



The Woodlands Township Economic Development Zone

From 2001 to 2006, the Board of Directors created several economic development zones to fund improvement projects through the imposition of an incremental sales tax. Funding is provided by an additional 1% sales tax collected within each designated zone. These projects included: the Cynthia Woods Mitchell Pavilion expansion, Town Green Park, public enhancements at Market Street, Waterway Square, public enhancements at The Woodlands Mall expansion, Fire Station #6, and The Woodlands Emergency Training Center. The fire station and training center project was refinanced in 2010 in conjunction with the governance transition from the Community Associations of The Woodlands, and the refinanced debt was assumed by the Township rather than the Zone. Project costs related to the Pavilion expansion were met in full in the third quarter of 2011.

Following a public hearing held on November 16, 2007, the existing economic development zones were reorganized as The Woodlands Township Economic Development Zone and the Zone's boundaries were expanded to coincide with the boundaries of The Woodlands Township. In accordance with legislation, collection of the incremental sales and use tax is used to satisfy funding obligations for established improvement projects approved by the Board and for annual operating expenditures incurred for public safety.

What is an Economic Development Zone?

The Economic Development Zone is a political subdivision of the State, separate from The Woodlands Township, with a separate governing body appointed by The Woodlands Township. The Zone possesses the same power and authority as the Township to assess a tax, either ad valorem or a sales and use tax, and utilize such tax to promote the initial development or substantial redevelopment of an area if the Board finds that the creation of the Zone furthers the public purpose of:

- (1) the development and diversification of the economy of the Township and the State;
- (2) the elimination of unemployment or underemployment in the Township and the State;
- (3) the development or expansion of transportation or commerce in the Township and the State; or,
- (4) the promotion and stimulation of business, commercial, and economic activity in the Township and the State.

Incremental Sales Tax Collections

The 2019 Budget includes incremental sales tax collections generated by the Zone totaling \$27,153,740. These collections have been committed for specific projects to the extent of actual collections.

Incremental Sales Tax Revenue by Project	
Market Street enhancements	\$1,232,607
Woodlands Mall expansion	1,499,198
Town Green Park	294,170
Waterway Square	74,985
Public Safety	24,052,780
Total	\$27,153,740

Special Revenue Fund



Market Street Public Enhancements & Town Green Park



Approved in November of 2002, project costs include public enhancements to the mixed-use development located at Market Street within the boundaries of the Township and the development of Town Green Park. Approved reimbursable public enhancement costs of \$10,600,000 for the Market Street project include, among other items, improvements to parking facilities, public art and architectural elements, public restrooms, and public plazas. Approved project costs for Town Green Park totaled \$4,336,823.



The approved financing plan began in fiscal year 2005 and will continue for thirty years or until the repayment of all project costs, whichever occurs first. The one-percent incremental sales tax collected within the boundaries of the project, along with any interest earnings, are allocated to the payment of project costs as identified in the financing plan as follows: 1) the first \$200,000 of annual collections are reimbursed to the Township as a priority payment and applied to Town Green project costs, not to exceed a cumulative total of \$4,336,823, plus interest; and 2) annual collections in excess of the priority payment are reimbursed to the Market Street developer and applied to public

enhancement costs, not to exceed a cumulative total of \$10,600,000, plus interest. During the 24th annual period or fiscal year 2028, the Township's priority payment for subsequent annual periods will be recalculated to fully amortize the outstanding unpaid project costs for the Town Green Park project, and then to the remaining unamortized balance for the Market Street project.

As of December 31, 2017, aggregate net revenue payments including interest to the project developer totaled \$11,792,725, and priority payments to the Township totaled \$2,400,000.

Special Revenue Fund



Mall Expansion Public Enhancements & Waterway Square

Approved in July of 2003 and amended in October of 2004, project costs include public enhancements to the mixed-use development located at The Woodlands Mall expansion within the boundaries of the Township and a portion of the development costs of Waterway Square. Approved reimbursable public enhancement costs of \$7,499,111 for the Mall Expansion project include, among other items, costs for utility relocations, landscaping, signage, paving and sidewalks, lighting improvements, and related engineering, surveying, and other soft costs. Approved project costs for the Waterway Square project totaled \$4,343,164.



The approved financing plan began in fiscal year 2004, and will continue for thirty years or until the repayment of all project costs, whichever occurs first. The assessed one percent incremental sales tax collected within the boundaries of the project, along with any interest earnings, are to be used to pay project costs identified in the financing plan as follows: 1) the first \$350,000 of annual collections are reimbursed to the Township as a priority payment and applied to Waterway Square project costs, not to exceed a cumulative total of \$4,343,164, plus interest; and 2) annual collections in excess of the priority payment are reimbursed to the developer of the Mall Expansion project and applied to public enhancement costs, not to exceed a cumulative total of \$7,499,111 plus interest.

As of December 31, 2017, aggregate net revenue payments including interest to the project developer totaled \$8,563,030, and priority payments to the Township totaled \$4,902,869.

Special Revenue Fund



Community Public Safety Services

The project plan adopted in November 2007 provides that a portion of the sales and use tax collections from within the Zone, after allowance for the projects previously noted, are committed to community public safety. Specifically, the Zone may facilitate the implementation and continuation of:

"...an additional improvement project and program to finance, support and sustain the provision by or through the Township of high-quality, firefighting, fire suppression and fire prevention, emergency medical and rescue, and law enforcement and traffic management services, facilities and equipment within the entire Township so as to provide for the safety and security of the public, achieve and maintain the lowest possible insurance rates and costs, and promote the continuing economic development and sustainability of the Township through the continuing provision of superior public services, the reduction of costs to residents and businesses, the enhancement and maintenance of property values and investments, the efficient movement of traffic and people, and the continuation of the mission and reputation of the Township as a safe and attractive place to live, work, shop and invest."



The Woodlands Fire Department's projected 2019 operating expenditures (excluding debt and capital) total \$24,268,614, which will be funded by \$24,052,780 of incremental sales tax collected within the economic development zone not dedicated to other projects. The remaining amount of \$215,834 will be funded from General Fund sales tax revenues.

For more information on the Fire Department's 2019 operating budget, please reference the Fire Department tab in the *Department Profiles* section of this document.