

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 08 FORECAST

(In Million \$)

REVENUE SOURCE / Dedications	Official Forecast 5/22/07	Proposed OPB Forecast 12/10/07	ADOPTED		OPB +(-) Official Forecast	LFO +(-) Official Forecast
			Proposed LFO Forecast 12/10/07			
Alcoholic Beverage	17.0	18.3	19.0		1.3	2.0
Beer	37.0	36.4	35.0		(0.6)	(2.0)
Corporate Franchise	284.8	317.9	216.9		33.1	(67.9)
Corporate Income	520.5	599.4	587.8		78.9	67.3
<i>Total Corp Fran. & Inc.</i>	805.3	917.3	804.7		112.0	(0.6)
Gasoline & Special Fuels	628.0	631.0	621.0		3.0	(7.0)
Gift	4.0	3.1	3.0		(0.9)	(1.0)
Hazardous Waste	5.0	5.0	5.0		-	-
Individual Income	2,569.0	2,907.8	2,973.0		338.8	404.0
Inheritance	4.0	4.0	3.0		-	(1.0)
Natural Gas Franchise	7.0	8.3	5.0		1.3	(2.0)
Public Utilities	3.5	4.0	4.5		0.5	1.0
Auto Rental Excise	5.5	5.5	5.5		-	-
Sales Tax - General	2,849.0	2,827.9	2,911.7		(21.1)	62.7
Severance	776.8	953.9	942.0		177.1	165.2
Special Fuels					-	-
Supervision/Inspection Fee	4.5	6.5	6.0		2.0	1.5
Tobacco	140.4	146.3	147.0		5.9	6.6
Unclaimed Property	30.0	30.0	26.0		-	(4.0)
Miscellaneous Receipts	5.4	5.6	6.5		0.2	1.1
Total-Dept. of Revenue	7,891.4	8,510.9	8,517.9		619.5	626.5
Royalties	460.0	589.9	553.0		129.9	93.0
Rentals	20.7	22.3	23.0		1.6	2.3
Bonuses	36.8	51.4	32.0		14.6	(4.8)
Mineral Interest	1.0	1.0	1.3		-	0.3
Total-Natural Res.	518.5	664.6	609.3		146.1	90.8
Interest Earnings (SGF)	150.0	155.0	150.0		5.0	-
Interest Earnings (TTF)	10.0	17.1	15.0		7.1	5.0
Var. Agy. Receipts	31.4	30.0	32.3		(1.4)	0.9
Agency SGR Over-Collections	16.2	17.0	18.3		0.8	2.1
Bond Reimbursements	4.1	4.3	4.3		0.2	0.2
Quality Ed. Support Fund	61.2	67.8	60.0		6.6	(1.2)
Lottery Proceeds	120.4	128.9	128.9		8.5	8.5
Land-based Casino	83.0	87.1	87.0		4.1	4.0
Tobacco Settlement	66.6	71.8	71.8		5.2	5.2
DHH Provider Fees	97.1	108.4	108.4		11.3	11.3
Total Treasury	640.0	687.4	676.0		47.4	36.0
Excise License	269.3	308.2	306.0		38.9	36.7
Ins. Rating Fees (SGF)	52.3	50.9	52.8		(1.4)	0.5
Total-Insurance	321.6	359.1	358.8		37.5	37.2
Misc. DPS Permits & ABC Permits	12.1	12.1	10.5		-	(1.6)
Titles	26.3	24.3	22.2		(2.0)	(4.1)
Vehicle Licenses	98.0	92.0	89.0		(6.0)	(9.0)
Vehicle Sales Tax	337.0	335.3	317.0		(1.7)	(20.0)
Riverboat Gaming	356.0	389.0	356.0		33.0	-
Racetrack slots	54.0	55.3	54.0		1.3	-
Video Draw Poker	215.0	211.2	201.0		(3.8)	(14.0)
Total-Public Safety	1,098.4	1,119.2	1,049.7		20.8	(48.7)
Total Taxes, Lic., Fees	10,469.9	11,341.2	11,211.7		871.3	741.8
<i>Less: Dedications</i>	<i>(1,728.5)</i>	<i>(1,804.7)</i>	<i>(1,763.6)</i>		(76.2)	(35.1)
<i>Less: New Opportunities Waiver Fund Allocation</i>		<i>(50.0)</i>	<i>(50.0)</i>		(50.0)	(50.0)
STATE GENERAL						
FUND REVENUE - DIRECT	8,741.4	9,486.5	9,398.1		745.1	656.7

ADOPTED

Some columns and lines do not add precisely due to rounding.

REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 08 FORECAST

(In Million \$)

REVENUE SOURCE / Dedications	ADOPTED				
	Official Forecast 5/22/07	Proposed OPB Forecast 12/10/07	Proposed LFO Forecast 12/10/07	OPB +(-) Official Forecast	LFO +(-) Official Forecast
			ADOPTED		
Motor Fuels-Transp. Trust Fd.	502.4	504.8	496.8	2.4	(5.6)
Motor Vehicles Lic. - TTF	43.1	40.6	37.4	(2.5)	(5.7)
Aviation Tax - TTF	9.7	9.7	9.7	0.0	0.0
TTF/Interest and Fees	31.8	38.9	39.5	7.1	7.7
Motor Fuels - TIME Program	125.6	126.2	124.2	0.6	(1.4)
Motor Veh.Lic - Hwy Fund #2	11.5	10.8	10.4	(0.7)	(1.1)
State Highway Improvement Fund	10.3	9.8	10.2	(0.5)	(0.1)
Severance Tax -Parishes	48.8	43.0	40.7	(5.8)	(8.1)
Severance Tax - Forest Prod. Fund	3.4	3.4	3.4	0.0	0.0
Royalties - Parishes	46.0	59.0	55.3	13.0	9.3
Royalties-DNR/AG Support Fund	2.6	2.6	2.6	0.0	0.0
Wetlands Fund	28.9	35.2	34.0	6.3	5.1
Mineral Audit Settlement Fund	0.0	0.0	0.0	0.0	0.0
Quality Ed. Support Fund	61.2	67.8	60.0	6.6	(1.2)
LA Econ Dev Port Dev Infra Fund	0.0	0.0	0.0	0.0	0.0
Sales Tax Econ. Development	14.2	14.2	14.1	0.0	(0.1)
Tourist Promotion District	18.7	23.7	24.2	5.0	5.5
Excise Lic. - 2% Fire Ins.	17.1	18.8	17.2	1.7	0.1
Excise Lic. -Fire Mars. Fd.	11.9	15.4	13.4	3.5	1.5
Excise Lic. - LSU Fire Tr.	2.4	2.8	2.7	0.4	0.3
Insurance Fees	52.3	50.9	52.8	(1.4)	0.5
State Police Salary Fund	15.6	15.6	15.6	0.0	0.0
Video Draw Poker	66.3	62.1	63.0	(4.2)	(3.3)
Racetrack Slots	21.0	23.0	22.1	2.0	1.1
Lottery Proceeds Fund	119.9	128.4	128.4	8.5	8.5
SELF Fund	158.6	169.9	162.5	11.3	3.9
Riverboat 'Gaming' Enforce.	57.3	61.9	58.3	4.6	1.0
Compulsive Gaming Fund	2.5	2.5	2.5	0.0	0.0
Stabilization Fund	0.0	0.0	0.0	0.0	0.0
Hazardous Waste Funds	5.0	5.0	5.0	0.0	0.0
Supervision/Inspection Fee	4.5	6.5	6.0	2.0	1.5
Insp. Fee/Gasoline, Ag. Petr. Fund	4.8	5.3	5.3	0.5	0.5
Tobacco Settlement	66.6	71.8	71.8	5.2	5.2
Tob Tax Health Care Fd / Reg Enf Fd	42.4	43.9	43.3	1.5	0.9
Rapid Response Fund	10.0	7.8	7.8	(2.2)	(2.2)
Unclaimed Property / I-49	15.0	15.0	15.0	0.0	0.0
DHH Provider Fees	97.1	108.4	108.4	11.3	11.3
Total Dedications	1,728.5	1,804.7	1,763.6	76.2	35.1

ADOPTED

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 09 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/22/07	Proposed OPB Forecast 12/10/07	Proposed LFO Forecast 12/10/07	OPB +(-) Official Forecast	LFO +(-) Official Forecast
Alcoholic Beverage	17.0	18.7	19.0	1.7	2.0
Beer	37.0	36.8	35.0	(0.2)	(2.0)
Corporate Franchise	271.7	310.0	240.7	38.3	(31.0)
Corporate Income	496.0	494.5	636.2	(1.5)	140.2
<i>Total Corp Fran. & Inc.</i>	767.8	804.5	877.0	36.7	109.2
Gasoline & Special Fuels	625.0	626.0	638.0	1.0	13.0
Gift	4.0	1.9	-	(2.1)	(4.0)
Hazardous Waste	5.0	5.0	5.0	-	0.0
Individual Income	2,636.0	2,921.1	2,810.1	285.1	174.1
Inheritance	4.0	3.5	1.4	(0.5)	(2.6)
Natural Gas Franchise	7.0	8.3	5.0	1.3	(2.0)
Public Utilities	3.5	4.0	4.5	0.5	1.0
Auto Rental Excise	5.5	5.5	5.5	-	0.0
Sales Tax - General	2,929.0	2,788.5	2,985.6	(140.5)	56.6
Severance	771.0	919.4	853.0	148.4	82.0
Special Fuels	-	-	-	-	0.0
Supervision/Inspection Fee	4.5	6.0	6.0	1.5	1.5
Tobacco	140.1	144.6	144.0	4.5	3.9
Unclaimed Property	30.0	30.0	26.0	-	(4.0)
Miscellaneous Receipts	5.4	5.6	6.5	0.2	1.1
Total-Dept. of Revenue	7,991.7	8,329.4	8,421.5	337.7	429.8
Royalties	423.0	530.5	535.0	107.5	112.0
Rentals	19.0	22.6	21.4	3.6	2.4
Bonuses	33.8	46.2	32.0	12.4	(1.8)
Mineral Interest	1.0	1.0	1.0	-	0.0
Total-Natural Res.	476.9	600.3	589.4	123.4	112.5
Interest Earnings (SGF)	125.0	120.0	125.0	(5.0)	0.0
Interest Earnings (TTF)	9.0	15.0	9.0	6.0	0.0
Var. Agy. Receipts	31.4	30.0	32.3	(1.4)	0.9
Agency SGR Over-Collections	16.2	17.0	18.3	0.8	2.1
Bond Reimbursements	4.1	4.3	4.3	0.2	0.2
Quality Ed. Support Fund	59.6	65.8	60.0	6.2	0.4
Lottery Proceeds	120.0	116.5	116.5	(3.5)	(3.5)
Land-based Casino	83.0	89.5	87.0	6.5	4.0
Tobacco Settlement	68.5	73.6	76.1	5.1	7.6
DHH Provider Fees	97.1	106.3	106.3	9.2	9.2
Total Treasury	613.9	638.0	634.9	24.1	20.9
Excise License	283.1	323.6	311.0	40.5	27.9
Ins. Rating Fees (SGF)	57.6	52.2	54.9	(5.4)	(2.6)
Total-Insurance	340.7	375.8	365.9	35.1	25.3
Misc. DPS Permits & ABC Permits	12.5	12.0	10.2	(0.5)	(2.3)
Titles	27.0	22.2	21.6	(4.8)	(5.4)
Vehicle Licenses	100.0	94.0	91.0	(6.0)	(9.0)
Vehicle Sales Tax	346.0	321.0	309.0	(25.0)	(37.0)
Riverboat Gaming	356.0	390.1	356.0	34.1	0.0
Racetrack slots	54.0	56.0	54.0	2.0	(0.0)
Video Draw Poker	215.0	209.2	201.0	(5.8)	(14.0)
Total-Public Safety	1,110.4	1,104.5	1,042.8	(5.9)	(67.6)
Total Taxes, Lic., Fees	10,533.7	11,048.0	11,054.5	514.3	520.9
<i>Less: Dedications</i>	<i>(1,740.6)</i>	<i>(1,791.5)</i>	<i>(1,784.8)</i>	(50.9)	(44.2)
<i>Less: New Opportunities Waiver Fund Allocation</i>					
STATE GENERAL					
FUND REVENUE - DIRECT	8,793.1	9,256.5	9,269.8	463.4	476.7

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 09 FORECAST

(In Million \$)

ADOPTED

REVENUE SOURCE / Dedications	Official Forecast 5/22/07	Proposed OPB Forecast 12/10/07	Proposed LFO Forecast 12/10/07	OPB +(-) Official Forecast	LFO +(-) Official Forecast
			ADOPTED		
Motor Fuels-Transp. Trust Fd.	500.0	500.8	510.4	0.8	10.4
Motor Vehicles Lic. - TTF	44.0	41.5	38.2	-2.5	-5.8
Aviation Tax - TTF	9.7	9.7	9.7	0.0	0.0
TTF/Interest and Fees	30.8	36.8	33.5	6.0	2.7
Motor Fuels - TIME Program	125.0	125.2	127.6	0.2	2.6
Motor Veh.Lic - Hwy Fund #2	11.8	11.1	10.6	-0.7	-1.1
State Highway Improvement Fund	21.2	20.0	20.8	-1.2	-0.4
Severance Tax -Parishes	48.9	42.5	41.8	-6.4	-7.1
Severance Tax - Forest Prod. Fund	3.4	3.4	3.4	0.0	0.0
Royalties - Parishes	42.3	53.0	53.5	10.7	11.2
Royalties-DNR/AG Support Fund	2.6	2.6	2.6	0.0	0.0
Wetlands Fund	28.0	33.4	31.8	5.4	3.8
Mineral Audit Settlement Fund	0.0	0.0	0.0	0.0	0.0
Quality Ed. Support Fund	59.6	65.8	60.0	6.2	0.4
LA Econ Dev Port Dev Infra Fund	0.0	0.0	0.0	0.0	0.0
Sales Tax Econ. Development	14.6	14.0	14.4	-0.6	-0.3
Tourist Promotion District	19.1	23.3	24.7	4.2	5.6
Excise Lic. - 2% Fire Ins.	18.0	19.7	18.8	1.7	0.8
Excise Lic. -Fire Mars. Fd.	12.6	16.2	14.6	3.6	2.0
Excise Lic. - LSU Fire Tr.	2.5	2.9	2.9	0.4	0.4
Insurance Fees	57.6	52.2	54.9	-5.4	-2.6
State Police Salary Fund	15.6	15.6	15.6	0.0	0.0
Video Draw Poker	67.3	60.4	61.8	-6.9	-5.5
Racetrack Slots	20.9	23.7	23.0	2.8	2.1
Lottery Proceeds Fund	119.5	116.0	116.0	-3.5	-3.5
SELF Fund	158.6	172.6	162.5	14.0	3.8
Riverboat 'Gaming' Enforce.	57.3	62.0	62.8	4.7	5.5
Compulsive Gaming Fund	2.5	2.5	2.5	0.0	0.0
Stabilization Fund	0.0	0.0	0.0	0.0	0.0
Hazardous Waste Funds	5.0	5.0	5.0	0.0	0.0
Supervision/Inspection Fee	4.5	6.0	6.0	1.5	1.5
Insp. Fee/Gasoline, Ag. Petr. Fund	4.8	5.3	5.5	0.5	0.7
Tobacco Settlement	68.5	73.6	76.1	5.1	7.6
Tob Tax Health Care Fd / Reg Enf Fd	42.3	43.4	42.4	1.1	0.2
Rapid Response Fund	10.0	10.0	10.0	0.0	0.0
Unclaimed Property / I-49	15.0	15.0	15.0	0.0	0.0
DHH Provider Fees	97.1	106.3	106.3	9.2	9.2
Total Dedications	1,740.6	1,791.5	1,784.8	50.9	44.2
			ADOPTED		

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10-12 FORECAST

(In Million \$)

	ADOPTED	ADOPTED	ADOPTED
	LFO FY10 12/10/07	LFO FY11 12/10/07	LFO FY12 12/10/07
REVENUE SOURCE / Dedications			
Alcoholic Beverage	19.0	19.0	19.0
Beer	35.0	35.0	35.0
Corporate Franchise	218.7	215.7	211.5
Corporate Income	577.4	554.4	564.4
<i>Total Corp Fran. & Inc.</i>	796.2	770.1	775.9
Gsasoline & Special Fuels	658.0	674.0	687.0
Gift	0.0	0.0	0.0
Hazardous Waste	5.0	5.0	5.0
Individual Income	2,901.5	2,988.5	3,072.5
Inheritance	1.4	1.4	1.4
Natural Gas Franchise	5.0	5.0	5.0
Public Utilities	4.5	4.5	4.5
Auto Rental Excise	5.5	5.5	5.5
Sales Tax - General	2,899.2	2,974.1	3,079.1
Severance	757.0	726.0	726.0
Special Fuels			
Supervision/Inspection Fee	6.0	6.0	6.0
Tobacco	144.0	143.0	143.0
Unclaimed Property	26.0	26.0	26.0
Miscellaneous Receipts	6.5	6.5	6.5
Total-Dept. of Revenue	8,269.7	8,389.5	8,597.4
Royalties	423.0	401.0	410.0
Rentals	16.9	16.0	16.4
Bonuses	25.0	25.0	25.0
Mineral Interest	1.0	1.0	1.0
Total-Natural Res.	465.9	443.0	452.4
Interest Earnings (SGF)	100.0	75.0	50.0
Interest Earnings (TTF)	8.0	7.0	6.0
Var. Agy. Receipts	32.3	32.3	32.3
Agency SGR Over-Collections	18.3	18.3	18.3
Bond Reimbursements	4.3	4.3	4.3
Quality Ed. Support Fund	56.9	56.0	56.4
Lottery Proceeds	116.5	116.5	116.5
Land-based Casino	87.0	87.0	87.0
Tobacco Settlement	80.3	84.7	89.3
DHH Provider Fees	106.3	106.3	106.3
Total Treasury	610.0	587.5	566.5
Excise License	336.0	362.0	380.0
Ins. Rating Fees (SGF)	57.1	59.4	61.8
Total-Insurance	393.1	421.4	441.8
Misc. DPS Permits & ABC Permits	11.4	12.2	12.5
Titles	23.8	25.8	26.2
Vehicle Licenses	93.0	95.0	97.0
Vehicle Sales Tax	317.0	322.0	328.0
Riverboat Gaming	356.0	356.0	356.0
Racetrack slots	54.0	54.0	54.0
Video Draw Poker	201.0	201.0	201.0
Total-Public Safety	1,056.2	1,066.0	1,074.7
Total Taxes, Lic., Fees	10,795.0	10,907.5	11,132.8
<i>Less: Dedications</i>	<i>(1,806.2)</i>	<i>(1,843.2)</i>	<i>(1,874.9)</i>
<i>Less: New Opportunities Waiver Fund Allocation</i>			
STATE GENERAL			
FUND REVENUE - DIRECT	8,988.8	9,064.3	9,257.9
	ADOPTED	ADOPTED	ADOPTED

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REVENUE ESTIMATING CONFERENCE

FISCAL YEAR 10-12 FORECAST

(In Million \$)

REVENUE SOURCE / Dedications	ADOPTED	ADOPTED	ADOPTED
	LFO FY10 12/10/07	LFO FY11 12/10/07	LFO FY12 12/10/07
-	ADOPTED	ADOPTED	ADOPTED
Motor Fuels-Transp. Trust Fd.	526.4	539.2	549.6
Motor Vehicles Lic. - TTF	39.1	39.9	40.7
Aviation Tax - TTF	9.7	9.7	9.7
TTF/Interest and Fees	32.5	31.5	30.5
Motor Fuels - TIME Program	131.6	134.8	137.4
Motor Veh.Lic - Hwy Fund #2	10.9	11.1	11.3
State Highway Improvement Fund	31.9	43.4	44.3
Severance Tax -Parishes	41.7	44.1	48.2
Severance Tax - Forest Prod. Fund	3.4	3.4	3.4
Royalties - Parishes	42.3	40.1	41.0
Royalties-DNR/AG Support Fund	2.6	2.6	2.6
Wetlands Fund	27.7	26.6	26.7
Mineral Audit Settlement Fund	0.0	0.0	0.0
Quality Ed. Support Fund	56.9	56.0	56.4
LA Econ Dev Port Dev Infra Fund	0.0	0.0	0.0
Sales Tax Econ. Development	14.0	14.4	14.9
Tourist Promotion District	24.1	24.7	25.6
Excise Lic. - 2% Fire Ins.	20.5	22.3	24.3
Excise Lic. -Fire Mars. Fd.	15.9	17.3	18.9
Excise Lic. - LSU Fire Tr.	3.2	3.5	3.8
Insurance Fees	57.1	59.4	61.8
State Police Salary Fund	15.6	15.6	15.6
Video Draw Poker	61.8	61.8	61.8
Racetrack Slots	23.0	23.0	23.0
Lottery Proceeds Fund	116.0	116.0	116.0
SELF Fund	162.5	162.5	162.5
Riverboat 'Gaming' Enforce.	62.8	62.8	62.8
Compulsive Gaming Fund	2.5	2.5	2.5
Stabilization Fund	0.0	0.0	0.0
Hazardous Waste Funds	5.0	5.0	5.0
Supervision/Inspection Fee	6.0	6.0	6.0
Insp. Fee/Gasoline, Ag. Petr. Fund	5.7	5.8	5.9
Tobacco Settlement	80.3	84.7	89.3
Tob Tax Health Care Fd / Reg Enf Fd	42.4	42.1	42.1
Rapid Response Fund	10.0	10.0	10.0
Unclaimed Property / I-49	15.0	15.0	15.0
DHH Provider Fees	106.3	106.3	106.3
Total Dedications	1,806.2	1,843.2	1,874.9
	ADOPTED	ADOPTED	ADOPTED

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**REVENUE ESTIMATING CONFERENCE
December 10, 2007**

**State General Fund Revenue Forecast
(millions of \$)**

	FY07	FY08	FY09	FY10	FY11	FY12
Revenue	\$9,680	\$9,398	\$9,270	\$8,989	\$9,064	\$9,258
\$ Chg.	\$1,376	-\$217	-\$128	-\$281	\$76	\$194
% Chg.	16.6%	-2.9%	-1.4%	-3.0%	0.8%	2.1%
Base Change		\$657	\$477	\$271	\$182	na

Strong collections growth in FY07 continued the 12.3% surge experienced in the storm year of FY06. In FY06 most of the revenue surge was sales tax, as the economy began its recovery from hurricanes Katrina and Rita, growing by 19% and making up 60% of the year's revenue gains. In FY07 most of the revenue surge was income tax, as deferred payments came in, unemployment dropped below the national average, and wage premiums pushed up taxable incomes, growing by 30% and making up 45% of the year's revenue gains. In both years the corporate sector contributed as oil prices continued rising and the dollar exchange rate continued falling.

Growth in sales tax, income tax, and mineral revenue continues into FY08, albeit at slower rates. This continued growth performance on top of the very strong finish of FY07 necessitates an upward revision of the forecast baseline. The current forecast is increased for all four years of FY08 – FY11 from the previous forecast baseline, but the year-over-year forecast path continues to be one of lower revenue each year until around FY12. Past forecasts have failed to find the state's post-storm revenue peak, but FY07 may be close to that peak. Thus, the revenue forecast path depicts declining revenue from a year-over-year perspective while at the same time being higher than previous forecasts of that path.

**Sales Tax Forecast
(millions of \$)**

	FY07	FY08	FY09	FY10	FY11	FY12
General	\$2,838	\$2,912	\$2,986	\$2,899	\$2,974	\$3,079
Vehicle	\$362	\$317	\$309	\$317	\$322	\$328

The big surge years for both general and vehicle sales tax was FY06, the fiscal year of the storms, with growth of 17.2% and 29.2%, respectively, as many possessions were replaced after the storms. With substantial recovery spending continuing to occur and oil & gas activity continuing to respond to price signals, growth in the general sales tax continued in FY07 (4.2%), and is still growing in FY08 (3.4% ytd). Comparable base growth is projected to continue but will be offset somewhat by the continued phase-out of tax on manufacturing machinery & equipment built in through FY11, and two annual sales tax holidays enacted in the 2007 session. Also built into the forecast is the scheduled drop of the tax rate on business utilities to 1% (from 3.3%) in FY10.

Vehicle replacement peaked by the middle of FY07 and that year finished with a 4.8% drop which has continued into FY08 (6.2% ytd). That decline is projected to continue through FY09 before growth returns in FY10.

Personal Income Tax Forecast
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Income Tax	\$3,257	\$2,973	\$2,810	\$2,902	\$2,989	\$3,073
Ex. Itm.		-\$157	-\$190	-\$308	-\$332	-\$357
EITC			-\$41	-\$41	-\$41	-\$41
Ins. Credit			-\$92			

Collections held up in storm year FY06 (4.6%) due to withholding strength, but surge really occurred in FY07 with 29.7% growth. Deferred payment catch up, low unemployment, wage growth, oil & gas sector gains all contributed to a very strong year. While withholding continues to grow quickly in FY08, catch-up effect is ending and FY08 base growth is actually a 3.9% decline from the strong prior year. Growth is offset by tax breaks granted in the 2007 session: phase-in of excess itemized deduction (Ex. Itm.), a new earned income tax credit (EITC), and a one-time credit of 7% of homeowner insurance premiums in FY09 (Ins. Credit). Already built into the baseline forecast are approximately \$50 million per year of Citizens assessment credits and \$100 million per year of film credits. This tax is likely the strong suit of the revenue forecast, but large exposures exist from unused Citizens credits (\$200 million) and certified film infrastructure projects (\$1.4 billion).

Corporate Tax Forecast
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Revenue	\$1,052	\$805	\$877	\$796	\$770	\$776

FY07 was the fourth consecutive year of growth in corporate collections, consistent with oil price increases and exchange rate declines, benefiting the broadly defined energy sector and exporters in the state. Forecasts in excess of \$1 billion per year are possible for each year of the forecast horizon. However, forecasts of peaking and then falling oil prices, and the exchange rate bottoming out call for these revenues stabilizing and even pulling back somewhat. Caution is always advised with these revenues due to their highly volatile characteristics. Double-digit annual growth and declines are the norm, and monthly receipt variation within the year makes it impossible to identify any current trending. In addition, roughly one-half to two-thirds of these revenues are typically collected in last quarter of fiscal year. The phase-out of franchise tax on borrowed capital is built in through FY11 as is roughly \$50 million per year of film production credits. Some portion of the film infrastructure credit exposure also exists against these revenues.

Oil and Gas Price Forecasts

	FY07	FY08	FY09	FY10	FY11	FY12
Oil \$/bbl, WTI	\$63.41	\$80.00	\$70.45	\$57.48	\$55.12	\$55.16
Gas \$/mmbtu, HH	\$6.86	\$7.46	\$7.19	\$6.77	\$6.86	\$7.07
Gas Sev. Tax Rate ¢/mcf	37.3¢	26.9¢	29.7¢	29.8¢	27.2¢	27.3¢

With 2007 being the fifth year of oil price increase, recently approaching \$100/bbl, the forecast for oil prices is a big question and risk, especially for FY09 and beyond. The oil price forecasts above are an average of forecasts made by Moody’s, the federal Energy Information Administration, and the low price case of the state Department of Natural Resources. The \$80/bbl average for FY08 is \$22 higher than the current baseline price forecast, with FY09 \$15/bbl higher than current baseline. The out-years are a little higher, as well: FY10 \$5/bbl higher and FY11 \$4/bbl higher. Considerable uncertainty is associated with all of these forecasts. Natural gas prices are more regionally determined and weather-related, and have not exhibited the volatility and uncertainty of oil prices. The Moody’s forecast is utilized above and seems reasonable. Natural gas severance tax rates for each fiscal year are determined by the average gas price during the twelve month period ending in the month of March prior to the start of a new fiscal year. Thus, the FY08 tax rate is already fixed, while the table displays projected tax rates in FY09 – FY12 based on the gas price projections for the relevant periods. These new forecast tax rates are less than 1¢ higher than in the baseline forecast.

Severance and Royalty Forecast (millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Severance	\$910	\$942	\$853	\$757	\$726	\$726
Royalty	\$517	\$553	\$535	\$423	\$401	\$410

Price spike up with production spike up in FY06 kept mineral revenue fairly unaffected in storm year. Production recovery to pre-storm path within one year meant full year of normal production while oil prices continued to rise in FY07, with continuing price increases in FY08. Moderating oil price forecasts cause revenue to fall off in FY09 and beyond. With the Stabilization Fund filled, all price volatility flows directly to the state general fund. Royalty collections available to the state general fund are reduced by \$13 million per year starting in FY09 as receipts from Attakapas Wildlife Management Area are dedicated to the Conservation Fund for use by the Department of Wildlife and Fisheries.

Gaming Revenue Forecast
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Riverboat	\$389	\$356	\$356	\$356	\$356	\$356
Video Poker	\$214	\$201	\$201	\$201	\$201	\$201
Lottery	\$129	\$120	\$120	\$120	\$120	\$120
Land-Based	\$84	\$87	\$87	\$87	\$87	\$87
Slots	\$56	\$54	\$54	\$54	\$54	\$54

Riverboat: Immediate post-storm boom is over. While operator win (state tax base) has settled around 27% higher for riverboats, admissions have dropped for three straight months. Forecast for riverboats is kept at current \$356 million, which is 5% over their pre-storm performance but down from FY07 (and FY06 peak of \$403m). Out-years FY09 - FY12 held at \$356m, as well. As Gulf Coast fully comes back on-line through 2008 some downward pressure on these forecasts may occur.

Video poker: Exhibits similar pattern, settling at a 10% higher win per device post-storm, but with overall play falling toward pre-storm levels or even below in bars & restaurants. Performance appears to be stabilizing around \$201m for FY08, and is held at that level through FY12. This is 9% over pre-storm levels but \$14m less than FY07 and the current forecast in place.

Land-Based: Performance has been above pre-storm levels since re-opening in early 2006. Forecast is for small gain on FY07 (\$3m) as well as relative to current forecast (\$4m). Held steady through FY12 as city, tourism, and Gulf Coast all continue recovery.

Slots: Post-storm win per admission has stayed around 20% higher than pre-storm, but admissions themselves have been below pre-storm levels and have gradually tapered off for the past several months. Consequently, collections will likely fall somewhat.

Premium Tax Forecast
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Revenue	\$285	\$306	\$311	\$336	\$362	\$380

Premium tax collections have performed well in the post-storm period, growing by 4.9% in the fiscal year of the storms (FY06) and then surging 33.3% in FY07 as higher premiums began to be imposed. In addition, net collections are also benefiting from falling tax credits. Tax credits for insurance guaranty assessments (LIGA) and CAPCO investments have been falling. LIGA has not levied an assessment since 2004 and CAPCO credits continue their scheduled phase-down. Net collections growth is expected to moderate considerably in FY08 as premium increases moderate, then growth will pick back up as credit phase-downs continue. Net collections are expected to grow faster than the growth in gross liabilities in the out-years due to credit phase-downs, unless additional guaranty assessments are levied or new capital is allowed into the CAPCO program.

Motor Fuels Tax Forecast
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
Revenue	\$607	\$621	\$638	\$658	\$674	\$687

Combined gasoline and special fuels (diesel) have performed well throughout the post-storm period, growing by 3.0% in FY06 and 2.3% in FY07. This is expected to continue with projected growth rates of 1.9% - 3.2% throughout the forecast horizon. Risks to this outlook would be continual rapid oil price increases that push up gasoline pump prices faster than consumers can adjust, and the possibility of a U.S. recession that curtails consumer, business, and trucking activity. Neither of these scenarios are formally forecast by most macro-economy watchers, but the probabilities of their occurrence have been elevated in most forecast discussions.

Dedications
(millions of \$)

	FY07	FY08	FY09	FY10	FY11	FY12
State Highway Improvement Fund	na	\$10	\$21	\$32	\$43	\$44
Attakapas WMA	na	na	\$13	\$13	\$13	\$13
Tourism Promotion District	na	\$5.5	\$5.6	\$5.8	\$5.2	\$6.1
NOW Opportunities Waiver Fund		\$50				

Significant changes to dedications of state tax revenue are depicted in the table above. These dedications divert revenue from the state general fund in favor of the uses supported by the particular special fund receiving the dedicated revenue. These recent dedications include the State Highway Improvement Fund, enacted in 2006 with its first effect in FY08. It will phase in to the new special fund the remaining vehicle license tax revenue currently flowing to the state general fund. These monies will support road projects in the state system that are not eligible for federal highway funding assistance. A formal statutory dedication of state oil & gas royalty receipts, from production in the Attakapas Wildlife Management Area, to the Conservation Fund begins in FY09. These monies will support the operations of the Department of Wildlife and Fisheries. The cap on retention of sales tax receipts by the Tourism Promotion District is entirely removed effective in FY08. The monies are used for out-of-state tourism advertising and promotion. Finally, the NOW Opportunities Waiver Program can receive 12% of revenue forecast increases above the forecast in place at the beginning of the fiscal year (up to \$50 million). This is currently expected to occur in FY08 but can not be projected for subsequent years of the forecast horizon since it can not be known what forecast will in place at the beginning of any particular fiscal year.