

PROPOSITION 2 1/2 OVERRIDE: QUESTIONS AND ANSWERS

The Town Administrator's Recommended FY26 Budget is reliant on a General Fund Override in the amount of \$480,841.

The purpose of this document is twofold: to explain the process involved in a Proposition 2 ½ override, and to demonstrate the financial impact to the taxpayers in Dunstable.

Below is the real estate tax impact for the average single-family home in Dunstable:

2025 Average Single-Family Assessed Value: 685,358

2025 Average Single-Family Tax Bill: 9,424

Tax Increase resulting from a \$480,841 override (in FY2025 dollars): \$383.80 as a result of the override + \$205.61 as a result of 2.5% plus new growth = \$589.41

The chart below shows how only the additional override increase would impact a range of single-family values:

Assessed Value	Current Estimated Tax Bill	Proposed Estimated Tax Bill	Estimated Tax Bill Impact
250,000	3,437.50	3,577.50	140.00
350,000	4,812.50	5,008.50	196.00
450,000	6,187.50	6,439.50	252.00
550,000	7,562.50	7,870.50	308.00
650,000	8,937.50	9,301.50	364.00
750,000	10,312.50	10,732.50	420.00
850,000	11,687.50	12,163.50	476.00
950,000	13,062.50	13,594.50	532.00
1,050,000	14,437.50	15,025.50	588.00
1,150,000	15,812.50	16,456.50	644.00
1,250,000	17,187.50	17,887.50	700.00
1,350,000	18,562.50	19,318.50	756.00
1,450,000	19,937.50	20,749.50	812.00
1,550,000	21,312.50	22,180.50	868.00

How Do I Find the Assessed Value of my Home?

If you have questions or concerns, please click on the following link: [Contact Assessor's Department](#).

To find the assessed value of your home, visit the Dunstable Assessor's page [here](#). Users can search for their property in a variety of ways – address, owner, parcel number, etc. Once you find your property, the screen below should appear showing your property's current assessed value:

The screenshot shows the WebPro interface for property 136 Lowell St. The interface includes a navigation bar with tabs for HOME, SEARCH, SUMMARY, INTERIOR, EXTERIOR, SALES, and ABOUT. Below the navigation bar, there are links for Printable Record Card, Previous Assessment, Condo Info, Sales, Zoning, and Comments. The main content area displays property information organized into sections: Current Property Mailing Address, Current Property Sales Information, Current Property Assessment, Narrative Description, and Property Images. The 'Current Property Assessment' section is highlighted with a blue circle, and a blue arrow points to it. The 'Card 1 Value' section shows the following values: Building Value 199,300, Xtra Features Value 0, Land Value 213,600, and Total Value 412,900. The 'Narrative Description' section provides a detailed description of the property, including its location, size, and features. The 'Property Images' section includes a map and a photograph of the property.

Card 1 of 1		
Location 136 LOWELL ST	Property Account Number	Parcel ID 22 38 0 Old Parcel ID 235C -
Owner GRANT MARGUERITE J SUSANNE M NAULT Address 136 LOWELL ST	Current Property Mailing Address	City DUNSTABLE State MA Zip 01827-2005 Zoning
Sale Date 10/26/1994 Sale Price 141,000	Current Property Sales Information	Legal Reference 7279-39 Grantor(Seller) CASHMAN, JOHN M
Year 2025 Land Area 1.180 acres	Current Property Assessment	Card 1 Value Building Value 199,300 Xtra Features Value 0 Land Value 213,600 Total Value 412,900
Narrative Description This property contains 1.180 acres of land mainly classified as ONE FAM with a(n) RANCH style building, built about 1954, having WOOD SHING exterior and ASPHALT roof cover, with 1 unit(s), 0 total room(s), 3 total bedroom(s), 1 total bath(s), 0 total half bath(s), 0 total 3/4 bath(s).		
Legal Description		
Property Images		

What is Proposition 2½? (Click Here for a Short Video)

The Proposition 2½ statute, approved by Massachusetts voters in 1980 and first implemented in fiscal 1982, limits the amount of revenue a city or town may raise, or levy, from local property taxes each year to fund municipal operations. The law (G.L. Ch. 59, Sect. 21C) places two constraints on the amount of property taxes a city or town can levy:

1. A community cannot levy more than 2.5 percent of the total full cash value of all taxable property in the community (called the levy ceiling).
2. A community's allowable levy for a fiscal year (called the levy limit) cannot increase by more than 2.5 percent of the maximum allowable limit for the prior year, plus certain allowable increases such as new growth from property added to the tax rolls.

It is important to understand that the Proposition 2 ½ tax cap was never intended to be a threshold which implied that communities which spend over this cap are overspending. The tax cap was chosen as a mechanism to give the taxpayers the authority to decide themselves whether additional taxes would be needed to be raised in a particular year. Likewise, it is important to understand that this tax cap does not adjust for periods of high inflation.

What is a Levy?

The property tax levy is the revenue a community can raise through real and personal property taxes. The document will refer to the property tax levy simply as the levy. In Massachusetts, municipal revenues to support local spending for schools, public safety and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns, including for Dunstable.

What is a Levy Ceiling? What is a Levy Limit?

Proposition 2½ places constraints on the amount of the levy raised by a city or town and on how much the levy can be increased from year to year. A levy limit is a restriction on the amount of property taxes a community can raise. Proposition 2½ established two types of levy limits: First, a community cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property in the community– the levy ceiling. Second, a community's levy is also constrained in that it can only increase by a certain amount from year to year– the levy limit. The levy limit will always be below, or at most, equal to the levy ceiling. The levy limit may not exceed the levy ceiling. Proposition 2½ does provide communities with some flexibility. It is possible for a community to levy above its levy limit or its levy ceiling on a temporary basis (debt exclusion), as well as to increase its levy limit on a permanent basis (override).

How is a Levy Ceiling Calculated? ([Click Here for a Short Video](#))

The levy ceiling is determined by calculating 2.5 percent of the total full and fair cash value of taxable real and personal property in the community:

- Full and Fair Cash Value x 2.5% = LEVY CEILING
- Full and Fair Cash Value = \$100,000,000
- \$100,000,000 x 2.5% = \$2,500,000

In this example, the levy ceiling is \$2,500,000.

How is a Levy Ceiling Changed?

The total full and fair cash value of taxable real and personal property in a community usually changes each year as properties are added or removed from the tax roll and market values increase or decrease. This also changes the levy ceiling.

How is a Levy Limit Calculated? ([Click Here for a Short Video](#))

A levy limit for each community is calculated annually by the Department of Revenue. It is important to note that a community's levy limit is based on the previous year's levy limit and not on the previous year's actual levy. Each step in the example below is detailed in other sections of this primer. A levy limit is calculated by:

Taking the previous year's levy limit and increasing it by 2.5%:		
A. FY2007 Levy Limit		\$1,000,000
B. (A) x 2.5%	+	\$25,000
Adding to the levy limit amounts of certified new growth added to the community's property tax base:		
C. FY2008 New Growth	+	\$15,000
Adding to the levy limit amounts authorized by override votes:		
D. FY2008 Override	+	\$100,000
E. FY2008 Subtotal (A+B+C+D)	=	\$1,140,000
Comparing the FY2008 levy limit to the FY2008 levy ceiling and applying the lesser number (compare E and F):		
F. FY2008 Levy Ceiling		\$2,500,000
		<u>\$1,140,000</u>
		Applicable FY2008 Levy Limit
		(Lesser of E and F)

This community's levy limit, the maximum amount in real and personal property taxes it can levy, is \$1,140,000 for FY2008. How much of this amount the community actually wants to use – that is, the amount of the levy – is up to the discretion of local officials. The community can levy up to or at any level below the entire levy limit amount, regardless of what its levy was in the previous year.

How is a Levy Limit Increased?

The levy limit is increased from year to year as long as it remains below the levy ceiling. Permanent increases in the levy limit result from the following:

- Automatic 2.5 percent increase. Each year, a community's levy limit automatically increases by 2.5 percent over the previous year's levy limit. This does not require any action on the part of local officials; the Department of Revenue calculates this increase automatically.
- New Growth. A community is able to increase its levy limit each year to reflect new growth in the tax base. Assessors are required to submit information on growth in the tax base for approval by the Department of Revenue as part of the tax rate setting process.
- Overrides. A community can permanently increase its levy limit by successfully voting an override. The amount of the override becomes a permanent part of the levy limit base.

How Can a Community Levy Taxes in Excess of its Levy Limit or Levy Ceiling?

A community can assess taxes in excess of its levy limit or levy ceiling by successfully voting a debt exclusion or capital outlay expenditure exclusion. The amount of the exclusion does not become a permanent part of the levy limit base, but allows a community to assess taxes for a certain period of time in excess of its levy limit or levy ceiling for the payment of certain debt service costs or for the payment of certain capital outlay expenditures. Large school and municipal building projects are typically funded via debt exclusion borrowings.

What is New Growth? ([Click Here for a Short Video](#))

Proposition 2½ allows a community to increase its levy limit annually by an amount based on the increased value of new development and other growth in the tax base that is not the result of revaluation. The purpose of this provision is to recognize that new development results in additional municipal costs; for instance, the construction of a new housing development may result in increased school enrollment, public safety costs, and so on. New growth under this provision includes:

- Properties that have increased in assessed valuation since the prior year because of development or other changes.
- Exempt real property returned to the tax rolls and new personal property.
- New subdivision parcels and condominium conversions.

New growth is calculated by multiplying the increase in the assessed valuation of qualifying property by the prior year's tax rate for the appropriate class of property. Any increase in property valuation due to revaluation is not included in the calculation.

What is an Override? ([Click Here for a Short Video](#))

Proposition 2½ allows a community to assess taxes in excess of the automatic annual 2.5 percent increase and any increase due to new growth by passing an override. A community may take this action as long as it is below its levy ceiling, or 2.5 percent of full and fair cash value. An override cannot increase a community's levy limit above the level of the community's levy ceiling. When an override is passed, the levy limit for the year is calculated by including the amount of the override. The override results in a permanent increase in the levy limit of a community, which as part of the levy limit base, increases at the rate of 2.5 percent each year.

Override ballot questions must be presented in dollar terms and must specify the purpose of the override.

What Has to Happen for the Override to Take Effect?

For the override to take effect on July 1, 2025, two hurdles will need to be cleared: first, the Override Budget(s) on the Annual Town Meeting Warrant will need to be approved, and second, a majority of voters will need to approve the override ballot question at the May 20, 2025 Annual Town Election.

How Much is the Override that has Been Proposed?

The total override that is being proposed is \$480,841. This is a general operational override split between the municipal government, Groton Dunstable Regional School District, and Greater Lowell Technical High School.

Why Is Dunstable Proposing an Override?

There are several factors that are contributing to the need for an override. The budgets of the Town of Dunstable, Groton Dunstable Regional School District, and Greater Lowell Technical High School are each in deficit. These deficits are largely caused by the cost of operations, including salaries and wages, employee benefits, and inflationary pressures on energy, utilities, and building/equipment/vehicles repairs, far outpacing available Town revenues. This issue is intensified by the fact that both the Town of Dunstable and Groton Dunstable Regional School District rely on free cash and excess and deficiency funds, respectively, to balance their budgets. This use of one-time revenues to balance the budget, rather than relying solely on reoccurring revenue streams demonstrate structural deficits. Historically, these one-time revenues have been used to avoid cutting basic and essential services.

How Was the Override Calculated?

Of the total \$480,841 override request, \$401,037 is needed for the Groton Dunstable Regional School District, \$65,543 is needed for the Town, and \$14,261 is needed for the Greater Lowell Technical High School.

In FY25, the Groton Dunstable Regional School District reduced its requested budget by approximately \$2.7 million and laid off 27 full-time employees to balance its budget. This override is needed to avoid additional reductions in the School District and to maintain level-service municipal services. Absent new revenue from the Commonwealth either through Chapter 70 or UGGA funds, the municipal and school operating budgets will likely need reductions to be balanced in future years.

What Happens if the Override Does Not Pass?

If the override to provide level service budgets for municipal and our School District does not pass for FY2026, there are several options for the Town to consider which also depend on the Town of Groton. Ultimately, if the override fails, the Town will still need a smaller override to proportionally match the Town of Groton's contribution to the School District. In this case, the Groton Dunstable Regional School District will need to cut its budget by \$875,259, and if the smaller override fails, the Town will need to reduce its budget by \$278,831 or continue the bad financial practice of increasing its reliance on one-time revenues to fund reoccurring costs.

I am a Senior Citizen and I am Concerned about the Impact that the Override will have on my Tax Bill. What Resources may be available for me?

The Dunstable Board of Assessors is available for inquiries relative to real estate exemptions that may be available to eligible seniors. You can reach Board of Assessors at (978) 649-4514 ext. 225 or ext. 249. Additionally, the Town has a Senior Work-Off Program for eligible residents and has recently created an elderly and disabled taxation fund for eligible residents, based on availability of funds.

How Do Dunstable's Taxes Compare With Our Neighbors?

The chart below shows the FY2025 average single-family tax bill of communities in the region. Dunstable is shown in yellow.

Municipality	Average Single-Family Value	Single-Family Tax Bill	Single-Family Tax Bill as % of Value	DOR Income Per Capita	Average Tax Bill as a % of Income
Dracut	552,507	5,591	1.01	42,616	13.12
Ashby	398,515	6,069	1.52	38,265	15.86
Ayer	516,481	6,177	1.2	44,451	13.9
Shirley	482,399	6,257	1.3	39,141	15.99
Pepperell	515,054	7,535	1.46	49,412	15.25
Tyngsborough	613,779	7,574	1.23	56,004	13.52
Tewksbury	629,508	8,322	1.32	51,763	16.08
Chelmsford	634,510	8,820	1.39	66,946	13.17
Dunstable	685,358	9,424	1.38	75,690	12.45
Littleton	694,868	10,326	1.49	75,339	13.71
Westford	796,584	10,730	1.35	82,731	12.97
Groton	707,877	10,795	1.53	87,562	12.33

Where Can I Learn More?

In addition to information about Town Meeting that will be posted to the [Town's Website](#), you can attend upcoming budget meetings of both the Select Board, School Committee, and Advisory Board leading up to Town Meeting on May 12, 2025.

You can always contact the Town Administrator at jsilva@dunstable-ma.gov to discuss the budget or override.

Resources: [Division of Local Services | Mass.gov](#); www.mma.org; Town of Hudson "Proposition 2 ½ Override: Questions and Answers" document