

Name of Funding: Municipal Development District (MDD)

Focus of Funding: Economic Development for entire city and its extraterritorial jurisdiction or specific neighborhood

Eligibility Requirements:

For local government: District is created by a general election inside the proposed district

For recipients: Funds can be spent on anything that a 4B sales tax is spent on, plus convention center, civic center, or convention center hotel.

Funding Mechanism: Sales tax of up to half cent within district.

Maximum amount: Limited only by capacity of tax.

Other rules of the program: Boundaries automatically adjust to changes in city limits.

Advantages of the program: It allows for the widest possible tax base, does not take money away from the general fund, and has very few restrictions.

Drawbacks of the program: Shares the funds with against other uses of sales tax, especially mass transit, requires a general election to create and raise tax rate.

Case Study Examples: Used in the Cities of Baytown, Goliad, Shenandoah, Aransas Pass <http://www.aransaspasstx.gov/apmdd.php>

Sources: http://www.window.state.tx.us/taxinfo/taxpubs/tx98_721.pdf