

Municipal Development District (MDD)

1. WHAT IS A MUNICIPAL DEVELOPMENT DISTRICT (MDD)?

A Municipal Development District is a special purpose district created for the purpose of stimulating economic development and growth opportunities within the boundaries of the district. The proposed Wolfforth MDD boundaries are generally one mile beyond the city limits of Wolfforth [includes the Extra-Territorial Jurisdiction (ETJ) if not otherwise included in an adjacent city or another city's ETJ].

2. WHAT ARE THE DIFFERENCES BETWEEN A TYPE B ECONOMIC DEVELOPMENT CORPORATION (EDC) AND A MUNICIPAL DEVELOPMENT DISTRICT (MDD)?

The City of Wolfforth currently has a Type B EDC. The MDD will be able to perform the EXACT SAME types of projects as are currently allowed by our Type B EDC, namely projects related to: retail; restaurant; concession; parking facilities; area transportation facilities; roads; streets; general municipally owned improvements; water and sewer facilities; drainage; demolition; entertainment; tourism; conventions; public parks: including stadiums, ball parks, amateur sports, athletics, auditoriums, amphitheaters, concert halls, parks and park facilities; municipal buildings; museums; exhibition facilities; and other related improvements that enhance any of those items. The major difference is that an MDD can impose a one-half of one percent (0.50%) sales tax in the ETJ of the City. The EDC can only impose sales tax within city limits.

3. HOW IS THE DISTRICT CREATED?

To create an MDD, a municipality must call for an election and define the proposed boundaries of the district (in this case to include the City limits and the ETJ of the city). The ballot at this election must be printed to allow voting for or against the proposition(s). If the voters turn down creation of the district, the EDC will continue to exist and a subsequent election to establish an MDD may not be held until one year after the first election.

4. WHO WILL PAY FOR THE MDD?

Anyone making a purchase of taxable items inside the boundaries of the Wolfforth MDD will pay the sales tax including purchases made by individuals who live outside of the district but who are shopping and eating in the district. This is very similar to what occurs with the EDC within the City limits.

5. WILL THERE BE AN INCREASED TAX BURDEN IF THE TYPE B EDC IS DISSOLVED AND THE MDD IS CREATED BY THE VOTERS?

There will be no additional taxes imposed on the citizens within the City limits. Currently, the Type B EDC is funded by a sales and use tax of one-half of one percent (0.50%). If the ballot measures are approved by the voters, the EDC sales tax will be dissolved and the MDD will be funded by the same amount of sales tax of one-half of one percent (0.50%) in both the City limits and the ETJ of the city. The MDD sales tax will not increase over time without another election.

Sales and Use Tax Within the City Limits of Wolfforth

| | Current Percentage | Current Decimal | | Proposed Percentage | Proposed Decimal |
|-------------------|--------------------|-----------------|-------------------|---------------------|------------------|
| Texas | 6.25 | 0.0625 | Texas | 6.25 | 0.0625 |
| Lubbock County | 0.5 | 0.005 | Lubbock County | 0.5 | 0.005 |
| City of Wolfforth | 1.0 | 0.01 | City of Wolfforth | 1.0 | 0.01 |
| Wolfforth EDC | 0.5 | 0.005 | Wolfforth MDD | 0.5 | 0.005 |
| Total | 8.25% | 0.0825 | | 8.25% | 0.0825 |

Sales and Use Tax Within the Extra Territorial Jurisdiction of Wolfforth

| | Current Percentage | Current Decimal | | Proposed Percentage | Proposed Decimal |
|----------------|--------------------|-----------------|----------------|---------------------|------------------|
| Texas | 6.25 | 0.0625 | Texas | 6.25 | 0.0625 |
| Lubbock County | 0.5 | 0.005 | Lubbock County | 0.5 | 0.005 |
| | | | Wolfforth MDD | 0.5 | 0.005 |
| Total | 6.75 | 0.0675 | Total | 7.25 | 0.0725 |
| | | | | | |

6. WHAT WILL THE BALLOT LOOK LIKE WHEN I GO TO THE VOTING BOOTH?

The Ballot for voters will appear as follows:

Proposition A: Authorizing the creation of the Wolfforth Municipal Development District and the imposition of a sales and use tax at the rate of one-half of one percent for the purpose of financing development projects beneficial to the district.

FOR AGAINST

7. WHAT WILL THE PROCEEDS FROM THE SALES TAX BE USED FOR?

State law authorizes expenditure of MDD funds for a variety of economic development activities including industrial and manufacturing projects, retail development projects, recreational and/or community facilities projects, housing projects and convention center facilities and related improvements.

8. WHO OVERSEES THE MDD?

A board of at least four directors would govern the District. The Wolfforth City Council will decide on the actual quantity of board members and will appoint the board. In addition, the City Council will adopt policies and guidelines that will govern the actions of the MDD Board, including requiring all actions of the board be subject to review by the City Council.

9. CAN THE MDD SALES TAX BE REPEALED?

The sales tax can be repealed if a majority of the registered voters in the district vote to repeal the sales tax.

10. WHO DETERMINES HOW THE FUNDS ARE SPENT?

The MDD Board of Directors must adopt a budget for each year at a public meeting. Once the MDD Board approves the budget, the budget will be presented to the City Council for final approval.

11. HOW DO WE KNOW THE FUNDS WERE SPENT FOR THEIR AUTHORIZED PURPOSES?

State law requires the District to have an annual audit conducted by an independent auditor. The audit and other District records are open to public inspection during normal business hours.

12. HOW CAN I GET MORE INFORMATION ABOUT THE PROPOSED MDD?

The legislation governing MDDs can be found in Chapter 377 of the Local Government Code. Chapter 377 is available online at: <https://statutes.capitol.texas.gov/Docs/LG/htm/LG.377.htm> You may also contact Wolfforth City Hall at (806)855-4120.