The Prop 2½ Dilemma:
How Truro's Overrides Reveal a Struggle for Balance

The figure is striking: **$5,938,771 in General Overrides passed in Truro since 1990.** This number isn't just a budget item; it highlights the persistent tension between the desire for low taxes and the pressure to fund a range of municipal services.

While Proposition 2½ was designed to protect taxpayers, the Town's frequent reliance on overrides reveals a shared dynamic in which both leaders and voters have contributed to permanently resetting the tax baseline.

The Taxpayer's Shield: Why Prop 2½ Was Created

To understand the challenge Truro faces, we must recall the environment of the late 1970s. Property taxes were soaring with little control, driven by inflation and rising values. Homeowners felt trapped, leading to the massive taxpayer revolt that produced Proposition 2½ in 1980.

The law's purpose was simple: to provide financial sustainability and force predictable, controlled tax growth.

It achieved this through the **Levy Limit (The Annual Cap)**, which is your primary protection. This rule forbids a town from increasing its total property tax revenue by more than **2.5%** over the previous year, plus an allowance for new growth (new construction).

The Law's Structure: Caps and Exceptions

Prop 2½ has two hard guardrails that voters wanted:

1. **The Levy Ceiling (The Hard Cap):** The maximum levy can never exceed 2.5% of the total assessed property value—a permanent outer boundary, that is highly unlikely to be reached.
2. **The Levy Limit (The Annual Cap):** The everyday control, limiting annual growth to 2.5% plus new growth.

When budgeting, the Town Meeting sets the Tax Levy, which must stay within the Levy Limit unless voters approve an exception.

Prop 2½ provides two main escape routes, both requiring explicit voter approval:

- **The General Override** is used to fund recurring operational expenses, such as salaries or school costs. Crucially, a successful override is **PERMANENT**: the approved dollar amount is added to the Levy Limit base, making all future 2.5% increases start from a higher number.
- **The Debt Exclusion** is used for specific, long-term capital investments, like a new building. This increase has a **FIXED-TERM**, lasting until the debt (principal and interest)

is fully retired, after which the exclusion falls off the levy. These debts can be in place for up to 30 years.

The General Override was intended to be a rare mechanism for essential, non-negotiable structural funding. Truro's data, however, suggests a reliance on it that strains the law's intent.

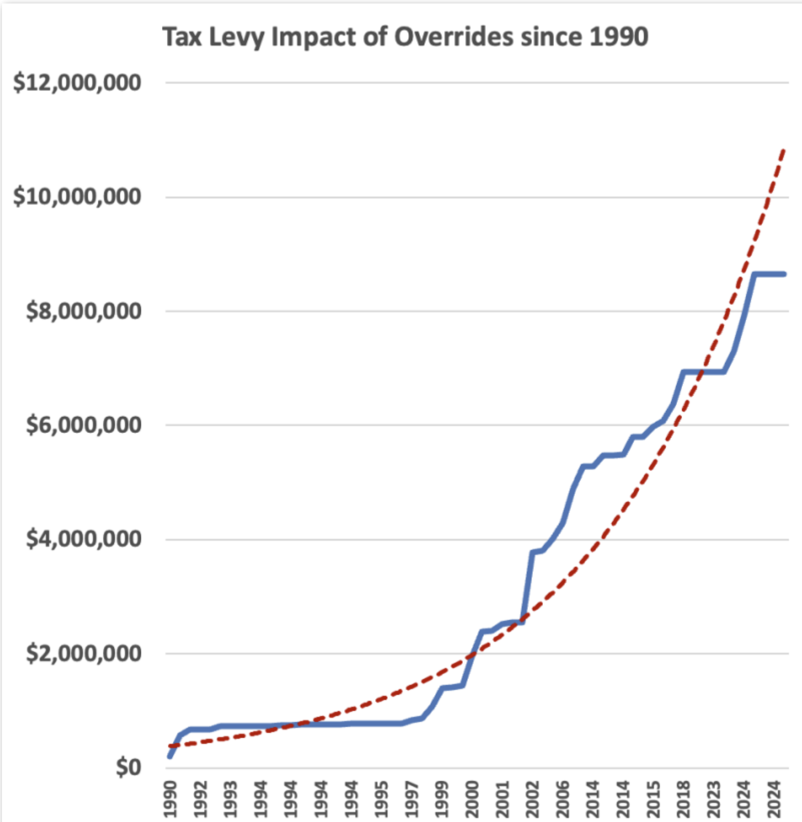
- **Override Frequency:** Since 1990, the Town has passed **43 General Overrides** totaling almost **$6 million ($5,938,771)**[1]. This frequency demonstrates that permanent tax increases have become a regular method of balancing the budget, rather than a final resort.
- **The Permanent Impact:** These overrides are not temporary; they are permanently embedded into the tax base, which causes the Tax Levy Limit to grow by another 2.5% each year. This nearly $6 million has increased to **$8,643,268 in permanent taxation** added to the Levy Limit, resulting in a Levy Limit of **$21,969,808** in 2025 (the actual Levy in 2025 was **$21,949,669**).
- **Budgetary Pressure:** This tension between service demands and fiscal constraints is often played out in public votes. For example, in 2024 Article 14, a request for $113,158 to hire an HR coordinator was approved at Town Meeting but defeated when it went to the ballot for funding. The following year, the town found a way to incorporate the HR coordinator position within the existing budget, demonstrating that cuts or re-prioritization are possible when forced by the ballot box.
- **Total Tax Burden:** The Town also approved a colossal **$19,833,874 in Debt Exclusions**[2] from 1990 to date. While those have a fixed-term and are necessary for large projects, the combination of permanent and fixed-term increases places a significant burden on property owners. In 2026, the community is facing a potential debt exclusion article in the neighborhood of $30 million. The sheer size of these current and potential infrastructure costs places a massive burden on property owners. It is not just a simple increase of $494 to $549[3] for an average taxpayer.

The Shared Responsibility

The pattern is complex, reflecting shared responsibility:

- **Town Leaders** recommend budgets that frequently exceed the 2.5% cap, presenting them to the public for approval.
- **Voters**, by accepting these recommendations from leadership and approving 43 separate General Overrides, have repeatedly (and often unknowingly) sanctioned a departure from the strict 2.5% growth model. They have chosen to fund the services requested, even if it means permanently raising the tax base.

[1] DLS MA Department of Revenue Prop 2½ Excess Levy and Override Capacity https://www.mass.gov/info-details/proposition-2-12-and-tax-rate-process
[2] DLS MA Department of Revenue Prop 2½ Capital Exclusion Approved Votes
[3] September 25, 2025 DPW Presentation



In essence, the repeated use of overrides shows a continuous struggle to reconcile the wants/needs of our municipality with the fiscal limits imposed by long-standing Prop 2½. The result, however, is a permanently larger tax burden, challenging the sustainability and predictability that taxpayers mandated when Prop 2½ was created and passed by a landslide[4].

This chart shows the cumulative overrides passed since 1990, and how their impact has grown to what amounts to a significant increase in our tax base. This chart does not make any judgments on the value of any past overrides – it simply illustrates the impact that overrides have on future taxes.

Why Growth Greater Than 2½% Isn't Sustainable

Compounding basic math: At **5%** annual growth, a tax levy **doubles in about 14 years**; at **2.5%**, it **doubles in about 28 years**. That's the difference between a bill doubling across a single mortgage term vs. over a generation.

Budget predictability: Prop 2½ is critical because it imposes discipline on baseline Town spending. It allows officials and voters to track and monitor long-term budget and cost inflation as it deviates away from the Prop 2½ baseline increase(s). It also allows us to keep budget increases more closely aligned with cost-of-living increases, its original purpose. When budgets and spending follow higher percentage increases on a regular basis, as Truro has with a 5% "trajectory" or pattern for more than 10 years, we lose the relationship between controlled budget increases and household income growth. More to the point, we miss the extent to which the budget increases at 5% erode taxpayers' ability to afford related tax increases. Prop 2½ allows us to predict budget and tax impact better to make sure we are not overburdening taxpayers with unsustainable increases and projects that are too expensive for taxpayers to afford.

[4] https://www.mhtc.org/2016/04/09/barbara-anderson-73-was-the-voice-of-limited-taxation-in-mass/

A 2.5% norm disciplines baseline spending to track long-term income/inflation better than 5% trajectories, which quickly outpace median household income growth and erode affordability. Prop 2½'s structure was designed to provide this predictability while allowing "new growth" to expand the base as communities change.

Purpose-built relief valves: When needs genuinely outstrip 2½%—a school or a state-mandated upgrade—the law **forces a public case** via override or exclusion, time-limiting many increases to the life of the project debt. This keeps one-time capital from ratcheting operating budgets permanently.

-- Michael Forgione