

# DEBT EXCLUSION



# OVERRIDES

What are they and how are they different?

## Debt Exclusion

## Overrides

### How it works

A debt exclusion is a temporary increase in property taxes that is specifically earmarked to pay for the debt service costs to finance a particular project or projects

An override is a permanent increase in the property tax levy limit imposed by a municipality, allowing it to collect more revenue than would otherwise be allowed under state law or local regulations.

### Purpose

Debt exclusions are typically used to finance large capital expenses that would otherwise require a municipality to incur long-term debt through the issuance of bonds.

Overrides are generally used to provide additional funding for the ongoing operations of the municipality, such as funding public schools, police and fire departments, road maintenance, and other essential services.

### Duration

Debt exclusions are usually temporary and are in effect only until the debt incurred for the specified project is paid off, typically over a period of years.

Unlike debt exclusions, overrides are permanent unless subsequently repealed or adjusted by voters or local government officials.

### Voter Approval

In many jurisdictions, a debt exclusion must be approved by voters through a ballot measure or referendum. This ensures that taxpayers have a say in whether their property taxes will be increased to fund the project.

Similar to debt exclusions, overrides often require approval by voters through a ballot measure or referendum, although the specific requirements may vary depending on state and local laws.