

The Woodlands Township: Local Sales Tax

History

Authorization of a Sales Tax

On November 2, 1993, voters authorized the Board of Directors to levy and collect a one percent sales and use tax (the base 1%), subject to the applicable provisions of the Texas Tax Code. Currently, the Township relies on this tax to fund substantially all of its programs, functions, and services.

Expansion of the Sales Tax Base

On November 6, 2007, voters authorized the Board of Directors to expand the boundaries of the Township including collection of the base 1% sales and use tax. The effective date of the imposition of the tax in the expanded boundaries was April 1, 2008 with the initial deposit occurring during June 2008.

Authorization of an Incremental Sales Tax

From 2001 to 2006, the Board created several economic development zones to fund improvement projects through the imposition an incremental sales tax. The additional 1% sales tax was collected within each designated zone to include funding for: the Cynthia Woods Mitchell Pavilion expansion, Town Green Park, Market Street, Waterway Square, The Woodlands Mall expansion, Fire Station #6, and The Woodlands Fire Training Facility.

Expansion of the Incremental Sales Tax

Following a public hearing held on November 16, 2007, the existing economic development zones were reorganized as The Woodlands Township Economic Development Zone. At that time, the Board imposed the incremental 1% sales and use tax within the boundaries of the expanded Township. Collections of the incremental sales and use tax will be used exclusively to satisfy funding obligations under the Transition Agreement, for The Woodlands Fire Department, and other previously established improvement projects approved by the Board.

Understanding Sales Tax

Q: What is the current sales tax rate in The Woodlands Township?

A: 8.25%

Q: When preparing my sales tax return, what resources are available to correctly report local sales tax?

A: The Woodlands Township's website www.thewoodlandstownship-tx.gov has a "Sales Tax Rate Lookup" where taxpayers can enter a physical address to find the applicable sales tax rate and allocation codes. In addition, sales tax rate maps are available on the website or taxpayers can contact Patti Graham, Tax Analyst, for The Woodlands Township at 281-210-3488 for specific tax rates.

Q: Shouldn't collections for The Woodlands Township match collections for The Woodlands Township Economic Development Zone?

A: Not necessarily, Publication 94-105: Local Sales and Use Tax Bulletin published by the Texas Comptroller of Public Accounts helps explain why differences may exist in these collections. In addition, properly reporting local sales tax can be a very complex task and is often subject to reporting errors by taxpayers.

Q: Why is the Township reporting triple digit increases in actual sales tax collections year-over-year?

A: Actual sales tax deposits from January 2009 through May 2009 include collections from the expanded boundaries base 1%, and The Woodlands Township Economic Development Zone, incremental 1%, while deposits from January 2008 through May 2008 did not.

Q: Why are 2009 sales tax collections so much higher than 2008?

A: As noted above, the first collections from the expanded boundaries were received in June 2008. Therefore, the year-over-year comparisons for months prior to June 2009 will reflect large percentage increases. Staff relied on conservative estimates for collections within the expanded boundaries due to the lack of historical data available at the time the 2009 budget was adopted.

For more specific questions on the taxability of goods and services, try the Texas Comptroller of Public Accounts State Tax Automated Research System (STAR) at <http://cpastar2.cpa.state.tx.us/index.html>