

Presentation on Process/Timeline for Scheduling an Override Question(s)



Override Study Committee
November 1, 2017

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Background

- Proposition 2½ was enacted in November of 1980 (over 35 years ago!)
- The provisions of Proposition 2½ are incorporated within state law regulating municipal taxation- MGL Chapter 59
- The Department of Revenue is the state agency that regulates Proposition 2½ (as it does for all municipal finance matters). See DOR publication entitled *Proposition 2½ Ballot Questions, Requirements and Procedures* dated August 2017.
- In general, the form and process for placing override questions on the ballot is very detailed in state law.

Difference between a General Override and a Debt Exclusion

- Override is a generic term reflecting voter approval for increasing the limitations imposed on a municipality's tax levy by Proposition 2½. But there are very clear and significant differences between a General Override and a Debt Exclusion.
- A General Override is a permanent increase in the tax levy to support operating expenses (but it can include capital funding). It becomes the new base for future annual 2.5% tax levy increases.
- A Debt Exclusion is a temporary tax increase for the length of the bond issue for a specific capital project(s).
- In general, the rate of approval for the Debt Exclusion is greater due to the temporary and specific nature of the proposal.

Process for Placing an Override Question on the Ballot

- Only the Board of Selectmen has the authority to place an override question of the ballot.
- A general override question requires approval of a simple majority vote of the Selectmen (at least 3 in favor) while a debt exclusion requires a $\frac{2}{3}$ vote (at least 4 in favor). However, in either case a simple majority of the voters is required for passage.
- The Selectmen are required to specify the question(s) on the ballot no less than 35 days prior to the election, but in practice this does not provide sufficient time to integrate it into the budget process and to provide a period for public education and advocacy

Timing of Placing Override Election on Town Election

- The law allows the Selectmen to call a special election for the Override and does not specify whether the election would precede or follow the companion Town Meeting process.
- Use of the November state biennial election is also allowed, although approval of the Secretary of State must be submitted by the preceding August.
- Assuming the Town Election is used for the Override referendum, sufficient time must be built into the OSC schedule for management to create a responsive Budget and to provide the necessary time for a “campaign”.

Relationship between the Override Election and Town Meeting

- Town Meeting cannot appropriate funds beyond the Town's tax levy limit without voter approval. Even with voter approval to increase the tax levy, no funds can be expended without Town Meeting approval.
- Town Meeting can be scheduled before or after an Override. If it is scheduled beforehand, it is recommended that the Budget be approved "conditional" on passage of an Override. In this way, you would not have to call another Special Town Meeting to amend the passage (assuming the Override is defeated at the ballot).
- If we assume our Override election would take place at the Annual Town Election ballot in early May, the Town Meeting vote on the Budget would take place at the normal time in late May/early June.

Format of the Ballot Question

- The actual language of the ballot question is very detailed. The only discretion in the language is the “Purpose” phrase.
- A General Override question requires a specific dollar amount and a “purpose” phrase. The purpose must relate to what the funds will be used for, NOT what would occur if the override does not pass. Typically, the purposes in General Override questions are broad since it would be difficult to guarantee funding in the future.
- A Debt Exclusion question is very specific about the project or asset being sought. But an actual dollar amount is not provided!

Menu vs. Pyramid Approaches

- General Overrides and Debt Exclusions may appear on the same ballot (and often do)
- There can be multiple General Override questions on the same ballot. They are structured as a menu or in a cumulative (or pyramid) approach.
- The Menu approach include separate questions that are mutually exclusive (a la carte).
- The Pyramid Question is cumulative. More than one question can be posed and the highest dollar question that has received a majority vote of approval is the one that becomes effective.