

OKALOOSA CITIZENS ALLIANCE INC.
Kabe Woods - President
Statement before the Florida Taxation and Budget Reform Commission
Tallahassee, Florida **January 16, 2008**

I am Kabe Woods and I live in Ft. Walton Beach.

I am the President of K LW Properties, a private investment firm and the President of Okaloosa Citizens Alliance Inc.

First, thank you for the opportunity to speak with you again.

The current constitutional amendment proposal falls far short of the overall reform needed to the Florida tax system. In fact, if passed, the amendment will make a bad situation worse and move even more of the tax burden away from homestead property owners to renters, second home owners and commercial properties.

We need REAL reform and moving the "Required Local Effort" school tax from an ad valorem tax to a sales tax meets that need.

This action has many advantages.

1. This move will immediately reduce property tax bills by about 1/3.
2. Lower property tax bills will lower monthly payments on homes with mortgages.
3. Lower property tax bills will stimulate the real estate business.
4. Sales taxes are a more equitable method of collecting the tax. Everyone pays including out of state visitors.
5. This will stop penalizing renters. The current system is regressive and puts an unfair burden on renters.
6. Out of state second home owners will see immediate relief.
7. Moving the RLE to a Sales tax better aligns the decision making process. Since the Legislature controls the decision making, they should manage the funding.

Some arguments against:

1. Home buyers will pay more. Simple arithmetic shows that this is not true. The trade off between the tax on real estate transaction based services and lower first year property tax is a nearly even trade. In addition, removing 1/3 of the property tax bill every year moving forward will LOWER monthly payments and enable MORE first time home buyers. One caveat, the difference between an existing home and new home transaction needs more modeling to show the impact.
2. Service Taxes will drive away many types of businesses. Taxes on services are a consideration when locating businesses. However, from personal experience with outsourcing billions of dollars of technical services and building business cases for facilities locations from Ireland to

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India I have never made a decision solely on whether there is a tax on services. These very large business cases are much more comprehensive and take into account the OVERALL tax structure as a part of the cost of doing business in a particular location. Lowering the property tax bill by 1/3 is significant and overall, Florida will continue to have a very competitive tax structure!

Last time I spoke to you on December 14 a number of other speakers presented points of view generally against this proposed change to the constitution. In looking at their presentations one significant idea is completely missing. This action is reducing property taxes by 1/3!

Each interest group reacted and recoiled at the thought of a tax on services without any consideration for the positive impacts of lower property taxes.

This is a change in the way taxes are collected and the overall impact to the citizens of Florida will be significant and positive.

Please move to pass this proposal and give the citizens of Florida the opportunity to vote and decide.

Thank you again.

Kabe Woods