

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

2006 First Extraordinary Session

Instrument	Description	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
SESSION ACTIONS - REVENUE							
Personal Income Tax							
Act 25 1st Ex. Session HB 21	A) Current law, Act 23 of the 2005 1st Ex. Session, prevents Louisiana taxpayer state income taxes from increasing as a result of federal tax relief they may receive (credits or casualty losses) as a result of hurricanes Katrina or Rita, beginning with tax year 2005. This new Act applies those provisions back one year to tax periods beginning in 2004.	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate
	B) Makes these "hold harmless" provisions applicable to any federal disaster relief tax credits and any casualty losses.		(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
	C) Reactivates an expired exemption for certain military compensation through 2007, and retroactive back to tax year 2005.	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)			
	D) Creates a new state deduction for certain expenses when federal tax credits are taken and the associated federal tax deductions are then disallowed.	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Severance Tax							
Act 26 1st Ex. Session HB 22	Provides a tax credit for a payment made in-lieu of severance tax when the monthly due dates for oil and natural gas severance taxes were shifted back one month by Act 446 of the 2005 Regular Session. The payment made sure the state did not lose tax revenue and that taxpayers did not pay less tax than they owed as a result of the due date shift. This bill gives that payment back, essentially providing a one month elimination of the severance tax. The credit is to be taken in 4 equal installments against the tax liabilities of December and June during FY07 and FY08. Effective upon governor's signature.		(\$16,400,000)	(\$16,400,000)			
Total Adjustments To Major State Tax, License And Fee Estimates		(\$2,550,000)	(\$19,025,000)	(\$19,025,000)	(\$325,000)	(\$325,000)	(\$325,000)
SESSION ACTIONS - DEDICATIONS							
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		(\$2,550,000)	(\$19,025,000)	(\$19,025,000)	(\$325,000)	(\$325,000)	(\$325,000)

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SESSION ACTIONS - REVENUE						
Income Tax - Individual and Corporate						
Act 4 2nd Ex. Session HB 120	<p>Provides a refundable tax credit against individual and corporation income tax liabilities in the amount of surcharges, market equalization charges, or assessments paid by a taxpayer to Louisiana Citizens Property Insurance Corporation (LCPIC) as a result of the 2005 regular or emergency assessments levied by LCPIC due to hurricanes Katrina and Rita. Assessments paid before January 1, 2007 can be claimed on the return for tax year 2006. Assessments paid after January 1, 2007 can be claimed on subsequent tax returns.</p> <p>Individuals that have paid the assessments through a surcharge on their policy premiums can recoup through the individual income tax. Insurance companies that have paid the assessments to LCPIC but have not yet collected the assessments from their policyholders through a surcharge on premiums can recoup through the corporate income tax. Effective for tax periods beginning on or after January 1, 2006.</p> <p>The LCPIC declared a 2005 regular and emergency assessment . The regular assessment was 15% of the premiums charged for individual homeowner policies in order to supplement LCPIC's ability to pay claims , or an estimated \$239 million. Much of the regular assessment should have been paid during the 2006 tax year, generating tax credit revenue losses during FY07. Beginning January 1, 2007 the LCPIC will begin assessing 2005 emergency assessments to finance the debt service requirements of a \$978 million bond issue. The annual emergency assessments will occur for as long as necessary to support the debt service schedule through FY27. The first emergency assessment is 3.7% of the premiums charged for the individual homeowner policies, or an estimated \$56 million. Much of this emergency assessment should be paid during the 2007 tax year, generating tax credit revenue losses during FY08. In subsequent years, the emergency assessment will have to be enough to cover the annual debt service requirements. In the table to the right, the FY09 - FY11 annual revenue losses are the debt service amounts currently scheduled for each of those years. Over the life of the bonds, debt service requirements total some \$1.6 billion from FY07 - FY27. This plus the regular assessment amount is the amount of tax credit provided by this bill; a total over \$1.8 billion.</p>	(\$239,000,000)	(\$56,100,000)	(\$80,100,000)	(\$81,500,000)	(\$80,400,000)
Total Adjustments To Major State Tax, License And Fee Estimates		(\$239,000,000)	(\$56,100,000)	(\$80,100,000)	(\$81,500,000)	(\$80,400,000)

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SESSION ACTIONS - DEDICATIONS						
Louisiana Economic Development and Port Development Infrastructure Fund						
Act 1 2nd Ex. Session HB 52	<p>This new special fund is established in the state treasury to receive monies appropriated by the legislature, as well as federal funds, donations, gifts, or grants. The fund shall be appropriated solely to induce and encourage economic development by funding infrastructure costs, including expenditures for acquisition, site preparation, construction, development, rehabilitation, preservation, repair, or other improvements of lands, buildings, fixtures, infrastructure, equipment, utilities, and projects, for a major durable goods manufacturer to locate in the state, or for the use and benefit of a port in providing for a durable goods manufacturing facility, including taking those actions necessary to secure the location of the facility in proximity to the port.</p> <p>The bill directs the treasurer, on the effective date of the Act, to deposit into the fund from the general fund the sum of three hundred million dollars.</p> <p>No appropriations shall be approved by the Joint Legislative Committee on the Budget except costs associated with land acquisitions and site preparation for a major durable goods manufacturer during FY07.</p> <p>All monies in the fund shall be returned to the state general fund if not expended on the major durable goods manufacturer to be located in St. James Parish.</p>	\$300,000,000				
	Adjustments To Dedications of Major State Tax, License, and Fee Estimates	\$300,000,000	\$0	\$0	\$0	\$0
	TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST	(\$539,000,000)	(\$56,100,000)	(\$80,100,000)	(\$81,500,000)	(\$80,400,000)

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OTHER ITEMS OF INTEREST						
Louisiana Interoperability Communications Fund						
Act 2 2nd Ex. Session HB 57	<p>Subject to a legislative appropriation, the treasurer is directed to deposit into the fund from the general fund any monies available. Monies in the fund shall be used solely to establish, design, develop, acquire, construct, administer, operate, and maintain an interoperability communications system within the state to serve state and local emergency and first responders and to meet National Incident Management Systems (NIMS) communications requirements. In addition, the legislation requires the creation of an all hazards emergency alert system . Effective upon governor's signature.</p> <p>The DOA anticipates that it will need a total of \$23.2 million for complete implementation of this short-term solution over the next 18 months. This entire funding requirement may be appropriated to the Fund in FY 07, to provide for short-term interoperability and to cover ongoing maintenance of system through FY 08. Ongoing costs beyond FY08 will be required.</p> <p>The DOA notes that a long-term interoperability solution will require an additional \$352 million and would begin at such time as funding becomes available.</p>	To be Determined by Legislative Appropriation				