

**STATE REVENUE SUMMARY**  
as of 5/9/08 REC and FY08 Close  
Oct, 2008

Components Of The Forecasted State Revenue Base FY 2007-08 Final Collections		\$97.03 FY08 Actual	Oil Price Fcst: Sales	\$84.23 FY09 Fcst 5/08	\$72.17 FY10 Fcst 5/08	\$68.46 FY11 Fcst 5/08	\$67.63 FY12 Fcst 5/08
		<b>2,864.3</b>		<b>2,891.2</b>	<b>2,794.2</b>	<b>2,889.2</b>	<b>2,981.2</b>
		<b>3,179.8</b>	<b>Per Income</b>	<b>2,874.5</b>	<b>2,917.6</b>	<b>3,047.4</b>	<b>3,187.2</b>
		<b>2,008.5</b>	<b>Mineral</b>	<b>1,810.6</b>	<b>1,652.9</b>	<b>1,559.9</b>	<b>1,536.8</b>
		<b>1,082.4</b>	<b>Corp, Busi</b>	<b>1,102.8</b>	<b>975.7</b>	<b>892.0</b>	<b>939.1</b>
		<b>888.2</b>	<b>Gaming</b>	<b>870.7</b>	<b>861.0</b>	<b>857.0</b>	<b>853.0</b>
		<b>600.4</b>	<b>MV Fuels</b>	<b>595.0</b>	<b>604.0</b>	<b>615.0</b>	<b>624.0</b>
		<b>475.8</b>	<b>Vehicles</b>	<b>475.8</b>	<b>489.6</b>	<b>502.4</b>	<b>513.9</b>
		<b>375.2</b>	<b>Ins Prem</b>	<b>405.6</b>	<b>420.1</b>	<b>436.5</b>	<b>452.5</b>
		<b>207.7</b>	<b>Per Excise</b>	<b>202.3</b>	<b>201.9</b>	<b>201.4</b>	<b>201.0</b>
		<b>372.7</b>	<b>Other</b>	<b>328.7</b>	<b>312.5</b>	<b>296.5</b>	<b>280.8</b>
		<b>12,055.0</b>	<b>Total</b>	<b>11,557.1</b>	<b>11,229.4</b>	<b>11,297.2</b>	<b>11,569.3</b>
		<b>(1,874.1)</b>	<b>Dedications</b>	<b>(1,854.5)</b>	<b>(1,903.4)</b>	<b>(1,959.1)</b>	<b>(2,060.1)</b>
		<b>10,180.9</b>	<b>General Fund</b>	<b>9,702.5</b>	<b>9,325.9</b>	<b>9,338.1</b>	<b>9,509.3</b>
		1,379.5	(millions \$)	(478.4)	(376.6)	12.2	171.1

**Pre-Storms: Path Looked Good**

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: Certain Revenues Surged**

		Shares of \$ Growth	Growth Rate	
FY06 State Tax Revenue Growth	808.4	\$ Growth	8.8%	(\$909m general fund growth)
Sales Tax	485.6	60%	19%	spending for storm relief, recovery, relocation, and replacement
Corporate	139.5	17%	22%	strong oil prices and weak dollar benefit broad O&G sector and exporters
Personal Income	111.3	14%	5%	deferred payment losses more than offset by strong withholdings
Gaming	81.5	10%	11%	nothing else to do with all that money; citizens and worker influx
Mineral	(14.9)	2%	-1%	price spikes up but production spikes down; essentially a wash
Interest & Premiums	26.8	3%	11%	growing fund balance; premiums increase while tax credits drop
FY07 State Tax Revenue Growth	1,660.1	Shares	16.6%	(\$1,379.5m general fund growth)
Sales Tax	92.5	6%	3%	boom over, but growth continues
Corporate	283.8	17%	37%	stronger oil prices and weaker dollar: O&G sector and exporters
Personal Income	745.1	45%	30%	deferral catch-up, lots of jobs (recovery/rebuilding), wage premiums
Gaming	35.9	2%	4%	boom over, but still ahead of pre-storm levels
Mineral	277.3	17%	23%	production restored and oil prices continue to rise {\$30+ price increase}
Interest & Premiums	143.9	9%	54%	big fund balance; big premium increases and more tax credit drops
FY08 State Tax Revenue Growth	367.1	Shares	3.1%	(\$500.2m general fund growth)
Sales Tax	9.1	2%	0.3%	spending slows to near standstill
Corporate	(112.7)	31%	-11%	weakening economy and borrowed capital phase-out end 4-year growth run
Personal Income	(88.4)	24%	-3%	base growth too slow to offset phase-one of excess itemize give-back
Gaming	15.7	4%	2%	growth slows even more, but still ahead of pre-storm levels
Mineral	425.1	116%	28%	oil & gas prices climb sharply all year, before peaking in July'08
Interest & Premiums	100.3	27%	24%	fund balances, premium increases, and tax credit drops continue

**FY09 - FY12**

Growth in FY08, all year and at finish, was almost entirely from mineral revenue. No big step-ups in sales, income, or corporate occurred as in prior two years. Thus, no strong base performance to carry over into FY09. Oil & gas prices peaked in July'08 and have fallen dramatically since. Current forecasts anticipate this, but oil prices persisting below the \$70 range will be a problem. Haynesville Shale bonus receipts in FY09 will be offset by production shut-ins from Gustav/Ike. Weak natural gas prices suggest downward revision in that revenue component, with effects spread over FY09 and FY10. FY09 starts off with weak sales, income, and corporate performance from FY08. Small/short sales tax bump from Gustav/Ike likely, but no income tax bump. Second half of FY09 likely to be weak, with worse performance in FY10. Length and depth of national recession will determine prospects for FY11 and beyond.

Existing tax reduction phase-ins and new ones passed in 2007 and 2008 ES2 sessions already built into the forecast baseline.

{Existing: mach & equip phase-out, borrowed capital phase-out, busi utils drop to 1%, film infrastruc credits, and Citizens assessment credit exposure}

{New 2007: excess itemized deduction starts FY08, earned income credit starts FY09, one-time insurance premium credit in FY09 etc.}

{Eliminate 1% busi utils tax, New Mkts Tax Credit renewed, accel m & e and borr cap phaseouts, nonpublic tuition deduction, veh sales tax to TTF}

Not yet built into revenue forecasts are 2008R session actions of Shaw bill tax bracket expansion, 2new dedications of revenue, and increases in mineral revenue distributed back to parishes. These reduce general revenues by over \$400 million in FY10.

**Upside potential:** Not much. Oil prices stabilize, national recession short and mild, and LA insulated from its effects.

**Downside risks:** Slowing growth in income taxes, flat growth in sales taxes, declining corporate taxes; severe national recession, and continuing energy price declines.