

Dudley Proposition 2 ½ Override and Capital Overlay Expenditure Exclusion

Questions 1 & 2 Fact Sheet Tax Rate

Prepared May 17, 2023

The June Town Election ballot places Proposition 2 ½ Override and Capital Overlay Expenditure Exclusion questions before voters:

Question 1: Shall the Town of Dudley be allowed to assess an additional \$2,668,797 in real estate and personal property taxes for the purposes of operational expenses for the Town of Dudley in the amount of \$1,674,514 and for the purposes of operational expenses for the Dudley-Charlton Regional School District in the amount of \$994,283, for the fiscal year beginning July 1, 2023?

If approved, the Proposition 2 ½ override to balance the town and school district operational budgets would provide “level-services” in Fiscal Year 2024, which begins July 1, 2023. A level-service budget means no decrease in municipal and school services. Question 1 would permanently raise taxes by adding \$1.84 to the tax rate starting in Fiscal Year 2024, which begins July 1.

Question 2: Shall the Town of Dudley be allowed to assess an additional \$463,000 in real estate and personal property taxes for the purposes of funding the Town’s share of the costs of a High School Feasibility Study by the Dudley-Charlton Regional School District, as required under the Massachusetts School Building Authority School Building Grant Program and as recommended by the Dudley-Charlton Regional School Committee, for the fiscal year beginning July 1, 2023?

If approved, the Capital Exclusion would raise taxes for one year by adding 32 cents to the tax rate starting in Fiscal Year 2024, which begins July 1.

Note: As of July 1, the debt payments for the Town Hall renovation are finished. This reduction of \$344,177 in debt will reduce the FY24 tax rate by 24 cents.

If both questions are approved, Question 1 would add \$1.84 to the tax rate and Question 2 would temporarily add 32 cents.

Setting the Tax Rate

Proposition 2 ½ limits the town from raising its property tax revenue more than 2.5% each year. If the town’s total property value increases, the tax rate must come down to ensure the new tax revenue does not exceed 2.5%. At the close of each fiscal year, the Town Assessor considers the town’s total assessed value, along with other factors, and sets the tax rate for the new fiscal year. The new tax rate is announced at a Tax Classification Hearing before the Board of Selectmen, typically in November. The Assessor then submits the new tax rate to the state Department of Revenue for review and certification. As seen in the table below, the DOR certification is received late in the calendar year. The large increase in property values since 2020 has decreased the tax rate to today’s \$10.16. It is projected that the FY24 tax rate will drop further because property values continue to increase. Although it is known that 24 cents will come off the FY24 tax rate due to retiring debt, and it is known the amount each June 12 ballot question would add, the actual FY24 tax rate is not yet known.

<u>Fiscal</u>			<u>Tax</u>
<u>Year</u>	<u>Submitted</u>	<u>DOR Approval</u>	<u>Rate</u>
2023	11/29/2022	12/2/2022	10.16
2022	11/24/2021	12/14/2021	11.70
2021	11/30/2020	12/1/2020	12.30
2020	11/21/2019	11/22/2019	13.06
2019	11/20/2018	11/27/2018	13.50

2018	11/28/2017	12/7/2017	11.73
2017	11/18/2016	11/21/2016	11.94
2016	12/1/2015	12/4/2015	12.18
2015	12/1/2014	12/2/2014	12.26
2014	11/14/2013	11/20/2013	11.68

The Town Budget

Inflationary impacts on fixed costs, contractual obligations, the depletion of remaining federal funds provided during COVID, and the rising costs of goods and services have contributed to a \$1,674,514 deficit in the Town's FY24 operational budget. In other words, the municipal services provided today will cost the town \$1,674,514 more in the next fiscal year. Question 1 seeks to cover the shortfall. Voter approval would ensure a "level-service" budget, meaning residents will see the same level of municipal services, such as public safety, as provided today. If Question 1 fails, services will be cut. See Question 1 Town Budget fact sheet for the detailed cuts: www.dudleyma.gov

The Dudley-Charlton Regional School District Budget

The same inflationary impacts on fixed costs, contractual obligations and rising costs have contributed to a more than \$3 million deficit in the DCRSD operational budget. Question 1 seeks \$994,283 to provide Dudley's contribution toward covering that shortfall. Voter approval would ensure a "level-service" school budget, meaning families will receive the same level of educational services as seen today. If Question 1 fails, extraordinary cuts will be made affecting every facet of public education in Dudley. See Question 1 School Budget fact sheet for the detailed cuts: www.dudleyma.gov

Super Town Meeting

If Question 1 does not pass, the DCRSD has the option of calling a "Super Town Meeting," where residents of both Dudley and Charlton would come together to vote on whether the school budget will be fully funded. It is expected that Charlton residents would outnumber Dudley's and approve the funding. In other words, Dudley will be forced to provide the \$994,283 increase in the FY24 school budget.

Without the passage of Question 1, Dudley will face a \$1,674,514 budget deficit. If the Super Town Meeting approves the school district's full budget, Dudley will then face a \$2,668,797 deficit. The cuts to balance the budget will affect every aspect of municipal services.