessment of the homes & businesses in our district, divided it into the total funding increase and came up with the average increase in taxes for the proposed budget.

The process may seem daunting but in reality my secretary handled the voting requirements and my Business Manager dealt with the financial aspects. A moderate amount of time expended for a 3 month period got the job done.

Having the responsibility as Director of a School District Library puts full accountability on the Director and the elected Board of Trustees. Each year your community lets you know by their vote if the library is meeting their needs. As the Director and the Board it is your daily obligation to evaluate, promote and react to the changing needs and concerns of your constituents. If you and the staff do your job and do it well the support you will receive from the community will allow you to enhance your services.

Let me provide you with an example of strong community support. When I began my tenure at my last position in 1999 the operating budget was approximately \$3.5 million. We had a 44,000 square foot building, about 50 staff members and served a community of 60,000 in a blue collar neighborhood. While that might seem like an adequate budget by Long Island standards it was relatively low. The entire staff was underpaid, the building was in need of repairs and the materials & services budget was too low. Working with the Library Board, the staff and I began to address our shortfalls during the year and when it came budget time I proposed a \$500,000 increase. After the shock wore off the Board realized that this was what was required for us to continue to grow and enhance our plan of service. The budget was presented to our community and approved without a problem. This same pattern of constant budget review, speaking at any and all community groups we could attend, conducting return on Investment studies of each and every one of our services, acting and reacting to our communities needs allowed us to take a \$3.5 million budget in 1999 to a \$7.5 million budget in 2006. The average home in our community paid \$405.00 a year in library taxes. By the way the Board also addressed the salary issues of the staff by providing pay parity comparable to the local school district and increased the staff from 50 to 97 employees.

Please know that I have minimized the process somewhat but I cannot emphasize the benefits enough. Of critical importance is the maintaining or establishing good relations with your School District. The school district collects the taxes and then turns the money over to the library on a pre-arranged schedule. Because of the difference between the library fiscal year and the town's tax collection schedule monies were not sent to the School District until 6 months after our fiscal year began. The School District floated a Tax Anticipation note for 50% of our budget and provided the library with our first 6 months operating expenses at the beginning of our fiscal year. The School District Library model of funding operating budgets has for the most part been very successful for New York public libraries. There was and still is a big difference between budgets in upstate New York as compared to Long Island libraries. I have always attributed this to the fact that Long Island libraries, their Directors and Boards take a more proactive and aggressive approach to seek support for their budgets. The successful libraries offer a wider array of services which requires more tax dollars and they receive more tax dollars because they offer a wider array of services.

If the members of the Commission seek further information or additional discussion on this matter I am available to assist you as you please. Well funded libraries are an

asset to our communities and vital to the success of our state. Working together we can make a difference.

Thank you

Table D.1. Types of Library Districts in New York Model



Types of Public Libraries: A Comparison

	Association Library	Municipal Public Library	School District Public Library	Special District Public Library
How Established	By vote of association members or as trustees operating under a will or deed of trust.	By vote of county, city, town or village board; or by petition and referendum.	By vote of school district voters.	By special act of State legislature and vote of special district voters.*
Charter	Regents incorporate by charter.	Regents incorporate by charter.	Regents incorporate by charter.	Regents incorporate by charter.
Registration	Education Department registers. Must meet minimum standards in order to receive public funds.	Education Department registers. Must meet minimum standards in order to receive public funds.	Education Department registers. Must meet minimum standards in order to receive public funds.	Education Department registers. Must meet minimum standards in order to receive public funds.
Tax Funds	May receive appropriation from units of government. Also tax levy by vote of municipal or school district voters. Library should sign contract with appropriating unit. May petition municipal and/or school district tax payers for funds.	Budget approved by county, city, town, or village board. Also tax levy by vote of municipal or school district voters. May petition municipal and/or school district tax payers for funds.	Budget approved by school district voters. May also petition for a tax levy from municipalities.	Budget approved by district voters. May also petition for a tax levy from municipalities, unless enactment legislation specifies otherwise.
Bonding Authority	Not permitted. Requires a special act of legislation through Dormitory Authority of the State of New York (DASNY)	Municipal government may bond if it owns the library building.	School district may bond if it owns the library building.	A municipality may bond on behalf of district if legislation allows.*
Board of Trustees	Number: 5-25. Elected by association members. Term of office: set by charter. Responsible to association membership and to Regents. Residential requirements may be established in bylaws.	Number: 5-15. Approved by municipal governing board; term of office: three or five years if established after 1921.** Responsible to municipal government, public, and Regents. Must be residents of municipality (except village library).	Number: 5-15. Elected by school district voters. Term of office: three or five years (if established after 1921).** Responsible to school district voters and Regents. Must be residents of school district.	Number: determined by enabling legislation. Elected by residents of special district. Term of office: five years or as defined by legislation. Responsible to special district voters and Regents. Residency requirements determined by enabling legislation.
Community Involvement	Public can join association and may vote for trustees.	Public "owns" library; votes for elected officials who are sympathetic to library needs.	Public "owns" library and votes directly for trustees and budget.	Public "owns" library and votes directly for trustees and budget.
Retirement Benefits	May purchase retirement benefits from private vendor. Some may be in State Retirement System if specified in statute.	State Retirement System benefits through municipality.	State Retirement System benefits through school district or independently.	State Retirement System benefits if library district opts to participate.
Civil Service	Employees not covered by Civil Service.	Employees subject to Civil Service Law.	Employees subject to Civil Service Law.	Employees subject to Civil Service Law.

Notes: * Special district public libraries are created by act of the New York State Legislature. Each one is different and reflects the particular needs and situation of that district. There is no comprehensive legal definition of a special district public library. ** Became effective January 1, 1999.

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