

September 4, 2020

To the Residents of Hopedale:

On September 15<sup>th</sup>, the Town will have a referendum ballot vote on Proposition 2.5 to override state limits on property tax increases. This override, in the amount of \$1.3 million, would fund department budgets that were approved at the Annual Town Meeting in July.

### **Background**

There are three primary sources of revenue which fund the town budget: state aid, local receipts (excise taxes and other sources), and property taxes. Since the 2008 – 2009 recession, state aid has been essentially level funded. Local receipts have also had minimal growth over that period. As a result, increases in expenses have disproportionately increased the burden on real estate taxes.

In recent years, under the state Proposition 2.5 formula, the Town has been below the levy limit. This allowed the Town to increase the tax levy more than 2.5% at town meeting without requiring an override. This year, and last, the Town reached that limit and, therefore, is now in the position of requiring an override vote to fund the proposed budget, which can be found online in its entirety at <https://www.hopedale-ma.gov/finance-committee>.

Unless the Town experiences a substantial increase in the above-described revenue sources, which is not expected, it is likely that future annual tax overrides will be required.

### **Override Effect on Tax Bills**

- **If the referendum vote does not pass:** Taxpayers would see reductions in staff and/or services in some town departments. Tax increases would be limited, on average, to 2.5%, which would amount to an increase of \$162 for the average home valued at \$371,233.
- **If the referendum vote does pass:** Homeowners would see a real estate tax increase of about 12% over last year's tax bills. This would amount to an increase of \$776 for the average home. This override vote would not fund any special projects or pay for any extraordinary expenses but would fund all departments including large increases in health insurance, retirement costs and Blackstone Valley Tech assessments.

For more information, please view the Question & Answer document online at <https://www.hopedale-ma.gov/finance-committee/>

The Finance Committee asks residents to vote on this matter on September 15<sup>th</sup> at the Draper Gymnasium on Dutcher Street.