

**Actions Affecting Major State Tax, License and Fee Estimates
and Estimates of Net Available State General Fund Revenue**

2004 First Extraordinary Session

Instrument	Description	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
SESSION ACTIONS - REVENUE							
General Sales Tax							
Act 4 1st Ex. Sess. HB 1	<p>Renews the suspension of sales tax exemptions for five years, through June 30, 2009. The transactions primarily subject to tax under this measure are utility services purchased by businesses. However, a variety of other, largely commercial, transactions will also continue to be subjected to taxation.</p> <p>An exception for utility purchases by certain steelworks and blast furnaces was added explicitly to this bill. This exception reduces the impact of this measure by some \$930,000 per year (\$923,000 State General Fund and \$7,000 Tourism Promotion District)</p> <p>Effective July 1, 2004.</p>	\$160,970,000		\$160,970,000	\$160,970,000	\$160,970,000	\$160,970,000
Act 1 1st Ex. Sess. HB 2	<p>Phases out the state sales & use tax on certain machinery/equipment purchased by firms classified as manufacturers by the North American Industrial Classification System (sectors 31 - 33) and firms classified as agricultural, forestry, fishing, and hunting (sector 11). The start of the phase-out and its specific amount each year depends on the official FY05 state general fund revenue estimate relative to the estimate adopted December 16, 2003.</p> <p>If the FY05 forecast increases by less than \$180 million, the phase-out begins in FY06 at 14%. The revenue loss is shown in the first line to the right.</p> <p>If the FY05 forecast increases by more than \$180 million but less than \$235 million, the phase-out begins in FY05 at 2%. The revenue loss is shown in the second line to the right.</p> <p>If the FY05 forecast increases by at least \$235 million, the phase-out begins in FY05 at 5%. The revenue loss is shown in the third line to the right.</p>			(\$15,012,000)	(\$31,940,000)	(\$46,347,000)	(\$62,872,000)
		\$2 million loss		\$17 million loss	\$35 million loss	\$52 million loss	\$69 million loss
		\$5 million loss		\$20 million loss	\$40 million loss	\$60 million loss	\$76 million loss
Act 5 1st Ex. Sess. HB 8	<p>Extends the sales tax exemption for utilities purchased by certain steelworks and blast furnaces until June 30, 2007.</p> <p>This exemption reduces state revenue by \$930,000 per year in FY05, FY06, and FY07 (state general fund \$923,000 per year and tourism district \$7,000 per year).</p> <p>This impact has been incorporated in to the estimate for HB 1 above because this exemption was explicitly added to the list of preferred exemptions not being suspended by that bill.</p> <p>Effective July 1, 2004.</p>			DECREASE	DECREASE	DECREASE	
		Contained in HB 1 Estimate Above		Contained in HB 1 Estimate Above	Contained in HB 1 Estimate Above		

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Act 6 1st Ex. Sess. HB 9	Treates "other constructions permanently attached to the ground" as immovable property for purposes of the state sales & use tax. Effectively excludes these "other constructions" from state sales & use tax. Existing compliance thought to be minimal. Effective upon governor's signature.		MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE
Act 8 1st Ex. Sess. HB 15	Excludes from state sales tax fuels or gas such as butane or propane purchased for residential use by the consumer. Effective July 1, 2004.		(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)
Act 10 1st Ex. Sess. HB 35	Permanently extends the sales & use tax exemption for 26,000 trucks, trailers, and contract carrier buses used 80% of the time in interstate commerce. Effective June 30, 2004.		(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Act 14 1st Ex. Sess. SB 15	Extends until June 30, 2007 the LA Tax Free Shopping Program. Effective upon governor's signature.		(\$800,000)	(\$800,000)	(\$800,000)		
Corporate Income and Franchise Tax							
Act 2 1st Ex. Sess. HB 3	Phases out the borrowed capital component of the franchise tax evenly (14 percentage points per year) over a seven year period. Starts with tax periods beginning in 2006. Effective January 1, 2006.			(\$22,500,000)	(\$45,100,000)	(\$67,600,000)	(\$90,200,000)
Act 7 1st Ex. Sess. HB 10	Permanently extends, beyond January 1, 2007, the motion picture investor tax credit program. Caps tax credits at the total amount of spending in the state associated with each qualified project. Allows carry-forward of unused credit amounts for ten years. Effective upon governor's signature.				(\$4,750,000)	(\$9,500,000)	(\$9,500,000)
Act 12 1st Ex. Sess. SB 9	Extends, for three years, the tax credit program for rehabilitain of historic structures located in downtown development districts. Effective for all taxable periods ending prior to January 1, 2008. Effective upon governor's signature.		(\$532,000)	(\$2,600,000)	(\$3,400,000)	(\$3,500,000)	(\$1,700,000)

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Act 13 1st Ex. Sess. SB 14	Extends until January 1, 2008, the authority for the Department of Economic Development to approve new applications for participation in the Quality Jobs Program. Effective upon governor's signature.			(\$3,500,000)	(\$3,500,000)	(\$3,500,000)	(\$3,500,000)
Total Adjustments To Major State Tax, License And Fee Estimates		\$0	\$154,838,000	\$111,758,000	\$66,680,000	\$25,723,000	(\$11,602,000)
SESSION ACTIONS - DEDICATIONS							
Budget Stabilization Fund							
Act 11 1st Ex. Sess. SB 8	Raises the mineral revenue threshold, above which collections are deposited into the Budget Stabilization Fund, from \$750 million to \$850 million. The effect of this is to allow mineral revenue collections between \$750 million and \$850 million (after deducting parish severance and royalty allocations) to be retained by the State General Fund (SGF) rather than the Budget Stabilization Fund. Based on the current official forecast, this will make available to the SGF \$51.5 million of mineral revenue in FY04. Current forecasts do not result in additional revenue being made to the SGF in subsequent fiscal years. Actual amounts made available to the SGF in any particular fiscal year will depend on revised forecasts and ultimately actual collections. Effective upon governor's signature.	(\$51,500,000)					
Adjustments To Dedications of Major State Tax, License, and Fee Estimates		(\$51,500,000)	\$0	\$0	\$0	\$0	\$0
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		\$51,500,000	\$154,838,000	\$111,758,000	\$66,680,000	\$25,723,000	(\$11,602,000)

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2004 Regular Session

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SESSION ACTIONS - REVENUE							
Corporate Income and Franchise Tax							
Act 899 Reg. Session HB 1674	Expands eligibility to the Quality Jobs Program by reducing the required employer share of health insurance premiums for firms with 50 or less employees from 70%-85% (50% family) to 50% (0% family). Program payroll subsidy payments would be available only for employees accepting the basic health plan offered, and annual benefits would be reduced by the number of employees not accepting the health plan multiplied by the average annual cost of individual insurance coverage as determined by the Department of Insurance. Effective for applications filed on or after July 1, 2004.		(\$46,000)	(\$160,000)	(\$365,000)	(\$582,000)	(\$811,000)
Miscellaneous Receipts - Fuel Inspection Fee							
Act 47 Reg. Session HB 478	Excludes from the fuel inspection fee (4/32 of 1¢ per gallon) special fuel sold for use in commercial ships, vessels, or barges of greater than 50 gross tons operating principally in foreign or interstate coastwise commerce. This will result in a relatively large but unknown decrease in fee collections. Imposes the fee on undyed diesel fuel used for nontaxable purposes when dyed diesel fuel is not available. This will result in a relatively small but unknown increase in fee collections. Net effect is a reduction in fee collections dedicated to the Petroleum Product Fund administered by the Department of Agriculture. Makes other changes to the inspection provisions.		(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)

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Various Agency Receipts							
Act 638 Reg. Session SB 363	Relieves the City of Baker School Board from paying the interest on the remaining debt owed to the State Department of Education from the Intergovernmental Loan Agreement between the school board and the State. The total obligation released shall not exceed \$76,170.		(\$44,583)	(\$7,617)	(\$7,617)	(\$7,617)	(\$7,617)
Unclaimed Property							
Act 839 Reg. Session HB 648	Provides that abandoned property distributable via a demutualization, rehabilitation, or related reorganization of an insurance company shall be remitted to the treasury 2 years after the event (rather than 5 years after the event). Relatively large one-time "catch-up" remittances could occur in FY05 (possibly \$21 million), with much smaller accelerated remittances in FY06 (\$2.1 million) and FY07 (\$1 million). However, these estimates embody a large degree of uncertainty.		INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
Excise License Tax							
Act 770 Reg. Session HB 797	Mandates a 25% premium reduction for automobile liability coverage purchased by active military personnel based in the state. Grants a rebate to insurers equivalent to the premium discounts provided. 50% implementation authorized beginning July 1, 2005 with full implementation effective July 1, 2006. Makes other changes to the definition of unfair discrimination.			(\$800,000)	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)
Total Adjustments To Major State Tax, License And Fee Estimates		\$0	(\$590,583)	(\$1,467,617)	(\$2,472,617)	(\$2,689,617)	(\$2,918,617)

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SESSION ACTIONS - DEDICATIONS							
Petroleum Product Fund							
Act 47 Reg. Session HB 478	<p>Excludes from the fuel inspection fee (4/32 of 1¢ per gallon) special fuel sold for use in commercial ships, vessels, or barges of greater than 50 gross tons operating principally in foreign or interstate coastwise commerce. This will result in a relatively large but unknown decrease in fee collections.</p> <p>Imposes the fee on undyed diesel fuel used for nontaxable purposes when dyed diesel fuel is not available. This will result in a relatively small but unknown increase in fee collections.</p> <p>Net effect is a reduction in fee collections dedicated to the Petroleum Product Fund administered by the Department of Agriculture.</p> <p>Makes other changes to the inspection provisions.</p>		(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Department of Justice Legal Support Fund							
Act 586 Reg. Session HB 671	A new dedicated fund is created to receive monies recovered by the attorney general on behalf of the state (most of these monies are typically related to mineral revenue disputes). Reoveries pertaining to a number of specific agencies are excepted. An annual allocation is required to be made to the new fund to bring its balance to \$500,000. The Department of Justice shall use the monies for expert witnesses, consultants, contract legal counsel, technology, specialized employee training and education, and public education initiatives. Effective upon governor's signature.		\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Adjustments To Dedications of Major State Tax, License, and Fee Estimates		\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		\$0	(\$590,583)	(\$1,467,617)	(\$2,472,617)	(\$2,689,617)	(\$2,918,617)

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	OTHER ITEMS OF INTEREST						
	Various Special Fund Transfers and LEDC Loan to Super Dome						
Act 585 Reg. Session HB 619	<p>2004 <u>Overcollections Fund</u> created to receive up to \$3.2 million of self-generated revenue collected by the Office of Financial Institutions in excess of the amount incorporated into the FY04 official revenue estimate of May 14, 2004. These monies are to be appropriated for nonrecurring purposes in FY05.</p> <p><u>LA Economic Development Fund transfer</u> of \$2 million to the State General Fund to be used in FY05.</p> <p><u>LA Fire Marshal Fund transfer</u> of \$719,545, attributable to FY04, to the State General Fund to be used in FY05.</p> <p><u>FY04 fund balance transfers to the LA Medical Assistance Trust Fund</u> to support the FY05 Medical Vendor Payment Program: (1) Fraud Detection Fund: \$3.1 million, (2) Incentive Fund: \$3.220 million, (3) Mineral Resources Operation Fund: \$2 million, (4) Insurance Fraud Investigation Fund, \$2,142,515</p> <p><u>LEDC loan to Super Dome</u>: The LA Economic Development Corporation is directed to loan up to \$7.5 million of FY05 LEDC Fund monies to the LA Stadium and Exposition District to fulfill its annual obligation to the New Orleans Saints. The loan is for a period up to 8 years, and is to be repaid from District revenues that exceed the FY05 amount plus a growth factor equal to the CPI increase.</p> <p>The bill also allows the Tax Commission Expense Fund to retain all of its unused balances, beginning in FY05, rather than balances up to \$150,000 (\$68,000 will be transferred to the State General Fund for FY04). In addition, Higher Education Initiatives Fund balances were made available to all higher education institutions rather than just the Board of Regents.</p>		\$3,200,000				
			\$2,000,000				
			\$719,545				
			\$3,100,000				
			\$3,220,000				
			\$2,000,000				
			\$2,142,515				