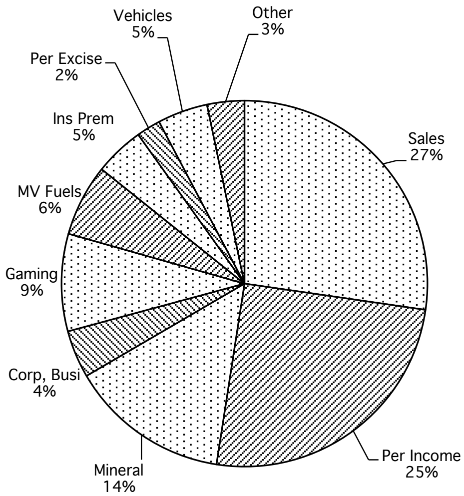
STATE REVENUE SUMMARY
as of 4/24/12 REC and FY11 Close
July, 2012

Components Of The Forecasted State Revenue Base
FY 2010-11 Final Collections



$97.03	Oil Price Fcst:	$96.65	$102.14	$100.14	$98.42	$97.24
FY11	{Apr'12 REC}	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**
Actual		Fcst 4/12	Fcst 4/12	Fcst 4/12	Fcst 4/12	Fcst 4/12
2,610.1	Sales	2,639.4	2,767.5	2,922.2	3,094.7	3,284.4
2,406.0	Per Income	2,486.6	2,628.1	2,757.7	2,877.9	3,027.3
1,352.1	Mineral	1,460.8	1,443.6	1,440.2	1,435.8	1,428.8
402.3	Corp, Busi	274.8	295.5	300.1	315.2	352.5
822.4	Gaming	831.3	833.2	824.4	826.9	829.4
607.5	MV Fuels	582.2	592.2	595.8	609.9	616.0
424.5	Vehicles	467.9	472.5	489.9	510.5	517.1
419.8	Ins Prem	434.9	432.0	444.7	467.9	490.4
204.1	Per Excise	198.8	193.7	188.2	182.1	181.5
314.5	Other	355.4	299.5	292.8	287.0	281.5
9,563.3	Total	9,732.1	9,957.8	10,256.1	10,607.8	11,008.9
(1,793.3)	Dedications	(1,870.5)	(1,854.8)	(1,853.6)	(1,875.7)	(1,891.6)
7,770.0	General Fund	7,861.6	8,103.0	8,402.6	8,732.2	9,117.2
594.2	growth: $ Chg	91.5	241.4	299.6	329.6	385.1
8.3%	growth: % Chg	1.2%	3.1%	3.7%	3.9%	4.4%

Pre-Storms: Path Looked Good
The U.S. economic recovery from the 2000-01 recession picking up steam and energy prices beginning to run up, pulling along the state economy and revenue receipts:
FY04 experienced 5.2% / $411 million of revenue growth ($368.5m general fund).
FY05 experienced 10.9% / $905 million of revenue growth, with good trends across the board: mineral revenue +$243m, corporate taxes +$211m, personal income tax +$209m, sales tax +$173m; ($626.0m general fund).

Post-Storms: Revenues Surged To FY08 Revenue Peak
In addition to U.S. economic acceleration affecting certain revenues (e.g. corporate) and post-storm effects on certain revenues (e.g. gaming, premiums, interest), particular revenue surges stood out:
FY06 Sales Tax Step-Up: $485.6m (19% gr); 60% of $808.4 total tax gr (8.8% gr); $909m SGF gr; spending for storm relief, recovery, relocation, and replacement
FY07 Income Tax Step-Up: $745.1m (30% gr); 45% of $1,660.1m total tax gr (16.6% gr); $1,379.5m SGF gr; deferral catch-up, job gr (recovery/rebuilding), wage premiums
FY08 Mineral Revenue Step-Up: $425.1m (26% gr); 128% of $332.1m total tax gr (3.1% gr); $500.2m SGF gr; oil & gas prices climb sharply all year before peaking in July'08
From an FY05 base year, the three following years (FY06 - FY08) experienced $2.836 billion (31%) of state tax revenue growth, with receipts peaking in FY08 at $12.020 billion of total state taxes and $10.136 billion of SGF revenue.

FY08 Revenue Peak To FY10 Revenue Trough
The Great Recession reaching the state, post-storm spending tapering off, mineral prices collapsing, and substantial tax cuts combine to dramatically reduce state revenue.
FY09 revenue dropped $965m (8%): $465m in mineral revenue (48%), $352m in general economy (37%), and $148m in tax cuts (16%, mostly sales and income taxes).
FY10 revenue dropped $2.136b (19%): $192m in mineral revenue (9%), $1.226b in general economy (57%), and $718m in tax cuts (34%, mostly sales and income taxes).
From an FY08 base year, the two following years (FY09 - FY10) experienced $3.1 billion (26%) of state tax revenue decline: $657m mineral revenue (21%), $1.577b in general economy (51%), and $866m in tax cuts (28%, mostly sales and income taxes). Total state tax receipts hit a trough in FY10 at $8.919b and $7.175b of SGF revenue.

FY11 A Good Recovery Year But FY12 Sharply Deccelerated
Recovery from the Great Recession (U.S. and quicker LA) along with rising energy prices (after the 2008 collapse) resulted in a revenue bounceback in FY11 from the FY10 trough, with good performance almost all across the board. Only severance taxes lagged due to large exemption realizations, especially related to horizontal driling production (mostly gas, but oil as well). However, this revenue recovery seemed to have nearly stalled out in FY12, as sharply lower growth was experienced in sales, income, and corporate taxes over most of the fiscal year. End-of-year performance may alleviate some of this disappointment, and both severance and royalties have performed well due largely to continued strong oil prices dominating other factors.
FY11 total tax revenue grew $643.4m (7.2%) with SGF growth of $594.2m (8.3%) on the strength of corporate (50%gr), income (8.7%gr), general sales (10.5%), vehicle sales (18.7%), and royalties (19.4%). Severance taxes actually fell by 2.4% due to high levels of tax exempt activity.
FY12 total tax revenue is officially projected to grow by only $168.9m (1.8%) and only $90.7m (1.2%) in SGF: $81.2m (3.4%) income tax, $29.3m (1.1%) sales tax, $11.2m (1.5%) severance tax, and $101m (20%) royalties. Final receipts may be somewhat better than this, but the year will be a disappointment in light of expectations for continuing recovery, even if at growth less than in FY11.

FY13 - FY16
Growth in the forecast horizon is expected to return to something more like normal assuming the U.S. economy continues to recover and accelerates, pulling along the state economy and state revenue receipts. The official growth projection for FY13 is 2.3% for gross taxes and 3.1% for general fund receipts. Going forward through FY16, total tax growth projections accelerate into the 3.5% to 4.0% range, with general fund receipts growth projected closer to the 4.0% to 4.5% range. Those are respectable growth rates, but they do rely on certain assumptions that are at risk. The most immediate risk is to the oil price projections which are $97/bbl to $102/bbl over this period. Recent weakness adds concern for at least the FY13 projection. Sluggish U.S. economic growth is vulnerable to a worsening of the Eurozone financial crisis and slowing growth in major emerging market economies. Consequently, the Louisiana economy is also vulnerable and struggled with weak sales tax and income tax growth all through FY12. Corporate collections were weak virtually all of the year, as well, and may only be improving at the very end of the year. A turnaround in this revenue source is overdue and welcome, but will not be sufficient to offset continued weakness in sales and income taxes.

Upside potential may rest with corporate collections, but total tax receipts are unlikely to be revised up on the corporate outlook alone.
Downside risks are to oil prices, connected to the broader risks of overall economic slowing in the worldwide economy.