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Sent: Thursday, March 30, 2023 9:55 AM
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Subject: Follow-Up

Committee Members

A few follow up items below:

1. Levy Ceiling

As we talked about last night, the levy ceiling represents 2.5% of the full and fair cash value of all of Hudson’s taxable properties – the most Hudson can collect via taxes.

The final EQV for all of Hudson’s taxable property in FY2022 was \$3,508,853,900 (see below). 2.5% of this figure is \$87,721,347.

RESIDENTIAL	2,981,774,500
COMMERCIAL	209,760,600
INDUSTRIAL	190,712,000
PERSONAL PROPERTY	79,526,700
TOTAL REAL/PERSONAL PROPERTY	3,461,773,800
ESTIMATED GROWTH 1.36%	47,080,100
2022 FINAL EQUALIZED VALUATION	3,508,853,900

The difference between levy limit and the levy ceiling is called override capacity. This is what gives communities the ability to pass an override (permanent increase in the levy limit to fund operations) or a debt exclusion (temporary increase in the levy limit to pay debt service costs).

The FY2022 levy limit was \$58,708,010. An additional \$3,851,726 was raised in FY2022 to pay the debt service costs for the various debt excluded building projects. Hudson’s override capacity in FY2022, therefore, was $(\$87,721,347 - (\$58,708,010 + \$3,851,726)) = \$25,161,611$.

Excess levy capacity, on the other hand, is an amount under the levy limit that the Town could raise in a particular year but chooses not to. Conservative budgeting allows for this. I’m projecting about \$300,000 in excess levy capacity for FY2024. Reserving some excess levy capacity is a benefit to the taxpayers as it resists the “spend it all” mentality, and it can be viewed as a kind of reserve that will carry forward to the next fiscal year.

You can read a good Prop. 2 ½ primer that DLS published which includes an overview of the levy ceiling [here](#).

You can read an even more detailed overview of the levy ceiling in the DLS City & Town publication [here](#).

2. Acquisition / Disposition of Real Property (G.L. Ch. 30B, Section 16) / Hudson Armory

[State statute](#) in MA is specific about how municipalities can acquire and dispose of real property.

In the case of real property disposition where the value exceeds \$35,000, an RFP will need to be issued. The Town reserves the right to dispose of the property in a manner that’s in the best interests of the community, and for an amount less than the appraised value.

3. Accounting of Opioid Settlement Funds

Last week, Governor Healey filed a FY2023 supplemental budget bill that includes policy proposals that would streamline a number of municipal finance rules. If enacted, Section 10 of this bill would allow municipalities to reserve one-time revenue, such as opioid settlement funds, in a special fund and allow a municipal executive to spend the funds without further appropriation (i.e., without Town Meeting appropriation). Section 23 would allow municipalities that have created a dedicated stabilization fund (like Hudson did last November) for opioid settlement receipts to vote to revoke this account and allow the settlement receipts to be spent in accordance with the amendment proposed in Section 10. A more detailed review of the supplemental budget bill can be viewed [here](#).

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