

Inside Town Finances

Volume 15: Overrides and Debt Exclusions

What is an override?

An override is a **permanent increase** in the tax levy. Once approved, an override becomes part of the base calculation of future years' tax levy limits and increases by 2 ½% each year after its acceptance.

An override requires a majority vote of Town Meeting and a majority ballot vote at the following Town Election. According to the MA Dept. of Revenue, since 1990, Hingham has considered 8 overrides, and has passed 4 of them, totaling \$3,214,190.

What is a debt exclusion?

A debt exclusion is a **temporary tax increase** -- 'excluded' from the limits of Proposition 2 ½ -- that is used to pay debt service costs (principal plus interest) on money borrowed to finance a specific project. In general, Hingham issues excluded debt with a 20-year term.

Debt exclusions require a 2/3 affirmative vote from Town Meeting and a subsequent majority ballot vote at the following Town Election. Since 1995, Hingham has considered – and authorized – six municipal and school debt exclusion projects for a total of \$88.9 million (Source: MA Dept. of Revenue).

What's the impact of an override on property tax bills?

Each \$1 million in the override amount results in an additional 1.1% increase in property taxes above what is allowed under Proposition 2 ½.

For the average assessed value property (\$875,347 in 2021), this translates to an additional \$116.

The table to the right shows the impact of various override amounts on the average assessed value property.

Override Amount	Estimated Property Tax Increase: Average Assessed Value (\$875,347)	
	\$	%
\$0	\$293	2.7%
\$1 million	\$409	3.8%
\$2 million	\$524	4.9%
\$3 million	\$640	5.9%
\$4 million	\$755	7.0%
\$5 million	\$871	8.1%

What's the impact of a debt exclusion on property tax bills?

Each \$10 million in excluded debt results in an additional 0.9% increase in property taxes in the first year above what's allowed under Proposition 2 ½.

For the average assessed value property, this translates to an additional \$95.

The table to the right shows the Year One impact of various debt exclusion amounts on the average assessed value property.

Debt Exclusion Amount	Year 1 Estimated Property Tax Increase: Average Assessed Value (\$875,347)	
	\$	%
\$0	\$293	2.7%
\$10 million	\$388	3.6%
\$25 million	\$531	4.9%
\$50 million	\$770	7.1%
\$75 million	\$1,008	9.4%
\$100 million	\$1,246	11.6%

Can I estimate the property tax impact of potential debt exclusions and overrides?

Yes. The *Financial Planning Model*, located on the Select Board's page of the Town website, calculates the property tax impact of overrides and debt exclusions for the average assessed value parcel (\$875,347). However, residents may input their own property's assessed value in *Dashboard* tab Cell N4 to learn the estimated impact on their own property tax.