



# Economic Development

*Presentation to The Woodlands Township  
Board of Directors  
March 24, 2010*





- The Woodlands Township is a special purpose district:
  - Representing the interests of the community.
  - Providing municipal types of services to residents and businesses.
  - Promoting economic and business development.
- To sustain a vibrant and affordable community, we must do all of these well.
- Focus of discussion today is to talk about the economic development component and its value to the community.





## Enabling Legislation

- One of the purposes of the creation of The Woodlands Township is to provide a substantial and continuing public use and benefit not only within and adjacent to the boundaries of the district, but throughout the state, by promoting and stimulating business activity, commerce, tourism, travel, economic development and diversification.
- The economic development charge was contained in TCID legislation.
- Legislative changes in 2007 and 2009 did not eliminate or change economic development purpose but added organizational and service changes.





## When the Board adopted the Vision 2034 Strategic Plan in 2009, economic development was an important part of this strategic plan

Focus Area 5 of the Plan states:

- “The Woodlands’ viability as a community and ability to pay for services and amenities is based on a strong local economy. The Township supports efforts to attract and retain employers and quality businesses to create jobs and also to position The Woodlands as a premier destination for visitors and travelers to expand the local tax base.”





## Why is it important for The Woodlands Township to be involved in Economic Development?

- To encourage job creation and job retention
- To encourage business development and investment
- To maintain the vitality of the area
- To encourage visitors to the area to generate enhanced sales and room tax thus lowering property tax requirements





## What are the spin-offs from the Township's economic development efforts?

- Jobs for our residents
- Residents able to enjoy high quality amenities (shopping, dining and recreation) without leaving the community
- Residents and businesses that benefit from sales tax and room tax revenues / lower property taxes
- Vitality of the region / enhanced property values





## How much sales and hotel occupancy tax is received annually by The Woodlands Township?

- Sales Tax – \$30.7 million
- Room Tax – \$3.5 million





## What portion of sales tax and hotel occupancy taxes are used in economic development / visitor promotion / amenities?

- The Woodlands uses about **1/3** of the sales tax and room tax collections to fund visitor promotion costs and related service costs
  - Debt service – Convention Center - \$3.7 million
  - EDZ debt service - \$2.2 million
  - Convention and Visitors Bureau - \$2.1 million
  - Seasonal lighting - \$0.2 million
  - Trolley service - \$0.3 million
  - Mounted Patrol and security - \$1.6 million
  - Ambassador program - \$0.3 million
  - Economic Development budget - \$0.4 million







## What is the net direct benefit to The Woodlands taxpayer of the sales tax and room tax collections?

- The Woodlands uses about **two-third's (2/3)** of the sales tax and hotel occupancy tax collections to reduce property taxes.
- In 2010, sales tax and hotel occupancy tax is estimated to provide about \$23 million in property tax reduction.
- Budget funding supported by sales tax and room tax
  - Woodlands Fire Department operations \$13.9 million
  - Debt service / Station #6 and training facility \$1.2 million
  - RPA payments – debt service and annual payments \$2.4 million
  - Other budget costs reduced by sales tax \$6.2 million





## What is the property valuation mix in The Woodlands?

- 75% residential / single family and multi family
- 25% commercial / business





**How has the property tax mix changed over time and how has this impacted the assessments / taxes paid by the residential taxpayer?**



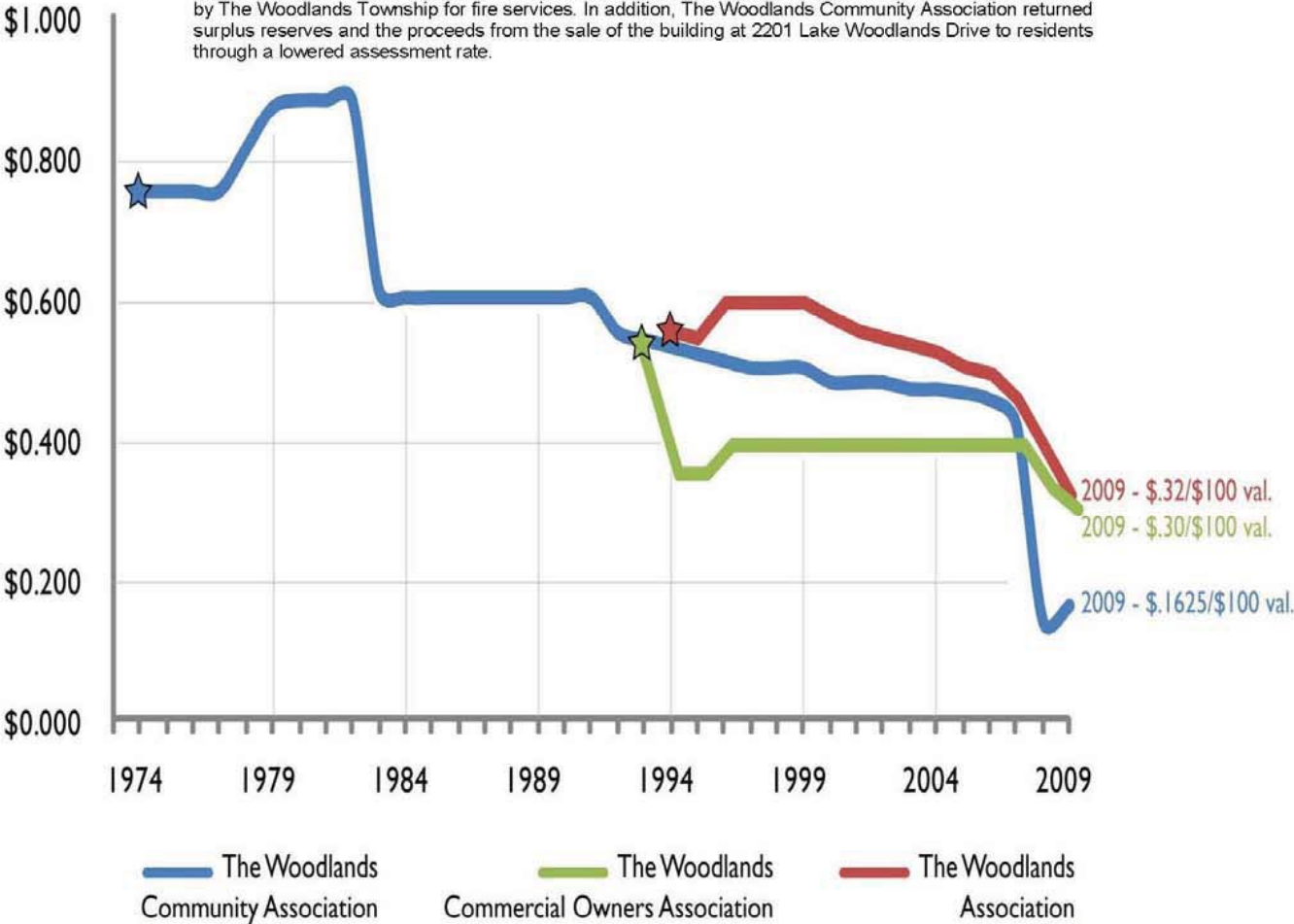
# Assessment Rate Histories by Association

In 2008 and 2009, all Association assessment rates were lowered based on sales tax proceeds committed by The Woodlands Township for fire services. In addition, The Woodlands Community Association returned surplus reserves and the proceeds from the sale of the building at 2201 Lake Woodlands Drive to residents through a lowered assessment rate.

★  
The Woodlands Community Association began collecting assessment fees in 1974 at \$.75/\$100 valuation.

★  
The Woodlands Commercial Owners Association began collecting assessment fees in 1993 at \$.54/\$100 valuation.

★  
The Woodlands Association began collecting assessment fees in 1994 at \$.55/\$100 valuation.





## What was the impact of business and commercial development that started in the early 1990's?

- Most of The Woodlands business and commercial development has occurred since the early 1990s.
- The assessment rate in 1990 was 60 cents and had held at that level for 7 years.
- New commercial and business development assessments after 1990 helped reduce overall assessment rate / commercial tends to require less service than residential.
- From 1990 to 2007 the assessment rate declined from 60 cents to an average of 43.5 cents.
  - At the same time, the Township has funded substantial additional public safety costs to the budget.





## Summary

- Business development in The Woodlands has provided substantial additional income through sales tax, property tax and hotel room tax.
- The cost of the services and amenities dedicated to support these business development efforts appears to be fully funded by new revenues generated from business development sources.
- From 1990 to 2010, the assessment / tax rate has declined from 60 cents per \$100 of valuation to \$32.8 cents.
- Prospects for future business development look good / may allow for future property tax reductions.

