1999 LOUISIANA TAX HANDBOOK

Incorporates
Changes
Through
1998

PAR

PUBLIC AFFAIRS RESEARCH COUNCIL OF LA., INC.

1999
LOUISIANA
TAX HANDBOOK

(Incorporates Changes Through 1998 Legislative Sessions and Revenue Estimates as of November 1998)

Public Affairs Research Council of La., Inc.
Post Office Box 14776
Baton Rouge, LA 70898-4776
Phone: (225) 926-8414
FAX: (225) 926-8417

PAR is an **independent voice** and **catalyst for governmental reform** in Louisiana, offering solutions to critical issues through accurate, objective research and focusing public attention on those solutions.

As a private, **nonprofit** research organization, PAR is supported through the **tax-deductible membership contributions** of thousands of Louisiana citizens who want better, more efficient and more responsive government.

Although PAR does not lobby, **PAR's research gets results.** Many significant governmental reforms can be traced back to PAR recommendations. Through its extensive research and public information program, PAR places constructive ideas and solutions into the mainstream of political thinking.

In addition to being a catalyst for governmental reform, PAR also has an extensive program of **citizen education** and serves as a state government **watchdog.** The organization's 47 years of research on state and local government in Louisiana gives it a **unique historical perspective** as well as the ability to monitor implementation of reforms and remind public officials of promises made.

Membership in PAR is open to the public. For more information, contact PAR at 225-926-8414 or write P.O. Box 14776, Baton Rouge, Louisiana 70898-4776.

Price List

(Includes tax and postage)

First Copy	
PAR Member	Free
Nonmember	$25
Additional Copies	$15 each

To order, write P.O. Box 14776, Baton Rouge, LA 70898-4776, or call 225-926-8414.

TABLE OF CONTENTS

PREFACE 1

STATE FINANCIAL OVERVIEW 2
Spending the Surplus 2
Fiscal 1999 5
Outlook for 2000 6
1997 and 1998 Tax Changes 6

STATE TAXES 9
Alcoholic Beverage Tax 9
Automobile Rental Tax 10
Beer Tax 10
Corporation Franchise Tax 11
Estate Transfer Tax 12
Excise License (Premium Insurance) Tax 13
Foreign Fire Insurance Company Tax 14
Fire Marshal Tax 14
Fireman Training Tax 15
Forest Protection Tax 15
Gasoline Tax 16
Gift Tax 18
Hazardous Waste Disposal Tax 18
Income Tax, Corporation 19
Income Tax, Individual 21
Inheritance Tax 25
Marijuana and Controlled Dangerous Substances Tax 26
Motor Vehicle License Tax 26
Natural Gas Franchise Tax 28
Sales and Use Tax 28
Special Fuels Tax 35
Telecommunications Tax for the Deaf 36
Tobacco Tax 36
Transportation and Communication Utilities Tax 38
Unemployment Insurance Tax 39

MINERAL REVENUES 42
Bonuses 42
Rentals 43
Royalties 44
Severance Tax 45
Special Dedicated Funds 48
Budget Stabilization Fund 48
Local School Board 16th Section Land 48
Mineral Revenue Audit and Settlement Fund 48
Rockefeller Fund 49
Russell Sage (Marsh Island) Fund 49
State and Local Agency Land 50
Louisiana State Parks Land Acquisition Trust Fund 50

Wetlands Conservation and Restoration Fund . . . 50
Wildlife and Fisheries Conservation Fund . . . 51
Wildlife Refuge and Game Preserve Fund . . . 51

GAMING REVENUES . . . 52
Casino (Land-Based) . . . 53
Horse Racing Tax . . . 53
Lottery . . . 54
Offtrack Wagering License Tax . . . 55
Riverboat and Dockside Gaming . . . 55
Video Draw Poker . . . 56

LOCAL TAXES . . . 58
Constitutional Limits . . . 58
Statutory Limits . . . 58
Home Rule Powers . . . 58
Local Tax Structure . . . 58
Changes in Local Tax Law . . . 58
Local Tax Descriptions . . . 59
Acreage Tax . . . 59
Amusement Tax . . . 59
Automobile Rental Tax . . . 59
Beer Tax . . . 60
Chain Store Tax . . . 60
Cigarette Papers Tax . . . 61
Horse Racing Tax . . . 61
Hotel Occupancy Tax . . . 62
Insurance Premium Tax . . . 62
Occupational License Tax . . . 63
Offtrack Wagering License Tax . . . 64
Parcel Tax . . . 64
Property (Ad Valorem) Tax . . . 65
Property Transfer Tax . . . 69
Riverboat Admission . . . 69
Sales and Use Tax . . . 69
Utility Franchise Tax . . . 72

BUSINESS TAX INCENTIVES . . . 73
Basic Skills Training Tax Credit . . . 73
Biomedical and University Research and Development Park Tax Incentives . . . 73
Employer Tax Credit for Training Donations . . . 73
Enterprise Zone and Economic Development Zone Incentives . . . 73
Sales Tax Rebate . . . 74
New Job Tax Credits . . . 74
Aid to Families with Dependent Children (AFDC) Credit . . . 74
Environmental Incentives . . . 74
Recycling Equipment Credit . . . 74
Clean Fuel Vehicle Conversion Equipment Credit . . . 74
Pollution Control Equipment Credit . . . 74
Freeport Laws . . . 74

Goods Being Imported 74
Goods Held for Export 75
Goods in Transit 75
Housing Development Area Incentive 75
Industrial Areas 75
Industrial Tax Exemption 75
Insurance Company Tax Reduction for Louisiana Investments 76
Inventory Tax Credit 77
Louisiana Capital Companies Tax Credit Program 77
Investor Income Tax Credits 77
Capital Company Income and Franchise Tax Exemption 77
Credit for Insurance Companies 77
Louisiana Capital Investment Tax Credit 77
Louisiana Quality Jobs Program Tax Credit 78
Low Income Housing Project Credit 78
Motion Picture Employment Tax Credit 78
Motion Picture Incentive 78
Motion Picture Investor Tax Credit 79
New Jobs Tax Credit 79
Re-Employment Tax Credit 79
Restoration Tax Abatement 79
Subchapter "S" Corporation Tax Exclusion 80
Tax Equalization Contracts 80
New Manufacturers 80
New Warehousing and Distribution Firms 80
New Business Headquarters 80
Tax Exemption Contracts for Existing Manufacturers 81
Tax-Free Shopping for Foreign Tourists 81

PREFACE

This *Louisiana Tax Handbook* is a ready-reference on state and local taxes, gaming revenues and major nontax mineral sources--royalties, rentals and bonuses. Fees and federal grants are not included. PAR revises this handbook biennially following the fiscal-only session and provides an addenda in the intervening year.

The general format for each tax is as follows:

1. **Legal Citation** designates the pertinent constitutional and statutory provisions (*Revised Statutes* generally) as amended through 1998. The legal citations should assist those who wish to know the exact wording of the law; PAR staff summarized and simplified the wording.

2. **Paid By** refers to individuals or businesses who pay the tax initially. Those who ultimately pay (incidence) may differ if the initial taxpayer is able to transfer payment to others.

3. **Base** indicates the item, value, volume or price on which the tax is imposed. The base should be read in conjunction with the rate.

4. **Rate** is the amount per unit or percentage of value which applied to the base gives the tax liability.

5. **Exemptions** include exemptions, deductions, exclusions and tax credits applicable that result in a loss of tax revenue. They usually are established by the state constitution or statute, but some are due to federal prohibitions. Where possible, an estimate (published by the Louisiana Department of Revenue and Taxation) is given of state tax losses expected due to exemptions for fiscal 1999.

6. **Due Date** is the time specified by law that reports and payment must be made without incurring a penalty.

7. **Collection Agency** denotes the department and its agencies that collect revenues. The Louisiana Department of Revenue and Taxation is the state's major collector, but the Lottery Corporation and the Gaming Control Board and departments of Insurance, Economic Development and Natural Resources also collect taxes, mineral revenues or gaming revenues.

Although the state collects some local taxes, local governments generally designate who collects their taxes. The constitution designates the sheriff to collect parish property taxes and requires a single parish tax collector to collect sales taxes.

8. **Dedications** "earmark" purposes for which revenues must be spent. This handbook lists all dedications except for those to the Bond Security and Redemption Fund (BSRF). The constitution [Article VII, Section 8 (B)] requires that all money deposited to the state treasury go first to BSRF to pay the state's general obligation (GO) debt. Once required GO debt payments are made, the remaining money is then credited to the state general fund, unless dedicated to a special fund.

9. **Background** lists chronologically the initial levy of each tax and major changes, particularly rates. Numerous changes in dedications and exemptions are not included.

10. **Collection History** shows actual data for fiscal years 1989-1998 and estimates for fiscal 1999 and 2000. Unless otherwise noted, actual tax collection data is from the annual series, *State of Louisiana Comprehensive Annual Financial Report (CAFR)* or from Legislative Fiscal Office reports. Estimates for fiscal 1999 and 2000 are those of the Consensus Revenue Estimating Conference adopted November 18, 1998. There is no central source of data on local tax collections.

The state's fiscal year begins July 1 and ends June 30. In this handbook, fiscal years are shown as the year in which the last six months occur.

STATE FINANCIAL OVERVIEW

Since publication of the 1997 PAR Tax Handbook, the Legislature concluded its 1997 general session and met in a special session and fiscal session in 1998. While numerous tax changes were enacted, the state's basic tax structure remains relatively unaltered. One significant tax change, enacted in 1997, was to phase out the inheritance tax. While the state's revenue loss will reach $65 million by 2006, it will only be about $5 million in 1999 and $10 million in 2000.

The growth in state government taxes, licenses, fees and lottery proceeds—those revenues forecast by the Revenue Estimating Conference (REC)—slowed from nearly 5% in fiscal year 1997 to just over 2% in 1998. REC forecasts made in November 1998 for the fiscal years 1999 and 2000 showed growth in these revenues slowing to a near standstill at well below 1% each year. (See Table 1 for a 10-year collection history and two-year forecast for these state revenues.)

The relatively small growth in revenues from the state's own sources between 1997 and 1998 was partly due to the lowering of the "temporary" sales tax on food and utilities from 4% to 3%. This $110 million reduction was actually enacted in 1996 to take effect in fiscal 1998. Other factors included a decline in mineral revenues, due to falling oil prices, and the fact that gaming revenues have reached a plateau. Nonetheless, because of unanticipated increases in other revenues and spending cuts, $165.6 million in excess revenues were recognized as available before the end of the 1998 fiscal year. Of this amount, $12.8 million was applied to state debt and the remainder was spent on capital outlay ($61.5 million), education and other purposes during fiscal 1998. This action effectively precluded ending the year with a substantial surplus. (The annual financial report for 1998 with the final surplus figure was not available at this writing.) The administration argued that using the excess revenue on capital expenditures would provide greater savings than if the potential surplus was realized and used to pay off state debt as required by the constitution.

Spending the Surplus

A 1993 constitutional amendment required that nonrecurring revenues including the year-end surplus be used only for the early repayment of state debt. The objective was to assure that nonrecurring revenue was used for nonrecurring purposes and not for recurring operating expenditures.

Beginning in fiscal 1993, the state has ended each year with a significant surplus. These surpluses have been used to repay debt but, for the most part, debt that was coming due the next year. Money that otherwise would have gone to pay debt service was then budgeted for other purposes and not always for nonrecurring purposes.

In preparing the 1999 budget, the 1997 year-end surplus ($135 million) plus $12.8 million of the excess 1998 revenues were used to finance a three-year debt defeasance plan designed to save $155.7 million in debt service payments. Only a third of the savings ($55.1 million) was scheduled for 1999. This was an improvement over the practice of converting the surplus into funding for the next year's budget by paying off debt only months early.

The practice of indirectly budgeting the surplus by generating debt service savings will play a less prominent role in the immediate future. Much, if not all, of the potential 1998 surplus was used before it was realized and a significant surplus is unlikely for either fiscal 1999 or 2000 without an unexpected upsurge in the economy or a rise in oil prices. In addition, a 1998 constitutional amendment expanded the possible uses of nonrecurring revenue to include capital outlay. Thus, up to three-fourths of any future surpluses could be budgeted directly for spending on capital improvements. The amendment dedicates 25% of any surplus to a rainy-day fund.

Even as amended, the constitution still does not entirely assure that surpluses will be used for nonrecurring purposes. It does not require early debt retirement to be scheduled to provide the maximum savings to the state. Thus, debt can continue to be retired a few months early and the savings budgeted for any purpose. Only the budgeters' self control can prevent using the money for regular operating expenditures.

Even if the surplus is spent directly on capital outlay, it may not necessarily be for nonrecurring purposes. Many capital improvements, such as the maintenance of public buildings, should be considered an ongoing and recurring operating expense of government.

TABLE 1

State Revenue History [a]

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
TAXES: (NON-MINERAL)												
Alcohol	16.2	15.9	15.9	15.9	15.7	15.5	16.2	16.0	15.6	16.1	15.9	15.7
Auto Rental Excise	--	--	2.4	2.7	3.0	3.3	3.7	4.1	3.7	4.2	4.3	4.4
Beer	35.5	26.6	26.0	46.1	33.1	34.5	37.6	36.9	34.4	36.2	35.6	35.1
Corporation Franchise	260.0	256.9	244.0	262.4	263.4	257.6	267.8	233.5	244.0	251.2	277.0	280.0
Excise License	126.0	126.3	136.6	146.3	152.8	162.4	148.5	153.0	139.8	111.6	100.0	100.0
Gasoline	316.7	334.6	373.2	377.1	394.4	388.0	394.7	405.3	397.5	423.7	434.0	440.0
Gift	2.7	4.4	2.8	2.2	7.0	4.0	3.3	3.5	3.8	5.3	6.0	5.0
Hazardous Waste	8.6	7.1	5.5	4.7	27.9	5.3	7.5	4.8	5.5	4.4	4.3	4.3
Income, Corporation	344.6	344.0	326.7	232.1	245.3	219.2	283.1	327.5	380.2	359.5	302.0	291.0
Income, Individual	679.5	740.9	806.4	870.1	933.5	980.9	1065.5	1165.2	1273.2	1459.6	1560.0	1654.0
Inheritance	34.1	46.8	39.4	44.0	43.5	48.6	58.0	54.8	73.9	84.5	77.0	73.0
Motor Vehicle License	51.2	50.9	53.2	58.6	66.8	70.1	68.7	73.5	73.4	77.6	80.0	81.0
Natural Gas Franchise	9.0	7.6	6.1	16.9	6.8	7.4	7.5	7.6	6.3	7.6	6.5	6.5
Occupational License	0.1	--	--	--	--	--	--	--	--	--	--	--
Sales	1595.6	1582.3	1649.3	1621.2	1713.5	1908.7	2005.2	2211.5	2229.2	2273.4	2337.0	2405.0
Soft Drinks	11.0	11.2	11.6	12.7	12.0	13.2	6.8	7.6	4.7	0.0	0.0	0.0
Special Fuels	58.5	64.9	70.6	73.8	77.6	79.3	94.0	96.8	97.1	107.2	111.0	113.0
Tobacco	72.8	68.2	84.2	86.8	84.8	81.9	88.9	87.9	88.3	87.2	86.0	85.0
Public Utilities	25.4	27.9	5.7	5.0	13.4	7.5	5.9	6.8	2.6	2.7	2.5	2.5
Other Permits	34.0	45.9	43.5	45.5	44.8	46.9	48.7	48.8	46.1	49.1	49.0	48.6
TOTAL TAXES: (NON-MINERAL)	3681.5	3762.4	3903.1	3924.1	4139.3	4334.3	4611.6	4945.1	5119.3	5361.1	5488.1	5644.1
MINERAL REVENUES:												
Bonuses	14.7	19.5	10.9	6.3	8.4	12.7	23.7	35.2	53.2	40.4	50.0	28.0
Rentals	8.7	8.5	8.6	7.5	5.5	4.5	6.4	15.6	20.7	28.4	30.0	30.0
Royalties	246.2	226.5	250.3	214.8	274.1	359.3	237.7	273.3	290.1	233.0	184.0	185.0
Severance	401.4	427.8	578.1	484.2	437.5	364.4	377.7	349.1	419.4	352.1	284.0	265.0
Other	3.0	3.5	3.9	5.6	13.4	4.6	5.0	5.2	4.5	2.4	2.0	3.1
TOTAL MINERAL REVENUE	674.0	685.8	851.8	718.4	738.9	745.5	650.5	678.4	787.9	656.3	550.0	511.1

TABLE 1
(Continued)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GAMING:												
Lottery	--	--	--	50.0	166.5	150.3	123.0	111.0	100.1	105.3	113.7	99.7
Riverboat	--	--	--	--	--	36.9	177.1	220.7	236.6	239.0	254.0	270.0
Video Poker	--	--	--	1.9	52.2	107.8	152.3	175.0	183.6	196.1	206.3	146.6
Land-based Casino	--	--	--	--	--	--	125.5	13.4	0.0	0.0	3.5	0.0
TOTAL GAMING REVENUES	--	--	--	51.9	218.7	295.0	577.9	520.1	520.3	540.4	577.5	516.3
OTHER REVENUES:												
DHH Provider Fees	--	--	--	--	186.7	70.6	69.7	71.1	72.4	73.6	73.6	73.6
Interest	74.7	73.4	64.6	47.6	37.7	31.1	54.7	52.5	72.7	80.9	76.2	76.2
Quality Education Support Fund	43.0	43.4	50.8	53.7	57.1	61.6	72.4	51.6	59.8	59.0	56.0	55.6
Other Receipts[c]	109.2	93.7	85.9	76.3	57.5	89.2	81.6	83.4	79.7	80.1	80.8	79.2
TOTAL OTHER REVENUES	226.9	210.5	201.3	177.6	339.0	252.5	278.4	258.6	284.6	293.6	286.6	284.6
TOTAL REVENUES	4582.4	4658.7	4956.2	4872.0	5435.9	5627.3	6118.4	6402.2	6712.4	6851.4	6902.1	6956.0

a Includes all revenues forecast by the Concensus Revenue Estimating Conference; excludes federal funds and fees retained by agencies.
b Includes tax on alcoholic drinks, levied in fiscal 1985 and repealed for last half of fiscal 1986.
c Includes Wildlife and Fisheries fees prior to 1993.
SOURCE: Louisiana Comprehensive Annual Financial Report, 1989-96; Legislative Fiscal Office, 1997 and 1998 accrual actual; Consensus Revenue Estimating Conference (FY 1999 and 2000 forecast adopted November 18, 1998).

Fiscal 1999

The state budget for fiscal 1999 totaled $13.1 billion, down slightly from $13.2 billion in 1998. The particular challenges were to provide a replacement for one-time sources used to meet state's matching requirements for Medicaid, additional correctional costs and teacher pay raises. Federal funds provided fully one-third of the total state budget. The $8.7 billion remainder was comprised of state general fund revenues, statutory dedications (e.g. gasoline taxes dedicated to the Transportation Trust Fund), and self-generated funds (e.g. college tuition).

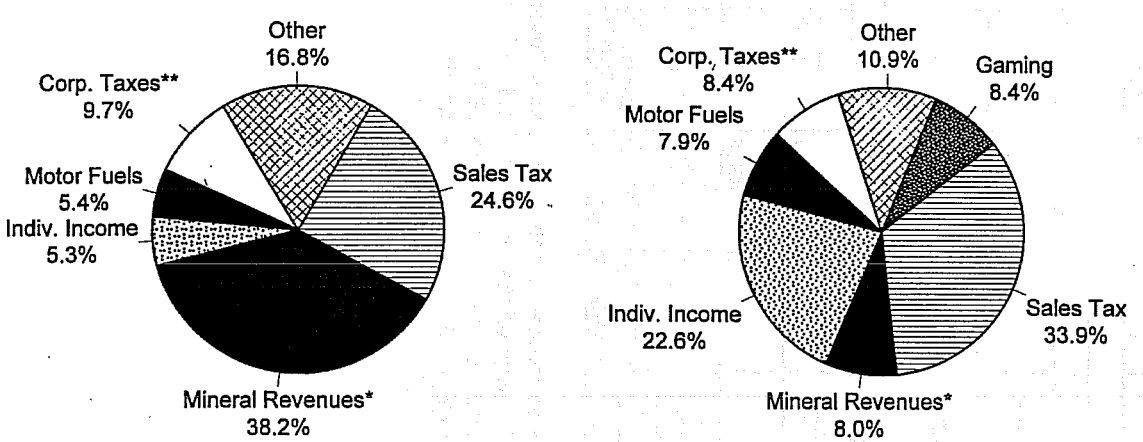
The REC forecast revenues as shown in Table 1 do not include all revenues from the state's own sources. The REC total forecast for 1999 was $6.9 billion. This figure does not include self generated funds used by an agency to offset its costs nor does it include some dedicated revenues. The revenue totals in Table 1 include lottery proceeds and show total collections before dedications are removed (e.g. severance tax payments to parishes).

As shown in Figure 1, a dramatic shift in state revenue sources has occurred in the two decades since 1981. Mineral revenues fell from the number one revenue spot (at 38.2% of the REC forecast revenues) to become only 8% of the pie in 1999. The sales tax which earlier provided one fourth of the money now is by far the leading revenue source providing more than a third of the total. The individual income tax, then only a minor revenue source at 5.3%, now is the second most important at 22.6%. Gaming revenues, almost nonexistent 10 years ago, now slightly exceed mineral revenues in importance.

In preparing the budget for 1999, the governor initially sought a renewal of the 1% sales tax on food and utilities that was dropped in 1998. Instead, the Legislature simply renewed the temporary tax at 3% (rather than 4%) for another two years. There was no other major tax legislation to affect the 1999 revenues.

At the mid-year point in fiscal 1999, the governor issued an executive order imposing a hiring freeze and other spending limits to avoid a potential deficit at year's end. These actions were designed to save about

FIGURE 1
Major Sources of State Revenue
Fiscal 1981 Actual and Fiscal 1999 Forecast



* Includes severance, royalties, bonuses, fees and rentals.
** Includes corporation income and corporation franchise taxes.

$30 million. The administration, at that time, was expecting a revenue shortfall of $20 million to $60 million. A major problem was the price of oil which had been projected originally at about $17 a barrel but had fallen to about $12. As a result, a $50 million shortfall in mineral revenues was anticipated. Spending pressures, largely due to a $27 million overrun in the TOPS college tuition program, also contributed to the projected shortfall.

The state is relying heavily on continued growth in sales and personal income taxes. However, the growth in these taxes has been slowing.

Outlook For 2000

Efforts to balance the fiscal 2000 budget face serious challenges. Revenues are projected to grow slowly and a $70 million loss in video poker money will have to be absorbed. Pressures continue for increased spending, including full funding of the TOPS program and other education programs. As of January 1999, the budget office anticipated that projected revenues would fall $326 million short of funding a continuation budget for fiscal 2000. A continuation budget assumes existing spending levels adjusted for inflation and changes in service demands. (The formula driven increase for public education alone amounted to $86 million.)

Tax increases as a means of filling the funding "hole" appear unlikely for two reasons. First, they cannot be considered in the non-fiscal general session, thus a special session would be required. Second, 1999 is an election year.

However, a new windfall revenue may become available. The recent settlement with the tobacco companies could provide Louisiana some $4.4 billion over the next 25 years. A scheduled $54 million up-front payment and an annual payment of $145 million in 2000 might help balance the fiscal 2000 budget, depending on when the money is actually made available for the state to spend; how the windfall is used and if the federal government does not take a large cut of the money. If enough states do not agree to the settlement, Louisiana's access to the money could be delayed until the end of fiscal year 2000.

The payments will vary in later years with a high of $189 million. Unlike revenue windfalls of the past, this one might be considered a recurring revenue and thus used directly for normal operating expenditures. A number of alternatives have already been proposed for using the tobacco settlement. The big question to be decided is whether the money should be treated as recurring revenue and budgeted accordingly or treated as a windfall and preserved in a trust fund or made subject to spending limitations.

Another potential new revenue source is the land based casino which, under its new contract, must begin operation by October 29, 1999. The casino will make daily payments amounting to $100 million annually. While these funds are statutorily dedicated, the Legislature could remove the dedication.

1997 And 1998 Tax Changes

The tax changes enacted in the 1997 and 1998 legislative sessions are summarized in Table 2. In addition, there were other tax actions of interest. One, was a failed effort to have a constitutional convention called to consider tax reform. However, the Legislature did create a special joint study committee to examine the state and local tax structure and report prior to the 2000 regular session. Early meetings of this committee, however, indicate a continued reticence to consider taking on sacred cows, such as the homestead exemption, which stand in the way of a thorough tax revision.

A taxpayer's bill of rights, enacted in 1998, is designed to guarantee that the rights, privacy and property of taxpayers are safeguarded and protected during tax assessment, collection and enforcement. The act lists 20 specific rights including the right to fair treatment and the right to complain and be heard. Also in the spirit of taxpayer-friendly government, the Legislature enacted a three-month tax amnesty program for delinquent individuals and small businesses. This allowed 5,127 taxpayers to pay $524,610 in back taxes and avoid penalties and half the interest.

Among the 15 constitutional amendments approved by voters at the November 3, 1998 elections were tax related provisions that:

- Increase the ceiling on oil and gas severance taxes a parish can receive from the state from $500,000 to $750,000 a year.
- Grant a homestead assessment freeze for homeowners 65 years of age or older with incomes of

TABLE 2
1997 and 1998 Tax Changes
(1997 Regular Session, 1998 First Extraordinary Session and 1998 Regular Session)

SALES TAX

1997

Dedicate state sales tax on room rentals to tourist related funds in numerous cities and parishes.

Extend deadline for immobilization of a mobile home in order to be exempt from state and local sales tax.

Extend Tax Free Shopping Program through 7/1/1999.

1998

Continue suspension of most exemption to the state sales tax at a 3% tax rate through fiscal year 1999-2000.

Retain vendor compensation at 1.1% and postpone return to 1.5% to 7/1/2001.

Exclude from state and local tax the lease or rental of vehicles by dealers when used as loaners to repair customers.

Exclude from state and local tax the value of items donated to food banks.

Change taxation of prepaid calling cards from sales tax on telecommunications services when card is used to a sales tax on tangible property when card is first sold.

Extend Tax Free Shopping Program through 7/1/2001.

Exempt utilities used by steelworks and blast furnaces (SIC 3312).

Exempt Bass Life and other nonprofit fish conservation groups.

Exclude Society of the Little Sisters of the Poor and certain religious camp and retreat facilities from state and local taxes.

Exempt from state tax (possibly local as well) sale of prescribed adaptive driving equipment.

Exclude from state and local tax fire fighting equipment used by volunteer and public fire department.

Extend to 7/1/2000 an exemption from state and local tax for educational material or equipment for classroom instruction in approved parochial and private schools.

Extend to 7/1/2000 an exemption from state and local tax for purchase of large trucks and trailer used 80% in interstate commerce. Add contract carrier buses to exemption.

CORPORATE INCOME/FRANCHISE TAX

1997

Remove authorization for dealers to pass the property tax on vehicle inventory directly on to consumers. Dealers may now claim the inventory credit.

Extend to 1/1/1999 deadline to apply for Quality Jobs Program credits.

Reduce number of permanent jobs a business must create to qualify for Enterprise Zone subsidies to 1 job within first year of contract period (was 5 jobs within 2 years).

Raise population limit from 50,000 to 75,000 to allow parish to create one rural enterprise zone and one economic development zone. (Allows 7 parishes without zones to create them.)

1998

Extend Quality Jobs Tax Credit Program to 6/30/2000.

Extend to 12/31/2000 tax credit for purchase of qualified recycling equipment.

Allow a specific manufacturer that has already received 10 years of tax equalization to receive 10 more years if it locates its headquarters in the state.

Provide credit of 50% of value of donation (between 7/1/98 and 1/1/2001) of current technology in materials, equipment or instructors to vo-tech, apprenticeship or community college training programs. Credit limited to 20% of tax liability in year donated.

Extend to 6/30/2000 credit for employer supported alcohol and substance abuse treatment.

Provide a credit of 10% or 20% of the payroll of residents employed in motion picture production in the state when total payroll exceeds $300,000 or $1,000,000.

Extends to 6/30/2000 credit for donations of state historical items.

Provide a credit for donating immovable property to a school. Credit is 40% of value and is limited to tax liability for year.

Exempt trucking firm that owns no property, makes no deliveries or pickups and makes fewer than 12 trips a year in the state.

Treat officers of limited liability companies or partnerships the same as other corporation officers in terms of personal liability for withholding and sales taxes.

Provide a tax amnesty program for individuals and certain small businesses running from 10/1/98 to 12/31/98.

INDIVIDUAL INCOME TAX

1997

Require filing of state income tax return only if federal return is required.

1998

Give law enforcement officers income tax credit for purchase of bulletproof vest—limit is $100, once every 5 years.

Extend to 6/30/2000 credit for donating state historical items.

Extend time to claim a credit for income taxes paid another state.

Provide tax amnesty program (see above).

Extend inactive well exemption application deadline to 6/30/2000.

Change the requirement to qualify for a tax rate reduction on added production generated by the injecting produced waters.

INHERITANCE/ESTATE TRANSFER TAX

1997

Exempt interest and penalties due on delinquent tax on an inheritance by direct ascendant or descendant of less than $100,000.

Phase out the inheritance tax over 8 budget years. The estate transfer tax will be the sole tax on inheritance after 7/1/2004.

Apply same interest to delinquent estate transfer tax as to inheritance tax.

SEVERANCE TAX

1997

Repeal the severance tax on gravel.

Proposed constitutional amendment to increase from $500,000 to $750,000 the cap on the dedication of oil and gas severance tax revenue to the parish where produced. (Voter approved 10/3/1998.)

ESTATE LICENSE (INSURANCE PREMIUM) TAX

1997

Reduce the minimum delinquent penalty from $200 to $25.

1998

Extend the CAPCO program until 12/31/2000 to certify new capital and to 12/31/1999 to certify new capital companies.

OTHER TAXES

1997

Inspection and Supervision Fee. Exempt gross receipts of motor carriers derived from activities not subject to PSC regulation.

1998

Extend the 4-cent-per-gallon TIME road fuels tax beyond prior 1/1/2005 expiration date. Tax to continue until TIME projects completed.

$50,000 or less.

- Prohibit courts from ordering tax levies or increases.
- Require two public notices 30 days prior to a hearing to consider rolling up a property tax millage which had been adjusted down following a reassessment.
- Allow local governments to forgive back taxes owed on blighted property renovated by a purchaser or sold by an owner for less than the appraised value and then renovated.
- Allow property in New Orleans to be sold at a tax sale for less the the minimum required bid if it failed to sell at a prior sale.

All of these tax related amendments affect local government, but the parish severance tax ceiling provision also creates a revenue loss of about $6 million for the state.

STATE TAXES

The Louisiana Legislature can levy any tax not prohibited by the U.S. Constitution, federal law or the state constitution. The following describes state taxes as they apply in fiscal year 1999 and, barring any special session changes, as they apply in fiscal year 2000.

ALCOHOLIC BEVERAGE TAX

Legal Citation
R.S. 26:1-801

Paid By
Dealer first handling alcoholic beverage in the state; manufacturer or retailer who ships wine directly to consumer.

Base
Quantity of beverage.

Rate
1. Liquors, 66 cent/liter.
2. Sparkling wines, 42 cents/liter.
3. Still wines:
   a. Alcohol content, 14% or less, 3 cent/liter.
   b. Alcohol content, more than 14% but less than 24%, 6 cent/liter.
   c. Alcohol content, 24% or above, 42 cents/liter.

Additional Tax
Manufacturer of sparkling or still wine who ships directly to consumer must pay $150/year.

Retailer who ships sparkling or still wine directly to consumer must pay $1,500/year.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)
1. Product returned by a dealer (negligible).
2. 3.33% discount if paid on time and accurate ($435,000).
3. Interstate shipments of alcoholic beverages ($5,500,000).
4. Foreign consul and foreign commerce (negligible).
5. Antiseptic, scientific and chemical uses.
6. Sales to federal government and its agencies ($150,000).
7. Free samples in tasting room of native winery.

Due Date
15th of each month.

Collection Agency
Department of Revenue.

Dedications
None.

Background
1934--Levied tax; liquors and sparkling wines, 50 cents/gallon; still wines,
from 5 cents to 50 cents/gallon.

1935--Increased rates on liquors and sparkling wines to 60 cents/gallon; increased still wines to 60 cents/gallon.

1938--Increased all rates to $1/gallon.

1940--Increased all rates to $1.50/gallon.

1948--Increased all rates to $1.58/gallon.

1956--Increased rate on liquor to $1.68/gallon.

1964--Changed method of taxing from prepaid stamps to volume reporting.

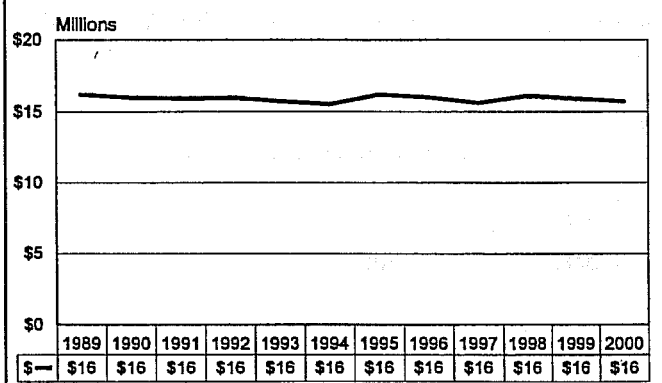
1970--Increased rates to $2.50/gallon.

1978--Increased rates to present level.

1987--Generally revised alcoholic beverage laws.

1998--Added tax for wine shippers.

Alcoholic Beverage Tax
FY 1989-2000*



* 1999 and 2000 are estimated.

Collection History (fiscal year)

1989	$ 16,238,000
1990	15,990,000
1991	15,853,000

1992	15,953,000
1993	15,746,000
1994	15,500,000
1995	16,210,000
1996	16,000,000
1997	15,600,000
1998	16,100,000
1999	15,900,000 (estimate)
2000	15,700,000 (estimate

AUTOMOBILE RENTAL TAX

Legal Citation
R.S. 47:551

Paid By
Dealer who rents automobiles (less than nine-passenger capacity) without driver for a period of less than 30 days.

Base
Gross proceeds from the lease or rental contract, less sales and use tax.

Rate
2.5%, effective August 1, 1990 through June 30, 2000.

Exemptions
Rental as replacement vehicle by insurance company or auto dealer for customer or by individual or business who submits to renter a copy of repair invoice for vehicle replaced.

Due Date
20th day of month following reporting period.

Collection Agency
Department of Revenue.

Dedications
None.

Background
1990--Levied tax; rate 3%.

1994--Changed base from total amount of contract to gross proceeds.

1996--Extended expiration date; decreased rate to 2.5% and allowed local governments to tax at 0.5%.

Collection History (fiscal year)

1991	$2,357,000
1992	2,744,000
1993	3,035,000
1994	3,300,000
1995	3,686,000
1996	4,100,000
1997	3,700,000
1998	4,200,000
1999	4,300,000 (estimate)
2000	4,400,000 (estimate)

BEER TAX

Legal Citation
R.S. 26:1-801

Paid By
Dealer who first handles beverage.

Base
Quantity of beverage sold.

Rate
$10 per barrel.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)
1. 2% discount if paid on time and accurate ($500,000).
2. Interstate shipments ($225,000).
3. Sales to ships in interstate or foreign commerce ($55,000).
4. Sales to federal government ($170,000).

Due Date
20 days after the end of each month.

Collection Agency
Department of Revenue.

Dedications
None.

Background
1933--Levied; rate, $1/barrel.

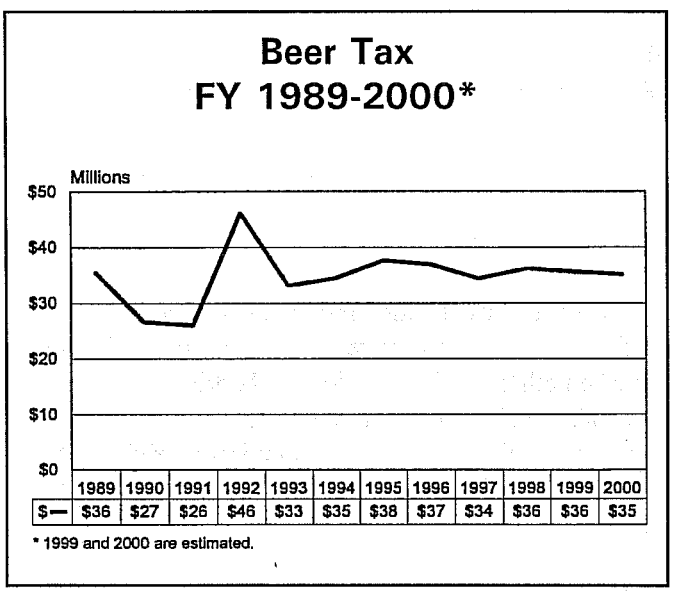
1934--Increased rate to $1.50/barrel.

1948--Increased rate to present $10/barrel.

1987--Generally revised alcoholic beverage law.

Collection History (fiscal year)

1989	$35,502,000
1990	26,601,000
1991	26,046,000
1992	46,087,000
1993	33,123,000
1994	34,500,000
1995	37,594,000
1996	36,900,000
1997	34,400,000
1998	36,200,000
1999	35,600,000 (estimate)
2000	35,100,000



CORPORATION FRANCHISE TAX

Legal Citation

R.S. 47:601-617

Paid By

Domestic and foreign corporations authorized or doing business in Louisiana, or owning or using any part of their capital or plant in the state.

Base

The larger of the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, undivided profits and borrowed capital.

Rate

$1.50 per $1,000, or major fraction, on the first $300,000 and $3.00 per $1,000 on the remainder. Minimum tax, $10. Minimum tax for public utility holding company, $100,000.

Exempt Organizations

1. Certain labor, agricultural, cemetery, banking, building and loan, cooperative housing and nonprofit corporations, and out-state trucking firms.
2. Insurance companies paying a gross premiums tax.
3. Certain farm loan corporations.

Deductions and Credits (figures in parentheses are estimated fiscal 1997 revenue losses due to deductions and credits)

1. Holding companies may deduct from taxable capital investments in and advances to:
   a. Subsidiary banking corporations.
   b. Subsidiaries of public utility holding companies ($10,542,000).
   c. Subsidiary water utility corporations, for tax periods beginning after 1990 ($87,000).
2. Companies in a "controlled telephone group" may deduct investments in and loans to group members ($1,058,000).
3. Credits and exemptions are offered as business incentives* for:
   a. Property in bonded warehouses or foreign trade zones excluded from assets for tax purposes.
   b. Louisiana capital companies investment credit.
   c. Re-employment tax credit.
   d. Tax equalization contracts for manufacturers, corporate headquarters, and warehousing and distribution firms.
   e. AFDC employers in enterprise zones.
   f. Low-income housing credit.
   g. Waste recycling equipment credit.
   h. Biomedical and university research and development park exemption.
   i. Inventory tax credit.
   j. Basic skills training credit.
   k. Playground donation credit.
   l. Offshore vessel property tax credit.
   m. Capital investment credit.
   n. Quality jobs credit.
   o. Training donation credit.

p. Property donation to public school credit.
q. Motion picture employment credit.

(See **BUSINESS TAX INCENTIVES.**)

* For estimated revenue losses, see corporation income tax.

Due Date

15th day of the third month after month in which tax is due; tax is due on first day of calendar or taxpayer's fiscal year.

Collection Agency

Department of Revenue and Taxation.

Dedications

None.

Background

1932--Levied; rate, $1/$1,000 taxable base.

1934--Increased rate to $1.50/$1,000.

1935--Increased rate to $2/$1,000.

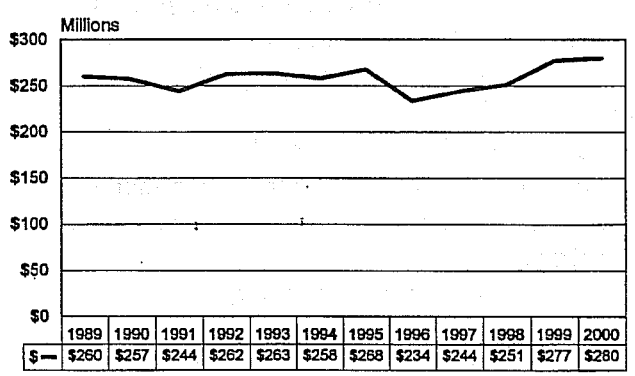
1946--Reduced rate to $1.50/$1,000.

1984--Increased rate to $3/$1,000 on taxable base in excess of $300,000.

1986--Moved due date up one month.

1996--Double-weighted the sales factor in apportioning income of multistate manufacturing and merchandising firms.

Corporation Franchise Tax
FY 1989-2000*



* 1999 and 2000 are estimated.

Collection History (fiscal year)

1989	$259,996,000
1990	256,900,000
1991	244,000,000
1992	262,400,000
1993	263,434,000
1994	257,600,000
1995	267,800,000
1996	233,500,000
1997	244,000,000
1998	251,200,000
1999	277,000,000 (estimate)
2000	280,000,000 (estimate)

ESTATE TRANSFER TAX

Legal Citation

R.S. 47:2417, 2431-2436, 2451

Paid By

Estates subject to federal estate taxation.

Base

Maximum credit for state death taxes allowed on federal tax return.

Rate (tax determination)

Difference between the amount of the federal credit and the amount of the state inheritance tax; effective only when other death taxes do not absorb the full credit allowable under federal guidelines.

Effective July 1, 2004, the maximum federal tax credit allowable for state death taxes shall be paid to the state.

Exemptions

None.

Due Date

Nine months after death. May be paid in installments, with interest, by agreement.

Collection Agency

Department of Revenue.

Dedications

None.

Background

1932--First levied.

1972--Revised state procedures to comply with federal tax guidelines.

1997--Revised to accommodate repeal of inheritance tax effective July 1, 2004.

Collection History

Included in inheritance tax.

EXCISE LICENSE (PREMIUM INSURANCE) TAX

Legal Citation
R.S. 22:2, 1061-1075, 1079, 1265, 1661-1662

Paid By
Each insurer issuing insurance policies, contracts or obligations.

Base
1. **Life insurance:** gross amount of direct premiums (excluding premiums on annuity contracts, less return premiums without deductions for dividends paid or otherwise credited to policyholders, and without consideration for reinsurance).

2. **Fire and casualty insurance:** gross amount of direct premiums (less return premiums without deductions for dividends paid or otherwise credited to policyholders, and without consideration for reinsurance).

Rate
1. **Life, accident, health or service insurance policies:** gross premiums of $7,000 or less, $140; gross premiums more than $7,000, $225 for each additional $10,000 or fraction thereof.

2. **Fire, marine, transportation, casualty, surety or other insurance:** gross premiums $6,000 or less, $180; gross premiums more than $6,000, $300 for each additional $10,000 or fraction thereof.

Exemptions
1. Any domestic nonprofit mutual association that engages exclusively in furnishing hospital service, medical or surgical benefits.

2. Qualifying credit for Louisiana investments.

3. Credit for insurers investing in certified venture capital companies through July 1, 1997.

4. Credit for assessments paid to Louisiana Life and Health Insurance Guarantee Association (20% of payment may be credited in each of five following calendar years).

(See **BUSINESS TAX INCENTIVES.**)

Due Date
15th day of the month following the end of each of the first three quarters; fourth quarter payment due on or before March 1 of following calendar year.

Collection Agency
Department of Insurance.

Dedications
None.

Background
1871--Levied; $400-$1,000 based on amount of capital.

1886--Changed base to amount of premiums: $300-$1,750.

1889--Changed base to type of insurance: life and accident rates, $150-$5,250; fire and marine rates, $150-$45,000; plate glass and steam boiler, 1/3 of above.

1932--Set basis for present law; rates: marine and fire, $180 for gross premiums of $6,000 or less, $200 for each additional $10,000; plate glass and boiler, 1/3 of above; surety and casualty companies, $180 for gross premiums of $6,000 or less, $175 for each additional $10,000. Reduced tax by 1/3 if at least 1/6 of assets in Louisiana state and local bonds.

1934--Changed rates; life, accident and health, $140 for gross premiums of $7,000 or less, $170 for each additional $10,000.

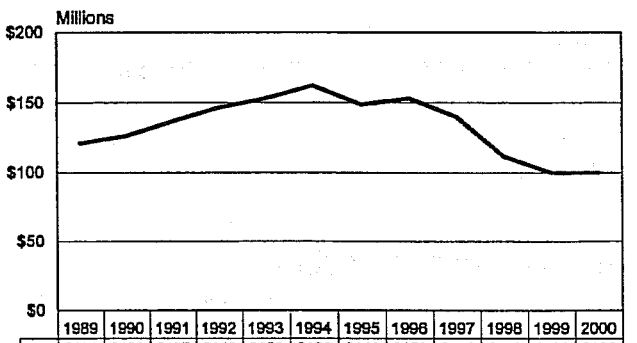
1948--Reduced rates; plate glass and boiler, $60 for gross premiums of $6,000 or less, $66.67 each additional $10,000.

1970--Set alien (non-U.S. resident) insurer's fee.

1974--Grouped all insurance except life, accident, health and service for tax purposes and changed rate to $180 for gross premiums of $6,000 or less; $185 for each additional $10,000.

1984--Increased to present rates.

Excise License (Premium Insurance) Tax FY 1989-2000*



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$—	$121	$126	$137	$146	$153	$162	$149	$153	$140	$112	$100	$100

* 1999 and 2000 are estimated.

Collection History* (fiscal year)

1989	$121,013,000
1990	126,319,000
1991	136,621,000
1992	146,317,000
1993	152,866,000
1994	162,400,000
1995	148,477,000
1996	153,000,000
1997	139,800,000
1998	111,600,000
1999	100,000,000 (estimate)
2000	100,000,000 (estimate)

* Includes all taxes on insurance premiums, including Fire Marshal, Fireman Training, and Fire Department taxes.

FOREIGN FIRE INSURANCE COMPANY TAX
("Fire Department Tax")

Legal Citation
R.S. 22:1581-1587

Paid By
All foreign or alien fire insurers doing business in Louisiana.

Base
Gross premiums.

Rate
2%.

Exemptions
None.

Due Date
On or before March 1 following the calendar tax year.

Collection Agency
Department of Insurance.

Dedications (R.S. 22:1585)
1. Volunteer Firefighter Insurance Fund, annually $500,000 increased by inflation after fiscal 1996; less interest earned on Fund.

2. In all parishes except New Orleans, based upon the following schedule:

Population Serviced By Fire Department	Amount Received Per Year
Up to 2,500	$ 750
2,501 - 5,000	1,000
Over 5,000	1,250

Additional funds are distributed on the following formula:

Parish Population	Per Inhabitant
Up to 24,000	34 cents
24,001 - 55,000	37 cents
55,001 - 100,000	40 cents
100,001 - 250,000	44 cents
250,001 - 425,000	47 cents
Over 425,000	50 cents

Any balance is allocated on a per capita basis.

In Orleans Parish, the funds are paid to the Firefighters' Pension Relief Fund of New Orleans.

Background
1914--Levied; 1% of premiums.
1944--Increased rate to 2% of premiums.
1995--Increased dedication to Volunteer Firefighter Insurance Fund from $200,000 to $500,000.

Collection History (fiscal year)

1990	$6,200,000
1991	5,146,000
1992	6,220,000
1993	6,656,000
1994	7,224,000
1995	7,525,000
1996	7,500,000
1997	8,000,000
1998	8,300,000
1999	8,300,000 (estimate)
2000	8,300,000 (estimate)

FIRE MARSHAL TAX

Legal Citation
R.S. 22:1077

Paid By
Fire insurers.

Base
Gross premiums.

Rate
1.25%.

Exemptions
None.

Due Date
On or before March 1 following the calendar tax year.

Collection Agency
Department of Insurance.

Dedications (R.S. 22:1077)
Louisiana Fire Marshal Fund for use by the Office of State Fire Marshal. Annual appropriation, interest earnings and year-end surplus revert to general fund.

Background
1914--Levied at 0.5%.
1950--Increased rate to 0.75%.
1954--Increased rate to 1.0%.
1968--Increased rate to 1.25%.

Collection History (fiscal year)

1990	$4,400,000
1991	4,100,000
1992	4,500,000
1993	4,789,000
1994	5,148,000
1995	5,402,000
1996	5,400,000
1997	5,800,000
1998	6,100,000
1999	6,100,000 (estimate)
2000	6,100,000 (estimate)

FIREMAN TRAINING TAX

Legal Citation
R.S. 22:1080

Paid By
Fire insurers.

Base
Gross premiums.

Rate
0.25%.

Exemptions
None.

Due Date
On or before March 1 following the calendar tax year.

Collection Agency
Department of Insurance.

Dedications (R.S. 22:1080)
All proceeds to LSU for in-service fireman training program.

Background
1970--Levied.

Collection History (fiscal year)

1990	$ 884,000
1991	814,000
1992	894,000
1993	954,000
1994	1,000,000
1995	1,080,000
1996	1,100,000
1997	1,200,000
1998	1,200,000
1999	1,200,000 (estimate)
2000	1,200,000 (estimate)

FOREST PROTECTION TAX

Legal Citation
R.S. 3:4321

Paid By
Owners of timberland.

Base
Acreage of bona fide timberland.

Rate
8 cents per acre.

Exemptions
None.

Due Date
Same as property tax.

Collection Agency
Sheriff collects in same manner as parish property taxes and remits to state.

Dedications

Revenues credited to Forest Protection Fund for appropriation to the Department of Agriculture and Forestry for forest protection. Year-end surpluses revert to the state general fund.

Background

1944--Authorized parish tax; 2 cents per acre.
1988--Repealed local acreage tax authorization.
1990--Levied first state acreage tax.

Collection History (fiscal year)

1991	$697,000
1992	762,000
1993	765,000
1994	766,000
1995	771,000
1996	770,000
1997	783,000
1998	776,000
1999	775,000 (estimate)

SOURCE: 1997 data: Department of Agriculture and Forestry.

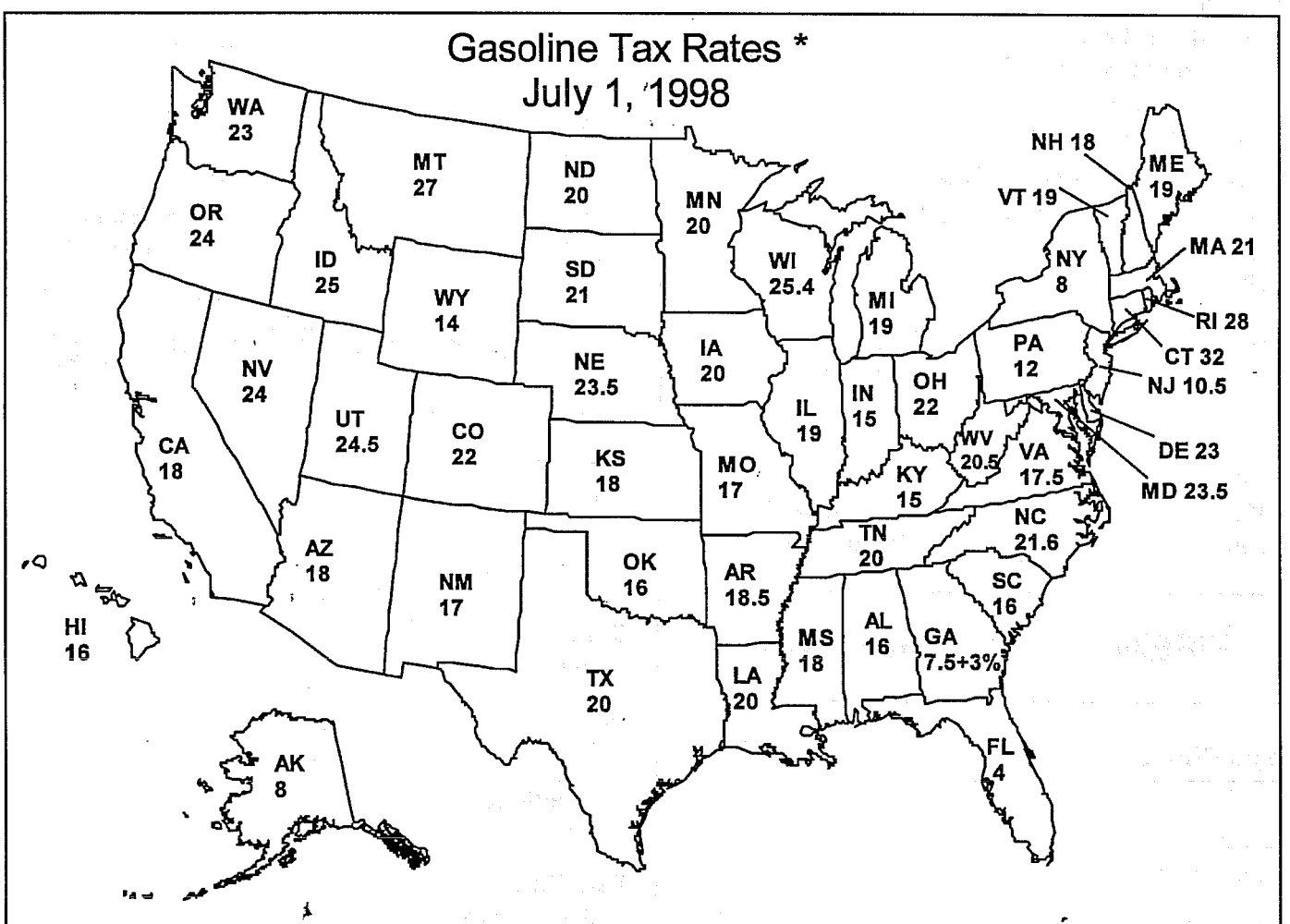
GASOLINE TAX

Legal Citation

Constitution, Article VII, Section 27; R.S. 47:711-727, 771-788, 820.1-820.4, 1681-1691; R.S. 51:781-800

Paid By

Dealer who first handles, sells, distributes or uses gasoline.



* Cents per gallon. Excludes local taxes, license and inspection fees.
SOURCE: Commerce Clearing House, Inc.

Base

Per gallon.

Rate

20 cents.

Exemptions (figures in parentheses are estimated fiscal 1997 revenue losses due to exemptions)

1. Casinghead gasoline ($0).
2. Sales to federal government and its agencies ($2,000,000).
3. School bus drivers, 1/2 of gasoline tax ($175,000).
4. Aviation fuel ($1,300,000).
5. Interstate shipments ($4,000,000,000).
6. Discount of 3% for gasoline dealer ($900,000).
7. Discount of 3% for gasoline jobber ($900,000).
8. Farmers, fishermen, aircraft when used in their business ($175,000).

Due Date

20th day after each month for dealers; 15th day after each month for carriers.

Collection Agency

Department of Revenue.

Dedications (Constitution, Article VII, Section 27)

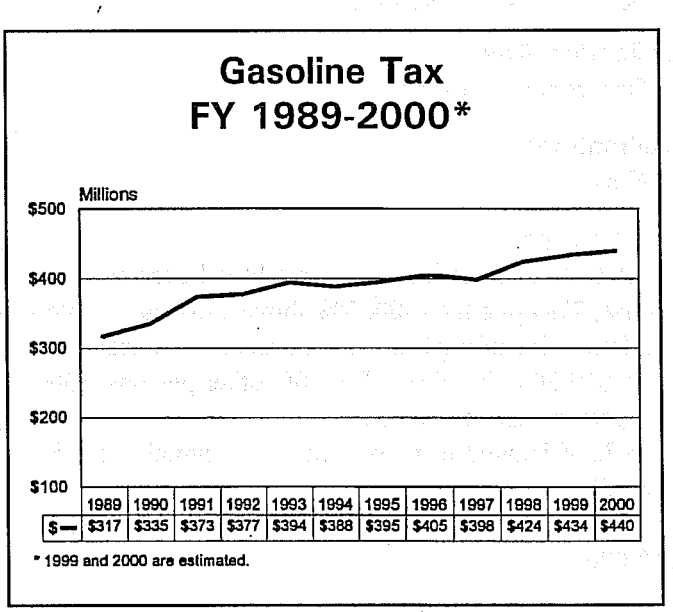
1. Payment of debt service on revenue bonds in General Highway Fund.
2. 1/20 of 1 cent to Lake Charles Port.
3. 9/20 of 1 cent to New Orleans Port with a minimum of $500,000 annually.
4. Remainder of 16 cents to the Transportation Trust Fund for the construction and maintenance of state and federal highways and bridges, statewide flood control, ports, airports, transit, state police for traffic control, and parish roads. This dedication was phased in with 12 cents beginning January 1, 1990, 14 cents for fiscal 1991, and 16 cents thereafter. Specific requirements for this dedication include:
   a. No less than 1 cent dedicated to the Parish Transportation Fund.
   b. Annual sum to airports equal to taxes on aviation fuel.
   c. Ports, parish roads, flood control and state police, not to exceed 20% of the dedicated state tax.
5. 4 cents to the Transportation Infrastructure Model for Economic Development (TIME) for specified highway projects.

Background

1921--Levied; 1 cent per gallon.
1924--Increased to 2 cents.
1928--Increased to 4 cents.
1930--Increased to 5 cents.
1936--Increased to 7 cents.
1948--Increased to 9 cents.
1952--Decreased to 7 cents.
1956--Apportioned tax to parishes based on prior year's gasoline sales.
1968--Increased to 8 cents.
1984--Increased to 16 cents.
1989--Increased to 20 cents with phased in dedication of 16 cents to the Transportation Trust Fund and 4 cents (for 15 years) dedicated to TIME.
1998--Extended 4-cent tax until all TIME projects are done.

Collection History (fiscal year)

1989	$316,706,000
1990	334,600,000
1991	373,200,000
1992	377,100,000
1993	394,400,000
1994	388,000,000
1995	394,691,000
1996	405,300,000
1997	397,500,000
1998	423,700,000
1999	434,000,000 (estimate)
2000	440,000,000 (estimate)



GIFT TAX

Legal Citation
R.S. 47:1201-1212

Paid By
Donor, or his executor in the event of donor's death. If not paid by donor, tax is paid by donee.

Base
True and full value of gift.

Rate
Value up to $15,000; 2%; value over $15,000; 3%.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)

1. Donations made to:
   a. Louisiana nonprofit, charitable, religious or educational institutions ($142,000).
   b. United States, state or local governments, or civic organization ($14,000).
   c. To a spouse after December 31, 1991 ($129,000).
2. Annual exclusion of $10,000 is allowed in figuring the amount of gifts made to any single donee in a calendar year ($1,731,000).
3. Specific exemption, lifetime exemption not to exceed $30,000 to each donor ($1,094,000).

NOTE: When gift by husband or wife is made to third party, one half is assumed donated by each spouse.

Due Date
April 15 following year gift was made.

Collection Agency
Department of Revenue.

Dedications
None.

Background
1940--First levied; rates: direct blood descendant or spouse, 2% up to $15,000; 3% above $15,000; collateral relation, including brothers or sisters by marriage, 5% up to $19,000; 7% above $19,000; other persons, $500. Set present lifetime exemption.

1972--Changed to present rate; set annual exclusion at $3,000.

1985--Increased annual exclusion to present $10,000.

Collection History (fiscal year)

1989	$2,672,000
1990	4,380,000
1991	2,819,000
1992	2,207,000
1993	6,961,000
1994	4,000,000
1995	3,266,000
1996	3,500,000
1997	3,800,000
1998	5,300,000
1999	6,000,000 (estimate)
2000	5,000,000 (estimate)

HAZARDOUS WASTE DISPOSAL TAX

Legal Citation
R.S. 47:821-832

Paid By
Generators of the hazardous waste if waste is disposed at disposal site. Otherwise, the tax is collected from the generator by the disposer who pays the tax.

Base
Dry weight ton of hazardous waste disposed of in Louisiana and on hazardous waste stored more than 90 days for incineration at sea.

Rate
1. $30 per ton of waste disposed at the site where produced.
2. $40 per ton of waste disposed at a site other than where produced.
3. $100 per ton of extremely hazardous waste.
4. Same rates apply for waste produced out of state or the rate which would be paid for disposal in the generating state, whichever is higher.

Exemptions
1. Waste removed voluntarily from an inactive site to be rendered less hazardous.
2. 0.5% of tax due deducted for taxpayer compliance ($25,000).
3. Waste not exceeding minimal amounts as set by rule.

Due Date
20th day following each quarter.

Collection Agency
Department of Revenue.

Dedications [R.S. 30:2205 (A) (1)]
100% to Hazardous Waste Site Cleanup Fund, until fund balance is $6 million, then to Environmental Trust Fund.

Background
1984--Levied.

1988--Doubled rates; levied a tax of $25 per ton on extremely hazardous waste.

1990--Increased rates; enacted hazardous waste transportation tax.

1992--Reduced rate from $60 to $40 per ton for offsite disposal; repealed transportation tax.

Collection History (fiscal year)

1989	$8,637,000
1990	7,085,000
1991	5,483,000
1992	4,650,000
1993	27,932,000
1994	5,300,000
1995	7,488,000
1996	4,800,000
1997	5,500,000
1998	4,400,000
1999	4,300,000 (estimate)
2000	4,300,000 (estimate)

INCOME TAX, CORPORATION

Legal Citation
Constitution, Article VII, Section 4 (A); R.S. 47:287.2-287.785

(R.S. 47:21-287 applies only to insurance companies)

Paid By
Corporations with income derived from sources within the state. Non-corporate entities taxed as corporations for federal income tax purposes.

Base
Louisiana net income after the net operating loss adjustment and the deduction for federal income tax paid.

Rate
4% on the first $25,000; 5% on the next $25,000; 6% on the next $50,000; 7% on the next $100,000; 8% on net income above $200,000.

Exempt Organizations
Organizations exempt from federal income tax; certain banks and building and loans, community chest and similar organizations, farmers' cooperatives, shipowners' protection associations, political organizations, homeowners' associations, credit unions, electric cooperatives, and certain out-state trucking firms.

Deductions and Credits (in computing net income and tax)
(figures in parentheses are estimated fiscal 1999 revenue losses due to deductions and credits; 1999 losses for credits not individually listed are $10,310,000)

1. Net Louisiana operating loss deduction--allows net operating loss to be carried forward 15 years and backward three taxable years ($100,000,000).
2. Federal income tax deduction ($116,000,000).
3. Depletion deduction ($18,000,000).
4. Dividends from national banking corporations.
5. Interest on state or local government obligations.
6. "S" corporation exclusion--effective for tax years beginning after 1990 ($44,000,000).
7. Life insurance companies, credit for premium tax.
8. Utility company, credit for refunds.
9. Corporation jobs credit ($640,000).
10. Neighborhood assistance tax credit.
11. Credit for certain education contributions.
12. Re-employment tax credit.
13. Credit for donations to research investment fund.
14. Louisiana capital companies investment credit ($343,000).
15. AFDC employer credit.
16. Low-income housing project credit.
17. Fluorocarbon recycling equipment credit.
18. Recycling equipment credit.
19. Biomedical and university research and development park exemption.
20. Inventory property tax credit ($92,122,000-includes credit granted against individual income tax and corporate income and franchise tax).
21. Post-consumer waste recycling equipment credit.
22. Clean fuel vehicle conversion credit.
23. Basic skills training credit.

Major Features of State Corporation Income Tax
(For 1998 Calendar Year Income)

State	Marginal Rate Range in Percent		Taxable Income Brackets: Lowest (Up to)	Taxable Income Brackets: Highest (Over)	Federal Tax Deducted	Based on Federal Tax
Alabama	5.0		--	--	Yes	No
Alaska	1.0	9.4	$10,000	$90,000	No	Yes
Arizona	9.0		--	--	No	Yes
Arkansas	1.0	6.5	3,000	100,000	No	No
California	8.84		--	--	No	Yes
Colorado	5.0		--	--	No	Yes
Connecticut	9.5		--	--	No	Yes
Delaware	8.7		--	--	No	Yes
Florida	5.5		--	--	No	Yes
Georgia	6.0		--	--	No	Yes
Hawaii	4.4	6.4	25,000	100,000	No	Yes
Idaho	8.0		--	--	No	Yes
Illinois	7.3		--	--	No	Yes
Indiana	3.4[a]		--	--	No	Yes
Iowa	6.0	12.0	25,000	250,000	Yes	Yes
Kansas	4.0	7.35	50,000	50,000	No	Yes
Kentucky	4.0	8.25	25,000	250,000	No	Yes
Louisiana	4.0	8.0	25,000	200,000	Yes	Yes
Maine	3.5	8.93	25,000	250,000	No	Yes
Maryland	7.0		--	--	No	Yes
Massachusetts	9.5[b]		--	--	No	Yes
Michigan	2.3		--	--	No	Yes
Minnesota	9.8		--	--	No	Yes
Mississippi	3.0	5.0	5,000	10,000	No	No
Missouri	6.25		--	--	Yes	Yes
Montana	6.75			--	No	Yes
Nebraska	5.58	7.81	50,000	50,000	No	Yes
Nevada	No tax		--	--	--	--
New Hampshire	7.0		--	--	No	Yes
New Jersey	9.0		--	--	No	Yes
New Mexico	4.8	7.6	500,000	1,000,000	No	Yes
New York	9.0		--	--	No	Yes
North Carolina	7.25		--	--	No	Yes
North Dakota	3.0	10.5	3,000	50,000	Yes	Yes
Ohio	5.1	8.9	50,000	50,000	No	Yes
Oklahoma	6.0		--	--	No	Yes
Oregon	6.6		--	--	No	Yes
Pennsylvania	9.99		--	--	No	Yes
Rhode Island	9.0		--	--	No	Yes
South Carolina	5.0		--	--	No	Yes
South Dakota	No tax		--	--	--	--
Tennessee	6.0		--	--	No	Yes
Texas	No tax		--	--	--	--
Utah	5.0		--	--	No	No
Vermont	7.0	9.75	10,000	250,000	No	Yes
Virginia	6.0		--	--	No	Yes
Washington	No tax		--	--	--	--
West Virginia	9.0		--	--	No	Yes
Wisconsin	7.9		--	--	No	Yes
Wyoming	No tax		--	--	--	--

a 3.4% on gross plus 4.5% on net income.

b Corporations pay an excise tax equal to the greater of the following: (1) $2.60 per $1,000 value of Massachusetts tangible property not taxed locally or net worth allocated to Massachusetts, plus 9.5% of net income; or (2) $456, whichever is greater; a surtax of 14% is imposed.

SOURCE: Commerce Clearing House, Inc.

24. Bone marrow donor expense credit.
25. Motion picture investment loss credit.
26. Playground donation credit.
27. Employee substance abuse treatment credit.
28. First-time drug offender job credit.
29. Offshore vessel property tax credit.
30. Historical property donation credit.
31. Quality jobs credit.
32. Training donation credit.
33. Property donation to public school credit.
34. Motion picture employment credit.

(See **BUSINESS TAX INCENTIVES.**)

Due Date

April 15 or the 15th day of the fourth month following the close of a corporation's fiscal year.

Collection Agency

Department of Revenue and Taxation.

Dedications

None.

Background

1921--Authorized in 1921 constitution with rate limited to 3%.

1934--Levied 4% tax on net income in excess of $3,000.

1958--Changed to conform with federal tax law.

1968--Limited tax to net income from sources within the state and reduced exemption from $3,000 to $2,000.

1969--Removed $2,000 exemption.

1970--Eliminated deductibility of federal taxes.

1972--Property Tax Relief Fund repealed.

1973--Restored federal tax deductibility.

1974--Fixed federal tax deductibility in constitution.

1977--Increased tax to current rates.

1984--Reduced depletion allowance from 38% to 22%.

1986--Recodified law and made to conform with federal tax law.

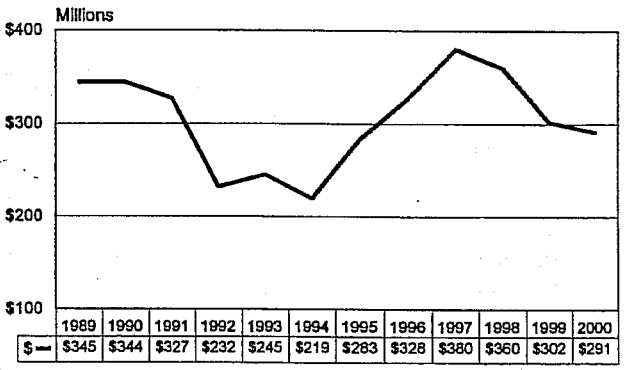
1989--Excluded "S" corporation income after 1990 in proportion to the ownership of shares by Louisiana residents.

1993--Changed apportionment of income earned in Louisiana by foreign corporations.

1996--Double-weighted the sales factor in apportioning income of multistate manufacturing and merchandising firms.

1997--Supreme Court ruled 1993 change unconstitutional.

Income Tax, Corporation FY 1989-2000*



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$ —	$345	$344	$327	$232	$245	$219	$283	$328	$380	$360	$302	$291

* 1999 and 2000 are estimated.

Collection History (fiscal year)

1989	$344,584,000
1990	343,978,000
1991	326,659,000
1992	232,061,000
1993	245,273,000
1994	219,200,000
1995	283,076,000
1996	327,500,000
1997	380,200,000
1998	359,500,000
1999	302,000,000 (estimate)
2000	291,000,000 (estimate)

INCOME TAX, INDIVIDUAL

Legal Citation

Constitution, Article VII, Section 4 (A); R.S. 47:21-285, 290-299

Paid By

Resident individuals and nonresidents with income earned or derived from sources within the state.

Fiduciary of estate or trust.

Base

Federal adjusted gross income less federal excess itemized deductions and federal income tax (other adjustments apply).

Major Features of State Individual Income Tax Rates Apply to Married Taxpayers Filing Jointly (For 1998 Calendar Year Income)

State	Taxable Rate Range in Percent		Taxable Income Brackets Lowest (Up to)	Highest (Over)	Federal Tax Deducted	Based on Federal Tax
Alabama	2.0	5.0	$ 1,000	$ 6,000	Yes	Yes
Alaska			No state income tax		--	--
Arizona	2.88	5.10	20,000	300,000	No	Yes
Arkansas	1.0	7.0	2,999	24,999	No	No
California	1.0	9.3	10,264	45,833	No	Yes
Colorado	5.0		% of fed. taxable income		No	Yes
Connecticut	3.0	4.5	15,000	15,000	No	Yes
Delaware	3.1	6.9	2,001-5,000	30,000	No	Yes
Florida			No state income tax		--	--
Georgia	1.0	6.0	1,000	10,000	No	Yes
Hawaii	2.0	10.0	3,000	41,000	No	Yes
Idaho	2.0	8.2	2,000	40,000	No	Yes
Illinois	3.0		Flat rate		No	Yes
Indiana	3.4		Flat rate		No	Yes
Iowa	0.36	8.98	1,136	51,120	Yes	Yes
Kansas	3.5	6.45	30,000	60,000	No	Yes
Kentucky	2.0	6.0	3,000	8,000	No	Yes
Louisiana	2.0	6.0	20,000	100,000	Yes	Yes
Maine	2.0	8.5	8,250	33,000	No	Yes
Maryland	2.0	4.875	1,000	3,000	No	Yes
Massachusetts	5.95		Flat rate		No	Yes
Michigan	4.4		Flat rate		No	Yes
Minnesota	6.0	8.5	24,800	98,540	No	Yes
Mississippi	3.0	5.0	5,000	10,000	No	No
Missouri	1.5	6.0	1,000	9,000	Yes	Yes
Montana	2.0	11.0	2,000	69,000	Yes*	Yes
Nebraska	2.51	6.68	4,000	46,750	No	Yes
Nevada			No state income tax		--	--
New Hampshire			Limited income tax		No	No
New Jersey	1.4	6.37	20,000	150,000	No	No
New Mexico	1.7	8.2	8,000	100,000	No	Yes
New York	4.0	6.85	16,000	40,000	No	Yes
North Carolina	6.0	7.75	21,250	100,000	No	Yes
North Dakota	2.67	12.0	3,000	50,000	Yes*	Yes
Ohio	0.673	6.799	5,000	200,000	No	Yes
Oklahoma	0.05	7.0	2,000	21,000	Yes*	Yes
Oregon	5.0	9.0	4,600	11,600	Yes*	Yes
Pennsylvania	2.8		Flat rate		No	No
Rhode Island	27.0		% of federal tax		No	Yes
South Carolina	2.5	7.0	2,310	11,50	No	Yes
South Dakota			No state income tax		--	--
Tennessee			Limited income tax		No	No
Texas			No state income tax		--	--
Utah	2.3	7.0	1,500	7,500	Yes*	Yes
Vermont	25.0		% of federal tax		No	Yes
Virginia	2.0	5.75	3,000	17,000	No	Yes
Washington			No state income tax		--	--
West Virginia	3.0	6.5	10,000	60,000	No	Yes
Wisconsin	4.7	6.77	10,000	20,000	No	Yes
Wyoming			No state income tax		--	--

* Deductibility limited.

SOURCE: Commerce Clearing House, Inc.

Net income of estate or trust (net loss in tax year after January 1, 1992 may be deducted from net income in any of 15 following years).

Determination of Tax

Tax tables are used to determine tax liability. The tables reflect the following:

1. **Rate** (married couple filing joint return)
   2% on the first $20,000 of taxable income.
   4% on the next $80,000
   6% on excess above $100,000.
   (Single-filer income brackets are half the above.)

2. **Combined Personal Exemption and Standard Deduction** (estimated fiscal 1999 revenue loss, $224,999,000)
   a. Single individual, $4,500.
   b. Married/joint return and qualified surviving spouse, $9,000.
   c. Married, filing separately, $4,500.
   d. Head of household, $9,000.

3. **Additional Deductions** (estimated fiscal 1999 revenue loss, $29,107,000)

Extra exemptions and dependent deductions allowed under federal tax apply:

   a. $1,000 for each dependent.
   b. $1,000 for taxpayer and/or spouse over age 65.
   c. $1,000 for taxpayer and/or spouse who is blind.

Credits (figures in parentheses are estimated fiscal 1999 revenue losses due to credits; 1999 losses due to credits not individually listed total $643,000)

Tax is reduced by:

1. Amount of net income taxes paid to other states ($9,579,000).
2. $100 for taxpayer, spouse or dependent who is deaf, blind, mentally incapacitated or has lost use of one or more limbs ($1,062,000).
3. $25 or 10% of federal credit (the lesser)--child care, elderly, political contributions, investment, foreign tax, work incentive and jobs credits ($1,536,000).
4. $200 (maximum) or 1/3 of contribution to nursing care program.
5. $25 per child K-12 education expense credit ($14,259,000).
6. Credits for certain donations to schools, libraries, museums and a research investment fund.
7. Louisiana capital companies tax credit ($247,000).
8. Employment of unemployed.
9. Low-income housing project credit.
10. Small-town doctor credit, up to $5,000 a year for five years.
11. Fluorocarbon recycling equipment credit.
12. Inventory property tax credit.
13. Waste recycling equipment credit.
14. Clean fuel vehicle conversion credit.
15. Basic skills training credit.
16. Bone marrow donor expense credit.
17. Motion picture investment loss credit.
18. Playground donation credit.
19. Commercial fishing boat gasoline and special fuel credit.
20. Department of Public Safety and Corrections' employee education credit, up to $750 a year.
21. Employee substance abuse treatment credit.
22. Offshore vessel property tax credit.
23. First-time drug offender job credit.
24. Contributions to Family Responsibility Program.
25. Historical property donation credit.
26. Disabled dependent care credit.
27. Quality jobs credit.
28. Dedicated Research Investment Fund donations.
29. Louisiana Capital Companies credit.
30. Bullet-proof vest up to $100.
31. Training donation credit.
32. Motion picture employment credit.

(See **BUSINESS TAX INCENTIVES.**)

Other Exemptions (in determining tax table income) (figures in parentheses are estimated fiscal 1997 revenue losses due to exemptions)

1. Federal income tax deduction ($392,829,000).
2. $6,000 of annual retirement income of persons 65 or older ($11,144,000).
3. Social Security benefits.
4. Federal retirement and railroad retirement benefits ($17,069,000).
5. Louisiana state and local public employee retirement benefits ($25,142,000).
6. Veteran World War II merchant marine bonuses.
7. $5,000 of home adaptations for disabled homeowner (negligible).
8. Excess federal itemized deductions ($111,034,000).
9. Certain contributions to medical savings accounts.

Due Date

15th day of the fifth month after the taxable year.

Equal installment payments of estimated taxes exceeding $200 on 15th day of the fourth, sixth or ninth month of the taxable year or January 15 of the next year, beginning when income requirements are met. Farmers may file by January 15 of the next taxable year.

Employers must, with exceptions, withhold income taxes and file quarterly (monthly taxes up to $500), monthly ($500 but less than $2,000/month) or semi-monthly ($2,000 or more/month) with payments due one month after the reporting period or two weeks after semi-monthly reports.

To Check On Status Of Your Refund

Call: (225) 922-3270

Collection Agency

Department of Revenue and Taxation.

Dedications

None.

Background

1845--Authorized in constitution.

1921--Set constitutional rate limit at 3%.

1934--Levied; present rates set; exemptions: $1,000, single person; $2,500, couple; $400, dependent.

1938--Provided additional credit, $400/child 18-21 if still in school

1946--Added exemptions to World War II veterans: $1,500, single; $2,500, couple; expired in five years.

1952--Increased personal exemption ($2,500, single; $5,000, couple).

1958--Amended tax laws to conform with federal tax law.

1960--Began withholding.

1962--Added $1,000 exemptions for blind and disabled.

1964--Began monthly withholding returns on wages over $100/month; began installment payments on estimated tax.

1970--Eliminated deductibility of federal taxes.

1972--Repealed Property Tax Relief Fund.

1973--Restored deductibility of federal taxes.

1974--Fixed rates (as initially set in 1934) and federal tax deductibility in 1974 constitution.

1980--Increased personal exemption (single and married/separate return, $6,000; joint return and head of household, $12,000); amended laws to conform with federal tax law.

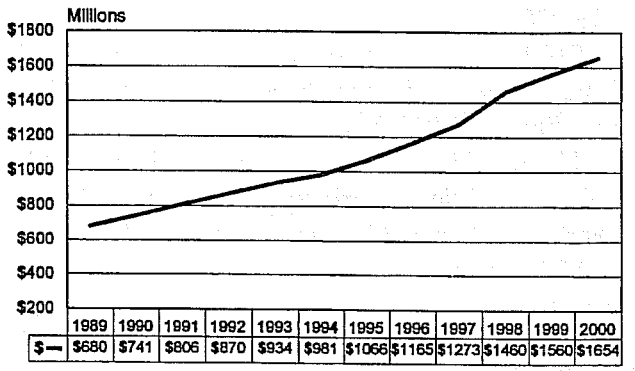
1983--Decreased personal exemptions to $4,500 and $9,000; exemptions and deductions taken from 2% tax bracket instead of top income bracket.

1996--"Piggy-backed" estate and trust taxes on federal fiduciary tax.

Collection History (fiscal year)

1989	$ 679,530,000
1990	740,964,000
1991	806,391,000
1992	870,089,000
1993	933,517,000
1994	980,900,000
1995	1,065,459,000
1996	1,165,200,000
1997	1,273,200,000
1998	1,459,600,000
1999	1,560,000,000 (estimate)
2000	1,654,000,000 (estimate)

Income Tax, Individual FY 1989-2000*



* 1999 and 2000 are estimated.

INHERITANCE TAX

HB 1593 of 1996 repealed the inheritance tax related to deaths occurring after June 30, 2004. The tax will be phased out over a five year period as follows:

Death Occurring After	and Before	Tax is Reduced
6/30/1998	7/1/2001	18%
6/30/2001	7/1/2002	40%
6/30/2002	7/1/2003	60%
6/30/2003	7/1/2004	80%
6/30/2004		100%

Legal Citation
R.S. 47:2401-2431, 2451

Paid By
Persons who inherit estates.

Base
Fair market value of inheritance.

Rate
1. Direct descendant by blood or marriage: 2% on the first $20,000 taxable; 3% on all above $20,000 taxable.

2. Other relatives, including brothers and sisters by marriage and their descendants: 5%, $1,000-$21,000; 7% above $21,000.

3. Other persons (nonrelatives): 5%, $500-$5,500; 10% above $5,500.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)

1. Inheritances, legacies, donations or gifts to a direct descendant by blood or affinity, ascendant or surviving spouse: $25,000 if death occurred before 1991 ($20,085,000).

2. The total amount or value of the inheritance, legacy, donation or gift, made to a surviving spouse if death occurs after 1991 ($5,350,000).

3. Inheritances, legacies, donations, or gifts made to a collateral relation, including brothers and sisters by marriage and their descendants, $1,000 ($3,130,000).

4. Legacies and donations, and gifts to a nonrelative up to $500 ($502,000).

5. Bequests to Louisiana charitable, religious or educational institutions ($5,317,000).

6. Bequests to out-of-state nonprofit organizations ($347,000).

7. Bequests to state or local government ($1,417,000).

8. Insurance to a beneficiary ($39,140,000).

9. Qualified retirement or pension plans.

Due Date
Nine months after death. May be paid in installments, with interest, by agreement.

Collection Agency
Department of Revenue and Taxation.

Dedications
None.

Background
1828--Levied.

1898--Authorized in constitution; provided maximum rate of 3% for direct heirs and 10% for collateral heirs. No tax on inheritances of less than $10,000. No tax on property that paid its "just" share of other taxes.

1904--Implemented 1898 provisions.

1906--Reduced rates; 2% for direct descendant, 5% collateral descendants.

1921--Collected tax locally for state use; set maximum rates, 3% for direct descendants, 10% for collateral descendants, 15% for other persons.

1958--Reduced rates for certain inheritances.

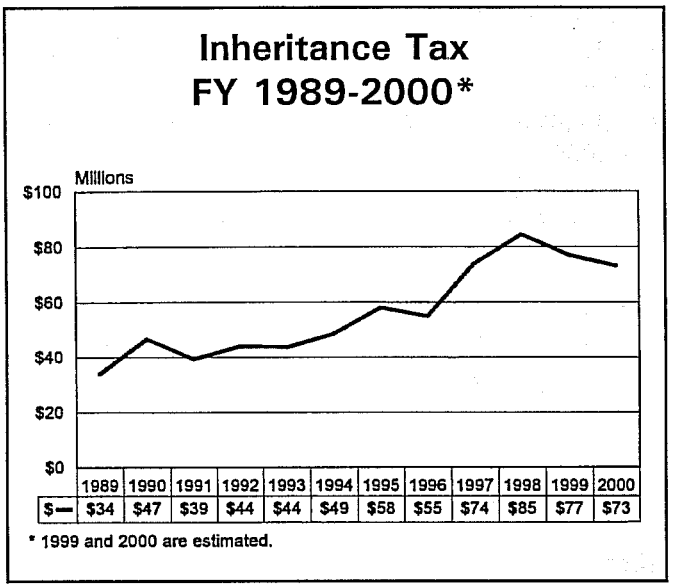
1972--Transferred local collection to state.

1997--Repealed tax after June 30, 2004 and phased out over five years.

Collection History (fiscal year) (includes estate transfer tax)

1989	$34,071,000
1990	46,799,000
1991	39,360,000
1992	43,951,000
1993	43,544,000
1994	48,600,000
1995	57,966,000
1996	54,800,000
1997	73,900,000
1998	84,500,000

1999	77,000,000 (estimate)
2000	73,000,000 (estimate)



MARIJUANA AND CONTROLLED DANGEROUS SUBSTANCES TAX

Legal Citation
R.S. 47:2601-2610

Paid By
Dealers in marijuana and controlled dangerous substances.

Base
Grams or dosage units, if not sold by weight, or portions thereof.

Rate
1. Marijuana, $3.50 per gram.
2. Controlled dangerous substances:
   a. $200 per gram, or
   b. $400 per 10 dosage units.

Exemptions
Persons lawfully in possession of marijuana or controlled dangerous substances.

Collection Agency
Department of Revenue.

Dedication
Proceeds, penalties and interest go to a Drug Treatment Fund--95% distributed to state-funded drug treatment clinics; 5% to the Department of Revenue for administrative costs.

Background
1990--First enacted, effective January 1, 1991.

NOTE: A 1994 U.S. Supreme Court decision may impact collection of this tax.

Collection History (fiscal year)

1992	$ 8,000
1993	38,000
1994	13,000
1995	3,000
1996	13,000
1997	3,000
1998	7,934

MOTOR VEHICLE LICENSE TAX

Legal Citation
Constitution, Article VII, Section 5; R.S. 47:451-540

Paid By
Owners, operators, dealers and manufacturers.

Base
1. Private cars; value.
2. Other vehicles; horsepower, carrying capacity, weight, value or any combination.

Rate
1. Private passenger cars: $1 per $1,000 with a $10 minimum. Value is on purchase price of cars purchased after January 1, 1990, or value at time of first renewal of license if purchased prior to January 1, 1990.
2. Semi-trailers or trailers: $10 annually or $70 permanent vehicle license.
3. Light trailer, farm or tandem semi-trailer with a loaded gross weight of 6,000 pounds or less, boat trailer or motorcycles: $3.

4. Truck, tandem truck, truck-tractor, such vehicles used in combination with a trailer or semi-trailer; depends on weight, load and class: range is from $3-$563.20.

5. Road tractors: $7.50 per 1,000 pounds gross weight, $25 minimum.

6. Commercial passenger vehicles operated under municipal franchise: $3.25.

7. Motor vehicle semi-trailer, tandem semi-trailer used to transport passengers, bus or passenger coach within municipality: $6.25.

8. Taxi cabs: $30.

9. Specialty and prestige plates: the standard fee plus and additional fee depending on the plate.

10. Transporter plates: $100.

11. Dealer inventory plates: $15.

12. School buses and charity buses: $10.

Exemptions

1. Farm tractors, self-propelled farm equipment, and rubber-tired farm wagons and carts operated or moved incidentally on the highway.

2. Trackless trolley coaches, buses or passenger coaches, passenger carrying trailers or semi-trailers, operated wholly within the corporate limits of two or more contiguous municipalities.

3. Self-propelled motor cranes.

4. Self-propelled oil well or gas well pulling units.

5. Log loaders.

6. Trailers and semi-trailers used by retailer to haul farm equipment.

7. Any new vehicle furnished free to schools by dealers for student driver education classes.

8. All special military plates are exempt from the annual special fee and certain prestige military plates are exempt from the standard fee.

Due Date

Every two years from the time the license was purchased or renewed for private passenger vehicles; others, annually by June 30.

Collection Agency

Department of Public Safety and Corrections.

Dedications (Constitution, Article VII, Section 27; Act 373 of 1940; R.S.. 47:480-81)

1. All revenue from motor vehicle license tax in six parishes surrounding Lake Pontchartrain to Highway Fund #2.

2. All revenues from private autos, except those dedicated to Highway Fund #2, to the Transportation Trust Fund for the construction and maintenance of state and federal highways and bridges, statewide flood control, ports, airports, transit, state police, traffic control and parish roads.

Background

1914--Levied; automobiles, 25 cents/horsepower, minimum $5 annually; motor trucks, flat $7.50; motorcycles, flat $2.

1921--Set rates in constitution: automobiles, $15 minimum, graded according to horsepower and tonnage; motorcycles, $5 and up depending on horsepower and capacity.

1934--Reduced rates; automobiles, $7.50 maximum; highway carriers, $20 maximum; farmers' trucks, $3.

1940--Reduced rates; automobiles, other vehicles to be determined by the Legislature, $3 private car fee locked in the constitution.

1960--New car dealer temporary plates, $1.

1962--Biennial collection for private vehicles.

1972--Designated Director of Public Safety as Commissioner of Motor Vehicles.

1974--Retained $3 auto tax in the constitution.

1977--Increased rate; trucks and trailers to present rate; increased new car dealer temporary plates, $2.

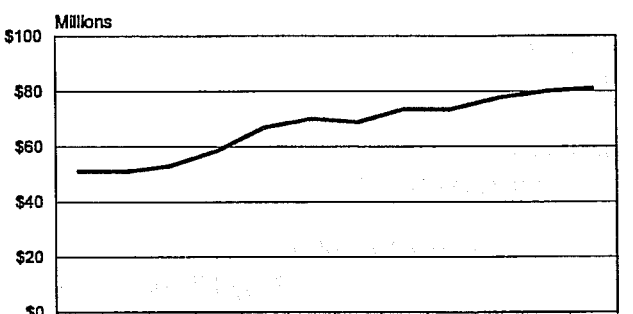
1983--Increased present rates for new car dealer temporary plates.

1989--Increased private auto license to current rates; added value as criteria for other types of motor vehicles.

1994--Set optional permanent rate for semi-trailers.

1995--Set $25 uniform rate for special plates in addition to the charge for regular plates.

Motor Vehicle License Tax



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
$—	$51	$51	$53	$59	$67	$70	$69	$74	$73	$78	$80	$81

* 1999 and 2000 are estimated.

Collection History (fiscal year)

1989	$51,204,000
1990	50,900,000
1991	53,200,000
1992	58,600,000
1993	66,800,000
1994	70,100,000
1995	68,717,000
1996	73,500,000
1997	73,400,000
1998	77,600,000
1999	80,000,000 (estimate)
2000	81,000,000 (estimate)

NATURAL GAS FRANCHISE TAX

Legal Citation

R.S. 47:1031-1040

Paid By

Domestic and foreign corporations transporting natural gas by pipeline in this state.

Base

Gross annual receipts from operation of franchise in Louisiana.

Rate

1%.

Exemptions

None.

Due Date

End of month following end of quarter.

Collection Agency

Department of Revenue.

Dedications

None.

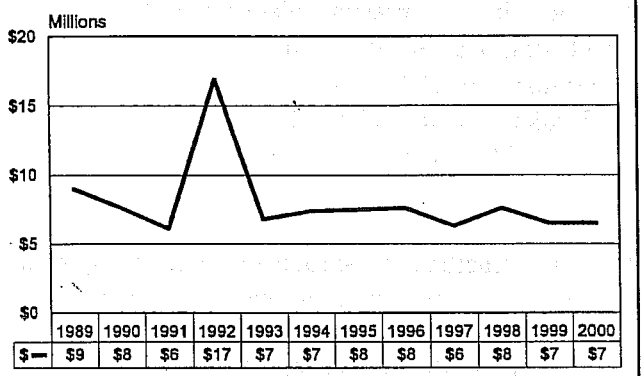
Background

1936--First levied; present rate.

Collection History (fiscal year)

1989	$ 8,987,000
1990	7,594,000
1991	6,116,000
1992	16,863,000
1993	6,796,000
1994	7,400,000
1995	7,452,000
1996	7,600,000
1997	6,300,000
1998	7,600,000
1999	6,500,000 (estimate)
2000	6,500,000 (estimate)

Natural Gas Franchise Tax FY 1989-2000*



* 1999 and 2000 are estimated.

SALES AND USE TAX

Legal Citation

R.S. 39:2006; R.S. 47:301-333, 6001

Paid By

Users and consumers, lessees or persons receiving taxable services. A seller or lessor who qualifies as a "dealer" collects taxes from customers. Manufacturers, wholesalers, jobbers or suppliers collect advance payment of the sales tax from retail dealers. Dealers collect the tax upon retail sale and deduct from taxes due the state amounts paid by them in advance to wholesalers. The tax on vehicles is paid by the purchaser when applying for a certificate of title or vehicle registration license.

Base

The retail sale, use, lease or rental of tangible property and the sale of selected services are taxable on the following bases:

1. Articles sold at retail--sales price.

2. Articles used, consumed, distributed or stored for use--cost price (the lesser of actual cost or market value).

3. Property leased or rented from, or part of, an established business--gross proceeds.

4. Rental of personal property where renter remits taxes directly--amount of rental paid or agreed upon.

5. Sales of specified services--amount paid or charged.

6. Interstate and foreign transportation--ratio of Louisiana mileage to total mileage times amount of purchases and imports.

7. Refinery gas used as an energy source by the producer--valued at 52 cents/MCF, adjusted by annual change in crude oil price (20 cents/MCF for calendar year 1999).

8. Refinery gas and petroleum by-products (i.e., coke-on-catalyst) sold--valued at average of monthly spot market price/MCF of natural gas or price sold, whichever is greater.

9. Mail order sales including sales by shopping channels--sales price.

Rate

1. Statewide total of 4%:
   a. 2% basic state rate.
   b. 0.97% additional tax.
   c. 0.03% Louisiana Tourism Promotion District tax.
   d. 1% additional tax.
2. Additional 4% on mail order and shopping channel purchases for total of 8%.
3. Use tax of 25 cents per ton on limestone aggregate in lieu of other use taxes.

Types of Exceptions

Exceptions in applying the sales tax take the form of exclusions, exemptions, alternate reporting methods, credits, and refunds. **Exclusions** are items removed from the tax base by definition. **Exemptions** are items that were included in the tax base, but have been specifically exempted. **Alternate reporting methods** allow taxpayers to reduce their tax liability in certain cases. **Credits** allow the taxpayer to deduct an amount from the tax due for specific reasons. **Refunds** are reimbursements of taxes paid. **Incentive** programs offer special sales tax breaks to encourage certain types of business development. **Tax prohibitions**, either by the state constitution, federal laws, or existing reciprocal agreements, apply to some items that are statutorily exempt. The tax prohibition would still apply even if the statutory exemption was repealed or suspended.

In the following sections, the amounts shown in parentheses are the estimated state revenue losses in fiscal 1999 due to the exception provided. These estimates total more than $1.1 billion. The Department of Revenue is unable to estimate the impact of many of the exceptions.

Exclusions

The following articles or transactions are excluded from taxation by statutory definition and are not affected by a general suspension of exemptions. ("L" indicates transaction is subject to local sales taxes.)

Purchases by pari-mutuel race tracks ($17,900).
Purchases by off-track wagering facilities.
Extended time to register mobile homes.
Isolated or occasional sales of tangible personal property, except autos ($51,000,000).
Installation charges on tangible personal property.
Installation of board roads to oil-field operators.
Manufacturers' rebates on new motor vehicles ($5,970,000).
Cost price of refinery gas.
Manufacturers' rebates paid directly to a dealer ($2,100,000).
Leases by railway companies and railroad corporations when they act as lessees.
Church camps and retreat facilities.
Rentals or leases of certain oil-field property to be released or re-rented ($850,000).
Certain transactions involving the construction or overhaul of U.S. Navy vessels ($527,000).
Rental or purchase of airplanes or airplane equipment and parts by Louisiana domiciled commuter airlines ($415,000).
Purchases and leases by free hospitals ($43,000).
Sales and rentals to Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc. (Negligible).
Autos leased by dealers to use as loaners.
Sales to Little Sisters of the Poor.
L Purchases by regionally accredited independent educational institutions ($182,000).
Purchases by state and local governments ($19,000,000).
Purchases of certain bibles, songbooks, or literature by certain churches or synagogues for religious instructional classes ($541,000).
L Purchases of tangible personal property for lease or rental ($17,300,000).
L Sales through coin-operated vending machines ($3,000,000).
Natural gas used in the production of iron.
Electricity for chlor-alkali manufacturing process ($5,670,000).
Sales of human-tissue transplants (Negligible).
Sales of raw agricultural products ($0).

		Sales to the United States Government and its agencies.
		Sales of Girl Scout cookies ($142,000).
		Purchases of school buses by independent operators ($354,000).
		Tangible personal property sold to food banks (Negligible).
	L	Pollution control devices and systems.
		Certain aircraft assembled in Louisiana with a capacity of 50 people or more.
		Pelletized paper waste used in a permitted boiler.
		Purchases of equipment by a volunteer or public fire department ($156,000).
		Value of trade-ins ($48,500,000).
		First $50,000 of new farm equipment used in poultry production ($137,000).
		Sales price of refinery gas and other by products ($0).
		Admissions to athletic or entertainment events by educational institutions and dues of certain nonprofit, civic organizations ($1,960,000).
		Admissions to museums ($1,050,000).
	L	Repairs to property exported out of state (parish, municipality or school board may exclude) ($3,000,000).
		Telecommunication services through coin-operated telephones.
		Telecommunications through interstate telephone calls. ($23,300,000).
		Miscellaneous telecommunications services.
		Coin bullion with a value of $1,000 or more ($185,000).
		Proprietary geophysical survey data ($0).
		Certain professional work products.
		Donations to certain schools from resale inventory.
		Use tax on residual or by-products consumed by the producer.
		Advertising services ($0).
		Use of food donated to food banks.

Exemptions

The following are "traditional" statutory exemptions from state sales taxes. For fiscal years 1999 and 2000, most of the exemptions are partially suspended to allow collection of a 3% state tax on these items. Many of these exemptions also apply to local sales taxes. Local taxes are not affected by the suspension of state sales tax exemptions.

For the following traditionally exempt transactions, the number indicates the state level tax rate for fiscal 1999. An "L" indicates whether the item is taxed locally.

The amount shown in parentheses is the estimated fiscal 1999 state revenue loss assuming the items were fully exempt from the combined 4% state sales tax.

NOTE: Items shown taxed at 3% in fiscal year 1999 will continue to be taxed at 3% in fiscal year 2000, unless changed by the Legislature.

%		
0		Purchases by nonprofit electric cooperatives ($5,990,000).
0		Purchases by a public trust.
		Sales by state-owned domed stadiums ($1,170,000).
0		Sales by certain publicly-owned facilities.
0		Sales of farm products direct from the farm ($297,000).
3		Racehorses claimed at races in Louisiana ($803,000).
3		Feed and feed additives for animals held for business purposes.
3	L	Materials used in the production or harvesting of crawfish ($1,560,000).
3	L	Materials used in the production or harvesting of catfish ($1,170,000).
0		Farm products produced and used by the farmers ($73,000).
0		Sales of gasoline.
3		Sales of steam (Negligible).
3		Sales of water ($12,000,000).
3		Sales of electric power or energy ($165,000,000).
3		Sales of newspapers ($3,510,000).
0		Sales of fertilizers and containers to farmers ($0).
3		Sales of natural gas ($127,000,000).
3		Materials and energy sources used for boiler fuel.
3		Trucks, automobiles, and new aircraft used as demonstrators ($874,000).
0	L	Drugs prescribed by physicians or dentists ($81,200,000).
0	L	Orthotic and prosthetic devices, wheelchairs and wheelchair lifts, and patient aids prescribed by physicians ($483,000).
0	L	Orthotic and prosthetic devices, wheelchairs and wheelchair lifts, and patient aids prescribed by licensed chiropractors ($222,000).
0	L	Ostomy, colostomy, and ileostomy devices and equipment ($984,000).
3	L	Prescribed adaptive driving equipment.
3	L	Sales of food for preparation and consumption in the home, and food sales by certain institutions ($213,000,000).
0	L	Patient medical devices used in the treatment of any disease under the supervision of a physician ($261,000).
0		Dental orthotic and prosthetic devices, prostheses, and restorative materials ($355,000).
3		Fees paid by radio and television broadcasters for the rights to broadcast film, video, and tapes ($500,000).
0	L	Kidney dialysis equipment and supplies ($33,000).
0		Sales of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce ($42,000,000).
0	L	Insulin ($5,900,000).
0		Sales of seeds for planting crops ($47,000).
3		Little Theater tickets (Negligible).
3		Tickets to musical performances by nonprofit musical organizations (Negligible).
0		Pesticides for agricultural use ($1,500,000).
3		Film rentals by theaters (Negligible).
0		Property purchased for exclusive use outside the state ($16,000,000).
0		Additional tax levy on contracts entered into prior to

		and within 90 days of tax levy.
3		Admissions to entertainment by nonprofit charitable, educational, and religious organizations (Negligible).
0		Sales of tangible personal property at or admissions to events sponsored by certain nonprofit groups ($2,500,000).
0		Sales by military base thrift shops (Negligible).
3		Sales of newspapers by religious organizations ($33,000).
0		Sales or purchases by blind persons operating small businesses ($176,000).
0		Certain nonprofits serving the blind (Negligible).
0		Cable television installation and repair services ($0).
0		Receipts from coin-operated washing and drying machines in commercial laundromats ($0).
3		Gate admissions and parking fees at fairs and festivals of nonprofit organizations ($133,000).
3		Lease or rental of certain vessels in mineral production ($50,000).
0	L	Purchases of supplies, fuels, and repair services for boats used by commercial fishermen ($2,660,000).
0	L	Certain seafood-processing facilities ($208,000).
0	L	First ($50,000 of the sales price of certain farm equipment ($13,200,000).
3	L	New vehicles furnished by a dealer for driver-education programs ($111,000).
0		Sales of gasohol.
3		Construction materials and supplies for certain nonprofit retirement centers ($582,000).
0	L	Sales of motor vehicles to be leased or rented by qualified lessors (*).
0	L	Sales of certain fuels used for farm purposes ($10,300,000).
0		Sales or purchases by certain sheltered workshops ($70,700).
3	L	Purchases of certain fuels for private residential consumption ($1,210,000).
3	L	Specialty Mardi Gras items ($108,000).
3		Purchases and sales by Ducks Unlimited and Bass Life ($91,500).
		Utilities used by steelworkers or blast furnace once two such firms locate in the state ($0).
3	L	Tickets to dance, drama, or performance of nonprofit organization (Negligible).
3	L	Purchases and sales by nonprofit organizations for conserving migratory waterfowl (*).
3		Printing materials ($2,130,000).
3		Piggy-back trailers or containers and rolling stock ($4,000,000).
3		Pharmaceutical samples distributed free (Negligible).
3		Catalogs distributed free ($171,000).
0		Trucks, trailers, and contract buses used 80% in interstate commerce ($1,340,000).
0		Railrolling stock manufactured in Louisiana used in interstate commerce.
3		Antique airplanes held by private collectors and not used for commercial purposes (Negligible).

* Amount shown for corresponding provision in "Exclusion" section.

Alternate-reporting methods

These reporting methods apply to both state and local taxes.

Certain interchangeable components; optional method to determine ($548,000).
Helicopters leased for use in the extraction, production, or exploration for oil, gas or other minerals ($0).
Cash-basis sales tax reporting and remitting for health and fitness club membership contracts.
Cash-basis reporting procedure for rental and lease transactions.
Collection from interstate and foreign transportation dealers.

Credits, Refunds and Incentives

Taxpayer liability may be reduced by credits, refunds or exemptions offered as incentives.

Vendor's compensation (1.1%; July1, 2001 goes to 1.5%) ($24,000,000).
Credit for costs to reprogram cash registers.
Sales tax remitted on bad debts from credit sales.
State sales tax paid on property destroyed in a natural disaster.
Materials used in the construction, restoration, or renovation of housing in designated ares.
Purchases and leases of durable medical equipment paid by or under provisions of Medicare.
Refunds to motion-picture production companies.
Louisiana Tax Free Shopping Program ($1,280,000).
Materials to restore structures or build new housing in housing development areas (credit does not currently apply to 2% tax).
Tax credit on gas (in excess of 25,000 cubic feet) used by municipalities operating manufacturing establishment.
Manufacturer's tax exemption contract incentive.
Enterprise zone tax rebate.
Manufacturer's five-year machinery, equipment and materials exemption incentive.
Property used to construct new business entity headquarters, manufacturing, warehousing and distribution establishments under tax equalization contract.
Biomedical and university research and development park exemption.
(See BUSINESS TAX INCENTIVES.)

Tax Prohibitions

Sales of gasoline, gasohol, and diesel ($128,000,000).
Purchases made with food stamps and WIC vouchers ($39,700,000).
Credit for sales and use taxes paid to other states on property imported into Louisiana ($21,000,000).
Credit for use tax paid on automobiles imported by certain members of the armed services (see above).
Use of vehicles in Louisiana by active military personnel (see above).

Combined State/Local General Sales Tax Rates
Largest City in Each State, December 31, 1998

State	City	State Tax Rate	Combined Local Tax Rates	Total State/Local Tax Rates
Alabama	Birmingham	4.0	4.0	8.0
Alaska	Anchorage	0.0	0.0	0.0
Arizona	Phoenix	5.0	2.05	7.05
Arkansas	Little Rock	4.625	2.375	7.0
California	Los Angeles	6.0	2.25	8.25
Colorado	Denver	3.0	4.3	7.3
Connecticut	Bridgeport	6.0	0.0	6.0
Delaware	Wilmington	0.0	0.0	0.0
Florida	Jacksonville	6.0	0.5	6.5
Georgia	Atlanta	4.0	3.0	7.0
Hawaii	Honolulu	4.0	0.0	4.0
Idaho	Boise City	5.0	0.0	5.0
Illinois	Chicago	6.25	2.5	8.75
Indiana	Indianapolis	5.0	0.0	5.0
Iowa	Des Moines	5.0	0.0	5.0
Kansas	Wichita	4.9	1.0	5.9
Kentucky	Louisville	6.0	0.0	6.0
LOUISIANA	New Orleans	4.0	5.0	9.0
Maine	Portland	5.5	0.0	5.5
Maryland	Baltimore	5.0	0.0	5.0
Massachusetts	Boston	5.0	0.0	5.0
Michigan	Detroit	6.0	0.0	6.0
Minnesota	Minneapolis	6.5	0.5	7.0
Mississippi	Jackson	7.0	0.0	7.0
Missouri	Kansas City	4.225	2.375	6.60
Montana	Billings	0.0	0.0	0.0
Nebraska	Omaha	4.5	1.5	6.0
Nevada	Las Vegas	2.0	4.5*	6.5
New Hampshire	Manchester	0.0	0.0	0.0
New Jersey	Newark	6.0	0.0	6.0
New Mexico	Albuquerque	5.0	0.8125	5.8125
New York	New York	4.0	4.25	8.25
North Carolina	Charlotte	4.0	2.0	6.0
North Dakota	Fargo	5.0	1.0	6.0
Ohio	Columbus	5.0	0.75	5.75
Oklahoma	Oklahoma City	4.5	3.875	8.375
Oregon	Portland	0.0	0.0	0.0
Pennsylvania	Philadelphia	6.0	1.0	7.0
Rhode Island	Providence	7.0	0.0	7.0
South Carolina	Columbia	5.0	0.0	5.0
South Dakota	Sioux Falls	4.0	2.0	6.0
Tennessee	Memphis	6.0	2.25	8.25
Texas	Houston	6.25	2.0	8.25
Utah	Salt Lake City	4.75	1.475	6.225
Vermont	Burlington	5.0	0.0	5.0
Virginia	Virginia Beach	3.5	1.0	4.5
Washington	Seattle	6.5	1.7	8.2
West Virginia	Charleston	6.0	0.0	6.0
Wisconsin	Milwaukee	5.0	0.6	5.6
Wyoming	Cheyenne	4.0	2.0	6.0

* 4.5% is a state mandated county tax.
SOURCE: Commerce Clearing House, Inc.

State Sales and Use Tax on Selected Items
Fiscal Years 1986-1999

				1990					
Item	1986	1987-1988	1989	7/1-12/31	1/1-6/30	1991	1992-1993	1994-1997	1998-1999
Most Items Purchased	4	4	4	4	4	4	4	4	4
Consumer/Business Goods									
Butane, Propane for Residences	0	1	3	3	2	3	3	4	3
Electric Power	0	1	3	3	2	3	3	4	3
Food	0	1	3	3	2	3	3	4	3
Insulin	0	1	1	1	0	0	0	0	0
Natural Gas	0	1	3	3	2	3	3	4	3
Prescription Drugs	0	1	1	1	0	0	0	0	0
Trade-Ins	0	1	3	0	0	0	0	0	0
Water (noncontainers)	0	1	3	3	2	3	3	4	3
Farmers									
Diesel and Propane	0	1	1	1	0	0	0	0	0
Farm Equipment	0	1	3	3	2	3	0	0	0
Farm Products Sales	0	1	1	1	0	0	0	0	0
Fertilizer	0	0	0	0	0	0	0	0	0
Pesticides	0	1	1	1	0	0	0	0	0
Seeds	0	0	0	0	0	0	0	0	0
Commercial									
Commercial Fisherman Purchases	0	1	1	1	0	0	0	0	0
Property Used Offshore, Outside State	0	1	3	0	0	0	0	0	0
Vessels, 50-Ton	0	1	1	1	0	0	0	0	0

* Includes 1% sales tax transferred to Louisiana Recovery District in fiscal 1989.

Due Date

20th of each month (20th of month after each calendar quarter if tax due is less than $100 a month). Tax on rentals and leases due in month payment made to lessor.

Collection Agency

Department of Revenue and Taxation. Department of Public Safety and Corrections collects sales tax on vehicles.

Dedications

A. Proceeds of the 0.03% tax levied by the Louisiana Tourism Promotion District not exceeding $15 million are dedicated in the following priority [R.S. 51.1286 (C)]:

1. Out-of-state media advertising for tourism promotion.
2. Tourism promotion.
3. Proceeds over $15 million are transferred to the general fund.

B. Sales tax proceeds due to reduction in vendor's compensation from 1.5% to 1.1% are dedicated until July 1, 2001 as follows:

1. $2.15 million annually to the Marketing Fund to be apppropriated to Department of Economic Development.
2. Next $6.5 million to Workforce Development Fund.
3. Remainder to Louisiana Economic Development Fund.

C. Proceeds of the state sales tax on hotel room occupancy in specified cities and parishes are dedicated to certain convention and tourism facilities or for tourism promotion in those areas.

D. State sales taxes may be used for tax increment financing of local economic development projects with

approval of the Joint Legislative Committee on the Budget.

E. Proceeds of additional 4% mail order and shopping channel tax are distributed to parish tax collectors based on population; who then allocate the revenues to local taxing bodies on the basis of local sales tax collections.

Background

1936--Levied as 2% "luxury sales tax."

1938--Replaced by a 1% general sales tax.

1940--Repealed tax.

1942--Enacted "War emergency sales tax" of 1% to expire June 31, 1944.

1944--Made tax permanent.

1948--Increased to 2%.

1964--Entered into reciprocal agreements with other states for vehicle taxes; isolated vehicle sales taxes; wholesalers collect tax on some items.

1965--Required wholesalers collect tax for all tangible personal property sold at retail.

1970--Increased to 3% (1% additional tax).

1984--Increased to 4% (second additional 1%).

1986--Suspended exemptions from 1% sales tax for fiscal 1987 and 1988.

1988--Reduced state sales tax from 4% to 3% and authorized Louisiana Recovery District to levy 1% as of July 1, 1988; combined statewide tax limit set at 4%.

Suspended exemptions from 1% sales tax for fiscal 1989; exemptions from 2% sales tax, with exceptions, suspended for 11 months of fiscal 1989.

1989--Suspended exemptions from 2% sales tax, with exceptions, for fiscal 1990; exemptions from additional 1% sales tax, with fewer exceptions, suspended first half of fiscal 1990.

1990--Suspended exemptions from 3% state tax, with exceptions, from July 10, 1990 to June 30, 1991; added telecommunications services to taxable base; authorized Louisiana Tourism Promotion District to levy 0.03% tax from July 1, 1990 to July 1, 1995, offsetting reduction in additional state tax, from 1% to 0.97%.

1991--Suspended exemptions from 3% tax for 1992.

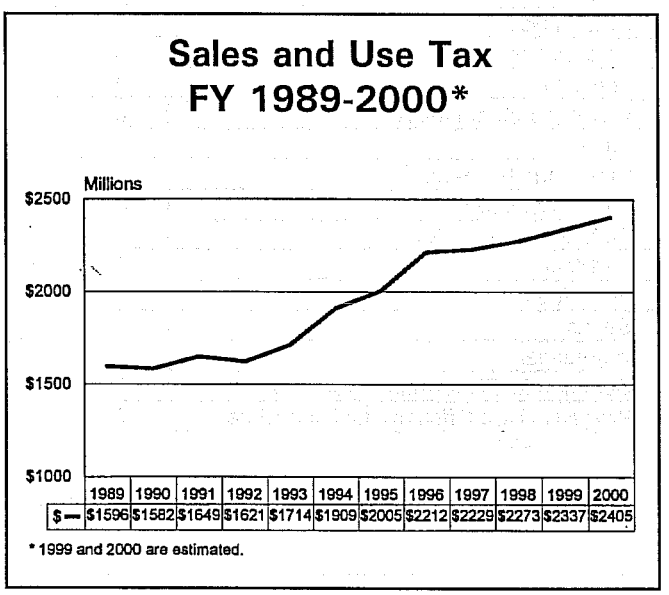
1992--Suspended exemptions from 3% tax for 1993 and 1994.

1993--Suspended exemptions to the 1% Louisiana Recovery District; capped Tourism Promotion District dedication at $12 million; reduced Louisiana Economic Development Fund dedication by one-half.

1994--Taxed mail order goods an additional 4%; repealed 1995 expiration date for Louisiana Tourism Promotion District; continued suspensions to state sales tax for 1995 and 1996.

1996--Replaced the Louisiana Recovery District tax with 1% state sales tax; suspended exemptions from 4% state sales tax for 1997 and from 3% of the tax for 1998; granted Legislature authority to uniformly exempt or exclude items from the state sales tax, local sales tax or both.

1998--Suspended exemptions from 3% tax for 1999 and 2000.



Collection History (fiscal year)

1989	$1,595,628,000*
1990	1,582,291,000*
1991	1,649,270,000*
1992	1,621,171,000*
1993	1,713,464,000*
1994	1,908,700,000*
1995	2,005,176,000*
1996	2,211,500,000*
1997	2,229,200,000 *
1998	2,273,400,000 *
1999	2,337,000,000* (estimate)
2000	2,405,000,000 (estimate)

* Includes Louisiana Recovery District tax through October 1, 1996.

SPECIAL FUELS TAX

Legal Citation

Constitution, Article VII, Section 27; R.S. 47:801-815; 820.1-820.4.

Paid By

Suppliers of special fuels or any person who uses special fuels, for highway use, on which the tax has not been paid.

Base

Per gallon.

Rate

20 cents; operators of motor vehicles using liquefied petroleum gas or compressed natural gas 10,000 pounds or less: $150 annual flat rate or 16 cents per gallon assuming 12 miles per gallon, whichever is less. Vehicles greater than 10,000 pounds are assessed no less than $150.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)

1. 3% dealer discount on net taxable gallons after deducting refunds ($3,000,000).
2. School bus drivers, refund of 1/2 of the special fuels tax paid (negligible).
3. Special fuels used in licensed vehicles by commercial fishermen ($0).
4. Special fuels used for non-highway purposes.

Due Date

20th of each month for suppliers; 25th of the month following the end of each quarter for interstate users.

Collection Agency

Department of Revenue.

Dedications [Constitution, Article VII, Section 27; R.S. 47:820.2 (A), (B), (C) and (E)]

1. 16 cents to the Transportation Trust Fund for maintenance and construction of state and federal highways and bridges, statewide flood control, ports and airports, transit, state police and parish roads.

   a. Not less than 1 cent to Parish Transportation Fund.

   b. An annual sum equal to the annual estimated revenue from aviation fuel, to be used for airports.

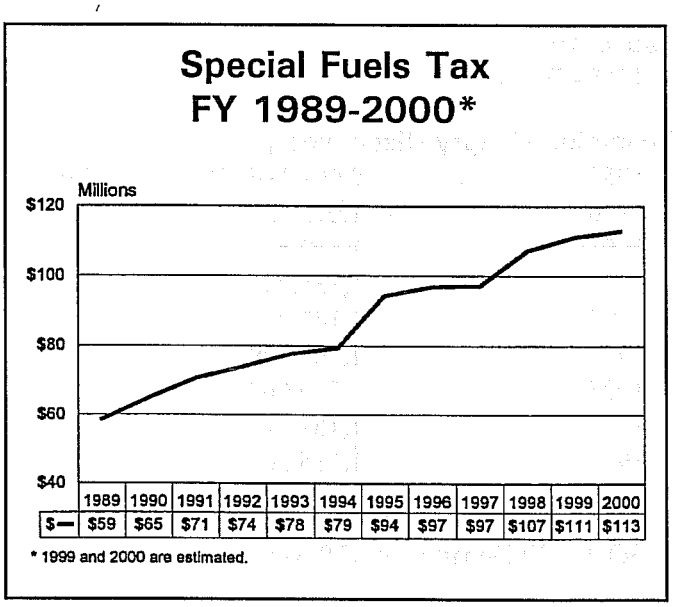
2. Four cents to Transportation Infrastructure Model for Economic Development Fund (TIME).

Background

1944--Levied; 7 cents/gallon.
1948--Increased to 9 cents/gallon.
1952--Decreased to 7 cents/gallon.
1968--Increased to 8 cents/gallon.
1984--Increased to 16 cents/gallon.
1989--Increased to 20 cents/gallon with 16 cents dedicated to the Transportation Trust Fund and four cents (for 15 years) dedicated to TIME.
1998--Extended 4-cent tax until all TIME projects done.

Collection History (fiscal year)

1989	$58,513,000
1990	64,900,000
1991	70,600,000
1992	73,900,000
1993	77,600,000
1994	79,300,000
1995	94,022,000
1996	96,800,000
1997	97,100,000
1998	107,200,000
1999	111,000,000 (estimate)
2000	113,000,000 (estimate)



TELECOMMUNICATIONS TAX FOR THE DEAF

Legal Citation
R.S. 47:1061

Paid By
Local telephone exchange companies which collect from customers and remit to state.

Base
Use of each residence and business customer telephone access line.

Rate
Five cents per month per line.

Exemptions
Local exchange company may retain 2% of amount collected if remitted timely ($24,000).

Due Date
Within 30 days after the close of each calendar quarter.

Collection Agency
Department of Revenue.

Dedications
Receipts go to the Telecommunications for the Deaf Fund and are dedicated to a statewide program to provide access to public telecommunications services to the deaf, blind or other handicapped.

Background
1988--Tax first levied.

Collection History (fiscal year)

1989	$ 609,196 (October to June)
1990	1,073,639
1991	1,122,812
1992	1,135,236
1993	1,142,854
1994	1,163,209
1995	879,000
1996	1,161,244
1997	1,135,560
1998	1,328,463

SOURCE: Department of Revenue.

TOBACCO TAX

Legal Citation
R.S. 47:841-869

Paid By
Dealers who first handle tobacco products.

Base
Cigars and smoking tobacco, invoice price; cigarettes, per cigarette.

Rate
1. Cigars, 8% if manufacturer's invoice price is $120 per 1,000 or less; 20% if more than $120 per 1,000.
2. Cigarettes, 1 cent per cigarette (20 cents per standard pack of 20).
3. Smoking tobacco, 33% of manufacturer's invoice price.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)
1. Sales to federal government and its agencies ($35,000).
2. Discount of 6% for tobacco stamps ($5,200,000).
3. Interstate shipments ($16,800,000).
4. Sales to state institutions for distribution to inmates (negligible).
5. Return of taxable product to manufacturer ($800,000).
6. Discount of 6% for timely filed reports ($80,000).

Due Date
20 days after the end of each month.

Collection Agency
Department of Revenue.

Dedications
None.

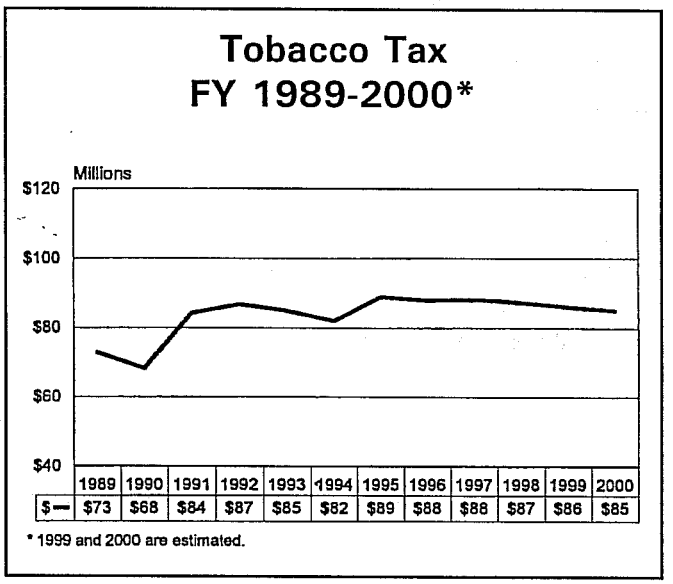
Background
1926--Levied; 1 cent for each 10 cents of retail price of cigarettes, smoking and chewing tobacco, cigars, cheroots and snuff; expired after four years.

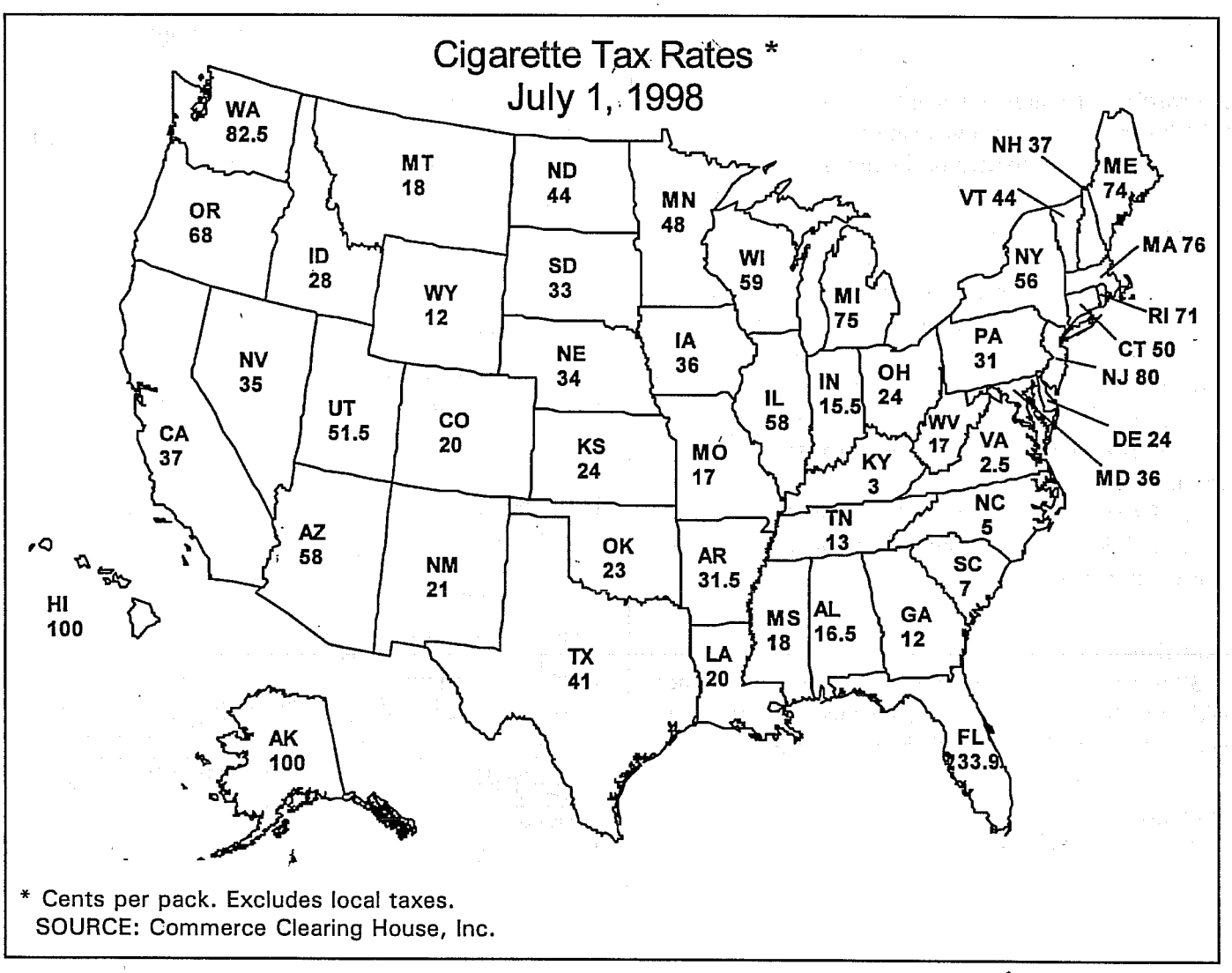
1932--Reimposed tax; rates: cigars, varied according to weight and retail price, from 75 cents to $13.50 per 1,000; cigarettes, 4 cents per pack; smoking tobacco, 1 cent on each 5 cents of retail price.

1942--Decreased cigarette tax to 1 cent per pack.
1948--Increased cigarette tax to 8 cents per pack.
1970--Increased cigarette tax to 11 cents per pack.
1984--Increased cigarette tax to 16 cents per pack.
1990--Increased cigarette tax to 20 cents per pack.

Collection History (fiscal year)

1989	$72,784,000
1990	68,227,000
1991	84,206,000
1992	86,783,000
1993	84,796,000
1994	81,900,000
1995	88,863,000
1996	87,900,000
1997	88,300,000
1998	87,200,000
1999	86,000,000 (estimate)
2000	85,000,000 (estimate)





TRANSPORTATION AND COMMUNICATION UTILITIES TAX

Legal Citation
R.S. 47:1001-1010

Paid By
Owners or operators of transportation and communication public utilities, such as certain intrastate railroads, buslines, freight lines, oil pipelines and communication companies.

Base
Gross receipts, as defined, from utility's intrastate business.

Rate
2%.

Exemptions (figures in parentheses are estimated fiscal 1999 revenue losses due to exemptions)
1. Interstate or foreign business commerce.
2. Business or operations conducted on navigable waters of the United States.
3. Motor freight lines and boats only transporting household goods or waste; cooperative transportation associations; certain passenger and freight companies within a city and a seven-mile adjacent zone or within two contiguous parishes (each with a population of 400,000 or more) and a seven-mile adjacent zone; persons transporting currency under private contract in armored cars ($1,000,000).
4. Railroads exempt under federal law.
5. Publicly-owned ambulance companies and volunteer fire departments.

Due Date
30th day after each quarter for motor freight lines with less than $5 million gross revenue for prior fiscal year; 20th day of each month for all other utilities.

Collection Agency
Department of Revenue.

Dedications
None.

Background
1934--Levied.

1935--Extended to public utilities passing through the state, based on the proportion of mileage in state.

1940--Established 2% rate.

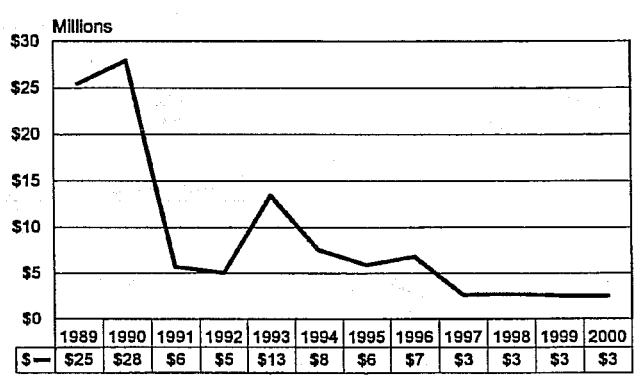
1987--Federal court ruled railroads exempt from tax.

1990--Repealed tax on telephone companies, replaced by sales tax on such services.

Collection History (fiscal year)

1989	$25,401,000
1990	27,918,000
1991	5,661,000
1992	4,963,000
1993	13,400,000
1994	7,540,000
1995	5,886,000
1996	6,760,000
1997	2,600,000
1998	2,700,000
1999	2,500,000 (estimate)
2000	2,500,000 (estimate)

Transportation and Communication Utilities Tax, FY 1989-2000*



* 1999 and 2000 are estimated.

UNEMPLOYMENT INSURANCE TAX

Legal Citation
R.S. 23:1531-1553

Paid By
Louisiana employers.

Determination of Tax
An employer's contribution consists of a basic tax and a social charge recoupment tax. (See 1999 Contribution Rate Table.)

1. **Basic Earned or Experience Rated Tax**

The basic earned tax rate is paid on the first $7,000 of wages of each employee. An employer's rate is determined from a table based on the ratio of the balance in his account (as of June 30 of the prior year) to his average taxable payroll for the past three years. The 1999 rates range from 0.20% for a positive ratio of 9.5 or more to 6% for a negative ratio of -30 or more.

Because the balance in the state trust fund exceeded $400 million on June 30, 1997, a 10% discount is triggered which reduces the rates to a range of 0.18% to 5.4%.

A new employer pays the average rate for his type of industry, or a minimum, (1% for 1999) whichever is higher, for the first two years.

2. **Social Charge Recoupment Tax**

A surcharge on the earned rates of all employers is levied to pay certain benefits (social charges) which are not charged to individual employer accounts. For example, the cost of benefits to a person enrolled in a qualified training program is not charged to his former employer but is borne by all employers.

The surcharge is the net social charges as of June 30 of the prior year divided by the estimated earned rate contributions for the tax year. The 1999 surcharge is computed as 15.94% of the 10% reduced basic rate.

3. **Solvency Surtax**

A surtax of up to 30% of the earned rate applies when the state trust fund balance falls below $100 million (does not apply in 1999).

4. **Penalty and Interest Assessments**

A penalty of 5% per month, up to 25%, and interest of 1% per month is charged for late filing.

5. **Voluntary Contributions**

An employer may make a voluntary contribution when benefits are charged against him to improve his account balance.

Exempt Employers
1. Reimbursable employers--the state and its political subdivisions and certain nonprofit organizations may elect to reimburse the unemployment insurance fund for actual benefits paid in lieu of paying unemployment insurance contributions.
2. Certain religious, charitable, educational or other organizations exempt from the federal income tax under Section 501 (c) (3) of the IRS Code may elect to exempt their employees from coverage.
3. Exclusions include children under 21 employed by parents; parents employed by children; spouses employed by each other; real estate and insurance salesmen on commission; multistate employees, and certain maritime vessel crews.
4. Employer of person during less than 20 weeks a year.
5. Employer paying less than $1,000 cash during quarter for domestic services.
6. Agricultural employer of fewer than 10 persons in less than 20 weeks a year or paid less than $20,000 in cash wages per quarter.

Due Date
Last day of month following each calendar quarter.

Collection Agency
Department of Labor, Office of Employment Security.

Dedications
Basic earned tax, solvency surtax, social charge recoupment surtax, negative reserve tax are deposited in the U.S. treasury and credited to the state's Unemployment Trust Fund. (These contributions are credited to employer's account.)

Penalties and interest assessments go to the Special Employment Security Administration Fund and are not credited to employer's account.

Background
The state's unemployment compensation program was enacted in 1936 following enactment of a federal unemployment insurance program the prior year. Frequent amendments over the years extended coverage to additional types of employers. Coverage is now universal with minor exceptions.

Following the national recession of 1981, the state's trust fund became insolvent and federal loans were required to make benefit payments. In 1987, the state sold bonds through the LPFA to pay off the over $800 million accrued debt and relieve employers of substantial federal repayment surtaxes. The bonds have been defeased and assessments discontinued as of June 30, 1993.

Contributions & Trust Fund History (In Millions)

Year[a]	Contributions	Benefits Paid	Trust Fund Balance	Loan Balance (From U.S.)
1981	$191.6	$218.5	$205.7	--
1982	182.7	508.5	0	$102.4
1983	290.6	675.9	0	476.4
1984	369.5	416.4	0	521.1
1985	370.5	465.7	0	576.9
1986	337.1	620.7	0	786.6
1987	318.1	399.8	0.4	b
1988	315.4	223.1	154.0	--
1989	291.1	163.9	299.5	--
1990	241.0	124.7	455.8	--
1991	222.0	161.3	560.0	--
1992	205.0	208.0	601.0	--
1993	206.6	164.4	689.4	--
1994	214.4	143.7	868.8	--
1995	215.5	135.8	986.6	--
1996	202.9	148.5	1,131.2	--
1997	203.7	127.9	1,275.7	--
1998	184.5	131.4	1,402.1	--

a Calendar year data from the Department of Labor.
b Bonds issued to pay loan balance.

1999 Unemployment Insurance Contribution Rate Table

Employer With Negative Reserve Ratio of at Least:			Basic Rate	10% Reduced Basic Rate	Social Charge Rate	Total Rate
-30	or more		6.00	5.40	0.86	6.26
-28	but less than	-30	5.95	5.35	0.85	6.20
-26	but less than	-28	5.90	5.31	0.85	6.16
-24	but less than	-26	5.85	5.26	0.84	6.10
-22	but less than	-24	5.80	5.22	0.83	6.05
-20	but less than	-22	5.75	5.17	0.82	5.99
-15	but less than	-20	5.70	5.13	0.82	5.95
-14	but less than	-15	4.76	4.28	0.68	4.96
-13	but less than	-14	4.75	4.27	0.68	4.95
-12	but less than	-13	4.72	4.25	0.68	4.93
-11	but less than	-12	4.70	4.23	0.67	4.90
-10	but less than	-11	4.68	4.21	0.67	4.88
-9	but less than	-10	4.28	3.85	0.61	4.46
-8	but less than	-9	4.27	3.84	0.61	4.45
-7	but less than	-8	4.25	3.82	0.61	4.43
-6	but less than	-7	4.20	3.78	0.60	4.38
-5	but less than	-6	4.15	3.73	0.59	4.32
-4	but less than	-5	4.09	3.68	0.59	4.27
-3	but less than	-4	4.00	3.60	0.57	4.17
-2	but less than	-3	3.90	3.51	0.56	4.07
-1	but less than	-2	3.80	3.42	0.55	3.97
0	but less than	-1	3.79	3.41	0.54	3.95
Positive Reserve Ratio						
0	but less than	0.4	3.71	3.34	0.53	3.87
0.4	but less than	0.8	3.70	3.33	0.53	3.86
0.8	but less than	1.2	3.68	3.31	0.53	3.84
1.2	but less than	1.6	3.66	3.29	0.52	3.81
1.6	but less than	2.0	3.64	3.28	0.52	3.80
2.0	but less than	2.4	3.62	3.26	0.52	3.78
2.4	but less than	2.8	3.60	3.24	0.52	3.76
2.8	but less than	3.2	3.58	3.22	0.51	3.73
3.2	but less than	3.6	3.56	3.20	0.51	3.71
3.6	but less than	4.0	3.54	3.19	0.51	3.70
4.0	but less than	4.4	3.52	3.17	0.51	3.68
4.4	but less than	4.8	3.50	3.15	0.50	3.65
4.8	but less than	5.0	3.48	3.13	0.50	3.63
5.0	but less than	5.2	3.42	3.08	0.49	3.57
5.2	but less than	5.4	3.40	3.06	0.49	3.55
5.4	but less than	5.6	3.30	2.97	0.47	3.44
5.6	but less than	5.8	3.10	2.79	0.44	3.23
5.8	but less than	6.0	2.80	2.52	0.40	2.92
6.0	but less than	6.2	2.56	2.30	0.37	2.67
6.2	but less than	6.4	2.40	2.16	0.34	2.50
6.4	but less than	6.6	2.20	1.98	0.32	2.30
6.6	but less than	6.8	2.10	1.89	0.30	2.19
6.8	but less than	7.0	2.00	1.80	0.29	2.09
7.0	but less than	7.2	1.80	1.62	0.26	1.88
7.2	but less than	7.4	1.60	1.44	0.23	1.67
7.4	but less than	7.6	1.50	1.35	0.22	1.57
7.6	but less than	7.8	1.40	1.26	0.20	1.46
7.8	but less than	8.0	1.20	1.08	0.17	1.25
8.0	but less than	8.2	1.00	0.90	0.14	1.04
8.2	but less than	8.4	0.90	0.81	0.13	0.94
8.4	but less than	8.6	0.70	0.63	0.10	0.73
8.6	but less than	8.8	0.60	0.54	0.09	0.63
8.8	but less than	9.0	0.50	0.45	0.07	0.52
9.0	but less than	9.2	0.40	0.36	0.06	0.42
9.2	but less than	9.5	0.30	0.27	0.04	0.31
9.5	or more		0.20	0.18	0.03	0.21

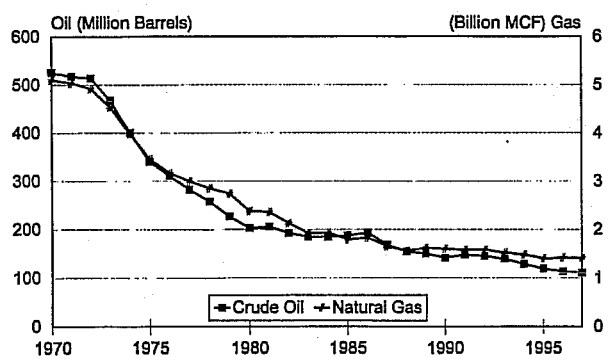
SOURCE: Louisiana Department of Labor, Experience Rating Unit [For year 2000 Rate Table, Call (225) 342-2977 After January 1, 2000].

MINERAL REVENUES

This section describes each of the state's revenues tied directly to mineral production: bonuses, rentals, royalties and the severance tax.

Local governments that own lands with minerals also receive bonuses, rentals and royalties but cannot impose a severance tax.

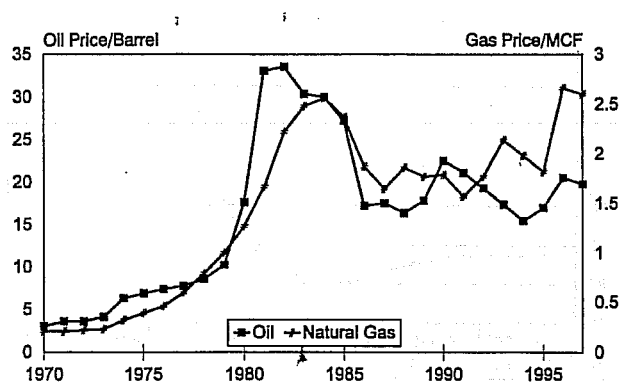
Production History for Louisiana Oil and Natural Gas (Taxed Volumes)



SOURCE: Louisiana Energy Facts Annual 1997.

The constitution dedicates a portion of the severance tax and also 10% of state royalties to parish governing authorities where severance or production occurred. Other portions of the state's mineral revenues are dedicated to special restricted funds which are described in this section.

Average Louisiana Oil and Natural Gas Prices, FY 1970-1997



SOURCE: Louisiana Energy Facts Annual 1997.

Many of these special funds to which mineral revenues are dedicated also receive income from fees, permits, licenses and interest earnings. This section describes only the dedication of mineral revenues.

BONUSES

Legal Citation

R.S. 30:124,127, 136; R.S. 31:213 (1); provisions of lease form.

Paid By

Those granted right to execute a lease.

Base

Highest acceptable competitive bid; one-time payment.

Rate

Determined by highest acceptable competitive bid; State Mineral Board may reject all bids and readvertise.

Exemptions

None.

Due Date

Date of lease sale; payment must accompany bid.

Collection Agency

Department of Natural Resources (DNR), Office of Mineral Resources. State Mineral Board, also in DNR, schedules time of leasings, terms and acceptance of bids.

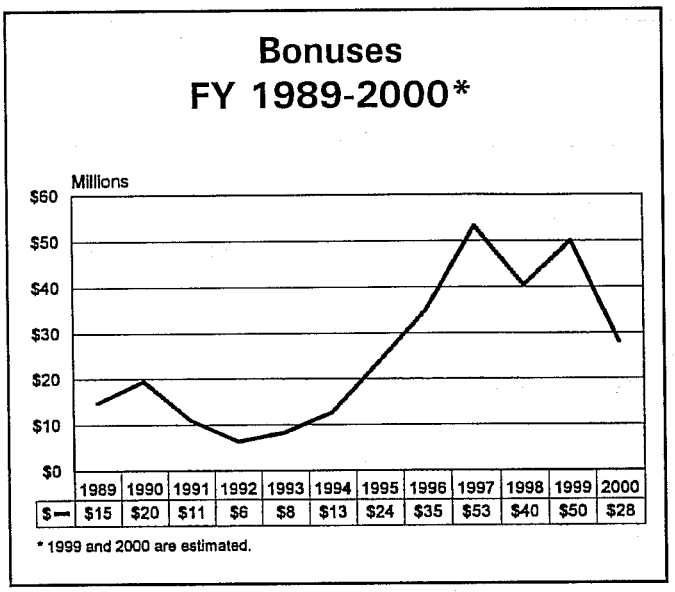
Dedications

See descriptions of special dedicated mineral funds below.

Collection History (fiscal year)

1989	$14,652,000
1990	19,481,000
1991	10,871,000
1992	6,317,000
1993	8,358,000

1994	12,700,000
1995	23,704,000
1996	35,236,000
1997	53,200,000
1998	40,400,000
1999	50,000,000 (estimate)
2000	28,000,000 (estimate)



RENTALS

Legal Citation

R.S. 30:124, 127 (E), 136; R.S. 31:213 (4); provisions of lease form.

Paid By

Holders of state leases who fail to drill, conduct mining operations or produce minerals but wish to maintain their lease.

Base

Highest acceptable competitive bid.

Rate

Minimum, 1/2 of cash payment on lease; the actual rate is established by the best acceptable competitive bid but most are at the minimum rate.

Exemptions

None.

Due Date

Annually after date of lease which is five days after acceptance; the maximum lease for those who fail to drill or produce is three years for inland and five years for offshore; hence, rentals would be paid for two years on inland leases and four years on offshore leases, after which the lease expires.

Collection Agency

Department of Natural Resources (DNR), Office of Mineral Resources. State Mineral Board, also in DNR, sets time, terms and acceptance of bids for leases.

Dedications

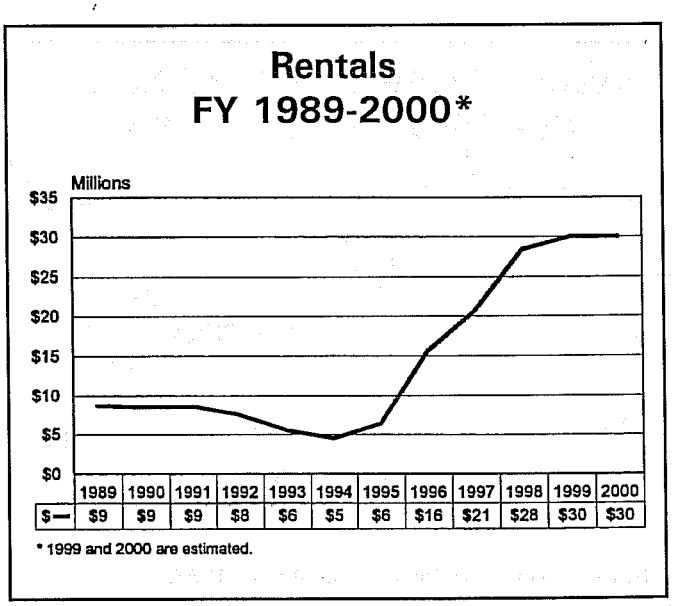
See descriptions of special dedicated mineral funds.

Background

1936--Established minimum rate, same as present.

Collection History (fiscal year)

1989	$ 8,746,000
1990	8,472,000
1991	8,604,000
1992	7,492,000
1993	5,480,000
1994	4,500,000
1995	6,422,000
1996	15,637,000
1997	20,700,000
1998	28,400,000
1999	30,000,000 (estimate)
2000	30,000,000 (estimate)



ROYALTIES

Legal Citation

Constitution, Article VII, Section 4 (E); Article IX, Sections 3, 4 and 5; R.S. 30:121, 124-130, 136, 137-147; R.S. 31:16, 213 (5); R.S. 56:2011; provisions of lease form.

Paid By

Those holding or having interest in leases on state-owned lands including lake beds and river bottoms.

Base

Value (posted price) of minerals produced.

Rate

Minimum royalties are:

1. Oil and gas--1/8 of value.
2. Sulphur--1/8 with $2 per long ton minimum.
3. Potash--1/8 with 10 cents per ton minimum.
4. Lignite--5%.
5. Dry salt--5% with 10 cents per ton minimum.
6. All other minerals--1/8.

The actual rate on a lease is established by the best acceptable competitive bid; oil and gas royalties average 20%-25%. Payment may be "in kind," that is, the state may receive its royalty portion in minerals produced instead of cash payments.

Exemptions

1. All or part of royalties if production is a qualified "tertiary recovery project." The length of the exemption covers a "payout" based on investment costs and expenses peculiar to such project, after which royalties become due.

2. State or local agencies, consultants/contractors involved in coastal conservation or restoration activities in the state plan.

Due Date

One hundred-twenty days after start of production and monthly thereafter (oil production, 30 days following monthly production; gas production, 60 days).

Collection Agency

Department of Natural Resources (DNR), Office of Mineral Resources. State Mineral Board, also in DNR, sets time, terms and acceptance of bids for leases.

Dedications [Constitution, Article VII, Section 4 (E); R.S. 30:136 (C)]

One tenth of royalties from state mineral leases (except property of Russell Sage Wildlife and Game Refuge) to parish governing authority where severance or production occurred.

See descriptions of other special dedicated mineral funds.

Dedication History, Parishes (fiscal year)

1989	$23,535,000
1990	24,546,000
1991	22,402,000
1992	22,909,000
1993	26,713,000
1994	35,778,000
1995	23,643,000
1996	25,600,000
1997	29,000,000
1998	23,300,000
1999	21,300,000 (estimate)
2000	18,500,000 (estimate)

Background

1912--Authorized governor to lease and execute lease on any "vacant and unappropriated" public lands, lake beds and bottoms belonging to the state for mineral development and production. Minimum royalties: oil and other minerals, 1/8; each gas well, $200.

1915--Extended state leasing to "any" lands belonging to state. Required leases to be awarded to highest bidders under terms fixed by governor.

1921--New constitution provided for reservation of mineral rights on property sold by state and leasing of state lands.

1936--Created state Mineral Board; authorized to lease state lands for development and production of minerals. Maximum per lease, 10,000 acres. Minimum royalties: oil and gas, 1/8; sulphur, 75 cents per long ton; potash, 10 cents per ton; all other, 1/8.

1938--Dedicated 10% royalties to parish governing authorities where production occurred.

1940--Reduced maximum lease from 10,000 acres to 5,000.

1942--Constitutional dedication of 10% royalties to parish governing authorities.

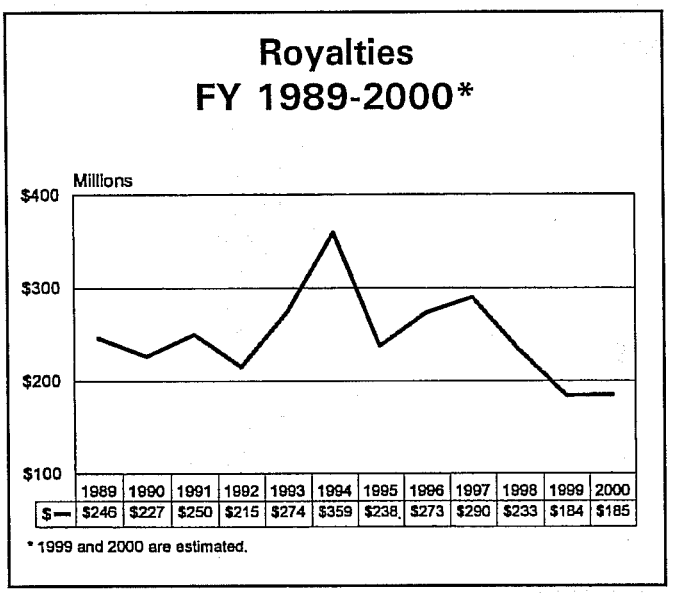
1970--Authorized "in kind" royalties; previous authority dates back to 1928 provisions in lease form.

1974--New constitution required public notice and public bidding on state mineral leases; reservation of mineral rights on property sold by state strengthened.

1976--Changed minimum royalty on lignite.

1979--Changed minimum royalty on potash to 1/8 with minimum 10 cents per ton; changed minimum royalty on dry salt to 5% with minimum 10 cents per ton.

1980--Changed minimum royalty on sulphur to 1/8 with minimum $2 per long ton.



Collection History (fiscal year)

1989	$246,157,000
1990	226,526,000
1991	250,307,000
1992	214,810,000
1993	274,098,000
1994	359,307,000
1995	237,727,000
1996	273,300,000
1997	290,100,000
1998	233,000,000
1999	184,000,000 (estimate)
2000	185,000,000 (estimate)

SEVERANCE TAX

Legal Citation

Constitution, Article VII, Section 4 (B), (C), (D); R.S. 47:631-646

Paid By

Owners of natural resources severed from soil or water.

Base

Volume or value at the time and place of severance (except timber).

1. Timber: average stumpage market value.
2. Oil: net value.
3. Distillate, condensate or similar natural resource: value.
4. Natural gas: volume, thousand cubic feet (MCF).
5. Sulphur, salt, coal, ores, marble, shell, sand, gravel, salt brine, stone: tonnage.

Rates

1. Trees and timber: 2.25%.
2. Pulpwood: 5%.
3. Chip and saw products: 2.5% (Forestry Department ruling).
4. Oil:
   a. 12.5%.
   b. 6.25% if the oil well is incapable of producing an average of more than 25 barrels/day during the taxable month and produces at least 50% salt water per day.
   c. 3.125% if well is incapable of producing more than 10 barrels per day.
   d. 3.125% if well in a stripper field is a "mining and horizontal drilling project."
5. 12.5% for distillate, condensate or similar natural resource severed from the soil or water either with gas or oil.
6. Natural gas, casinghead gasoline, and other natural gas liquids, including but not limited to ethane, methane, butane or propane:
   a. 9.3 cents/MCF (at 15.025 pounds/square inch at 60 degrees Fahrenheit) from 7/1/1998 to 6/30/1999; the rate is adjusted annually, as of July 1, based on the change in natural gas prices in prior year; the minimum adjusted rate is 7 cents/MCF.
   b. 3 cents/MCF for gas produced from oil wells having well head pressure of 50 pounds/square inch or less.
   c. 1.3 cents/MCF for gas produced from gas wells incapable of producing an average of 250,000 cubic feet/day.
7. Sulphur: $1.03/long ton.
8. Salt: 6 cents/ton.
9. Coal: 10 cents/ton.
10. Ores: 10 cents/ton.
11. Marble: 20 cents/ton.

12. Stone: 3 cents/ton.
13. Sand: 6 cents/ton.
14. Shells: 6 cents/ton.
15. Salt content in brine extracted or produced in solution from the soil or water: 1/2 cent/ton.
16. Lignite: 12 cents/ton.
17. Freshwater mussels: 5% of sales revenue.

Exemptions (figures in parentheses are estimated losses of revenue for fiscal 1999 related to exemptions).

1. **Gas Severance Tax Exemptions:**
   a. Gas injected into formation for in-state storage by producer ($1,250,000).
   b. Gas produced outside state but injected into earth in-state (negligible).
   c. Vented or flared wells ($900,000).
   d. Drilling fuel in field where produced ($5,000,000).
   e. Gas used for production of natural resources ($0).
   f. Gas used to produce carbon black ($800,000).
   g. Produced water injection gas, 20% rate reduction.
   h. Gas from inactive wells returned to production for five years ($4,500,000).
   i. Gas from new wells for 24 months or until cost of well recovered, if sooner ($1,250,000).
   j. Deep wells ($8,500,000).
   k. Horizontal wells ($700,000)
2. **Gas Severance Tax Special Rates:**
   a. Incapable oil-well gas ($800,000).
   b. Incapable gas well ($5,000,000).
   c. Contract gas at less than 52 cents/MCF ($0).
3. **Oil Severance Tax Exemptions:**
   a. Trucking, barging, pipeline fees ($3,500,000).
   b. Discovery wells, new fields ($0).
   c. Tertiary recovery ($400,000).
   d. Produced water injection oil, 20% rate reduction.
   e Inactive wells for five years ($12,500,000).
   f. New wells for 24 months or until cost of well recovered, if sooner ($2,500,000).
   g. Stripper wells if average value/barrel is less than $20.
   h. New vertical wells for 24 months or until cost of well recovered, if sooner.
   i New horizontal wells for 24 months or until cost of well recovered, if sooner ($6,000,000).
4. **Oil Severance Special Rates:**
   a. Incapable oil wells ($4,400,000).
   b. Stripper oil wells ($3,000,000).
   c. Stripper oil ($500,000).
   d. Salvage oil ($135,000).
   e. Horizontal mining and drilling projects ($0).
5. **Mineral Severance Tax Exemptions:**
   a. Owned and severed by a political subdivision ($0).

Due Date

End of month following month of severance. For gas, 15th day of second month following month of severance.

Collection Agency

Department of Revenue.

Dedications [Constitution, Article VII, Section 4 (B), (C), (D); R.S. 30:302-303, R.S. 47:644-645]

Allocated annually to parish governing authority where severance or production occurs: one third sulphur severance tax not to exceed $100,000, 1/3 lignite severance tax not to exceed $100,000, 1/5 severance tax on all other natural resources not to exceed $750,000, and 3/4 of timber tax.

See descriptions of other special dedicated mineral funds.

Dedication History, Parishes (fiscal year)

1989	$25,600,000
1990	26,000,000
1991	28,500,000
1992	26,500,000
1993	25,500,000
1994	29,600,000
1995	29,850,000
1996	30,600,000
1997	31,300,000
1998	30,900,000
1999	25,900,000 (estimate)
2000	27,400,000 (estimate)

Background

1910--Levied as an occupational license tax; rates; oil, 2/5 of 1 cent/barrel; natural gas, 1/5 of 1 cent/10,000 cubic feet; timber, 3/4 of 1 cent/1,000 feet; sulphur, 2 cents/ton; salt, 1/5 of 1 cent/ton.

1912--Changed rates to 1/2 of gross value production less royalty interest.

1916--Increased rates; based on product and quantity severed.

1920--Increased rates; 2% of gross value of production.

1922--Increased rates: oil and gas, 3% of gross market value of total production; other natural resources, 2% of gross market value.

1928--Changed base from market price to quantity severed; oil, range from 4 cents to 11 cents/barrel depending on gravity; gas, 1/5 of 1 cent/1,000 cubic feet; sulphur, 15 cents/ton; salt, 4 cents/ton; timber, varied according to type; coal, lignite and ores, 5 cents/ton; stone, gravel, shells, 1.5 cents/ton.

1932--Levied a 1/2 cent/ton tax on salt from brine when used in manufacturing.

1934--Increased tax on sulphur to 60 cents/ton.

1935--Changed rate on pine from 7 cents for old and 17 cents for virgin to 12 cents/1,000 feet.

1936--Increased rate on gas to 3/10 of 1 cent/MCF and rate on sulphur to $2/ton.

1938--Constitutional amendment lowered rate on sulphur to $1.03/long ton.

1940--Added a tax on pulpwood at 6 cents/cord; increased tax range on oil, from 6 cents to 11 cents/barrel depending on gravity; added taxes on distillate and condensate (11 cents/barrel), and natural and casinghead gas (1 cent/barrel).

1948--Increased rates for most categories, except for timber and gas.

1956--Repealed lignite tax.

1958--Increased rate on gas to 2 and 3/10 cents/MCF.

1960--Extended additional 2-cent tax on gas.

1964--Constitutional amendment made additional 2-cent tax on gas permanent.

1973--Set special and reduced rates for gas sold under special contracts at a price less than that set by Federal Power Commission; rate for oil, distillate and condensate gas, butane and propane, 5 cents/barrel; other gases, 10 cents/barrel.

1975--Set present rates for timber, pulpwood; low-producing oil wells, or wells producing at least 50% water.

1983--Increased rates to 6 cents/ton for sand, gravel and shells.

1989--Reimposed tax on lignite at a rate of 12 cents/ton.

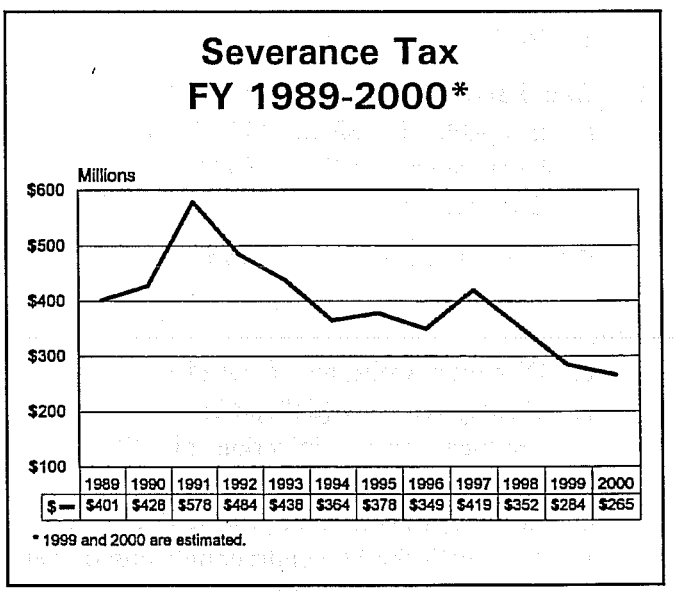
1990--Increased natural gas severance tax rate to 10 cents/MCF and indexed to annual change in natural gas prices.

1995--Added chip and saw product category by a Forestry Department ruling.

1997--Repealed 6 cents per ton gravel tax.

Collection History (fiscal year)

1989	$401,408,000
1990	427,794,000
1991	578,141,000
1992	484,200,000
1993	437,482,000
1994	364,400,000
1995	377,736,000
1996	349,069,000
1997	419,400,000
1998	352,100,000
1999	284,000,000 (estimate)
2000	265,000,000 (estimate)



SPECIAL DEDICATED FUNDS

Budget Stabilization Fund

[Constitution, Article VII, Section 10.3; R.S. 39:94-95; R.S. 27: 270

The Budget Stabilization Fund was created statutorily in 1997 and given constitutional status with voter approval in 1998. The new fund replaces the former Revenue Stabilization/Mineral Trust Fund and assumes its funding sources:

1. All money available for appropriation from the general fund and dedicated fund in excess of expenditure limit.
2. Mineral revenue in excess of $750 million a year.

In addition, the new fund receives 25% of nonrecurring revenue, any money appropriated to the fund, and any interest earnings on the fund. A statutory dedication guarantees the new fund one-third of net gaming proceeds from the land-based casino. The fund may not exceed 4% of total state revenue receipts for the prior year.

Money in the fund may be used only:

1. If the official forecast of recurring state revenues for the next fiscal year is less than the forecast for the current year (only one-third of the fund may be budgeted, if approved by two-thirds vote of each house of the Legislature); or
2. If a deficit is projected in the current year due to a decrease in the forecast (same conditions apply as above).

In no event may the amount appropriated exceed one-third of the current fiscal year beginning fund balance.

Deposit History (fiscal year)

No money was ever deposited in the former fund because mineral revenues never exceeded the $750 million threshhold. the new statutory fund did not receive an appropriation for fiscal 1998 or 1999.

1998	$ 0
1999	0

Local School Board 16th Section Land

[Constitution, Article IX, Section 4 (B); R.S. 17:9, 87 and 97.1; R.S. 30:127 (B), 151-154, R.S. 41:981, 1323.1, 1323.2, 1323.5]

Sixteenth section lands are those granted or reserved to the states by Congress for school purposes.

Local school boards are authorized to lease their 16th section lands for development and production of minerals.

Revenue from mineral leasing goes to the respective school boards, to be credited to their general fund or a special account.

Minimum royalties based on value of minerals produced are:

1. Oil and gas--1/6.
2. Sulphur--1/6 with $2/long ton minimum.
3. Potash--1/6 with 10 cents/ton minimum.
4. Lignite--5%.
5. Dry salt--5% with 10 cents/ton minimum.
6. All other minerals--1/6.

Actual rates are determined by the highest acceptable competitive bid.

Dedication History* (fiscal year).

1987	$10,399,000
1988	12,901,000
1989	15,802,000
1990	15,667,000
1991	13,584,000
1992	16,073,000
1993	22,404,000
1994	16,995,000
1995	14,582,000
1996	13,556,756
1997	17,607,615

* Includes mineral lease revenue (royalties, rentals and bonuses) and other income such as renting of land.

SOURCE: State Department of Education.

Mineral Revenue Audit and Settlement Fund

(Constitution, Article VII, Section 10.5; R.S. 39.97)

Effective January 1, 1992, money the state might receive from a mineral settlement or judgment of $5 million or more (principal and interest) is dedicated to a new Mineral Revenue Audit and Settlement Fund not to the general fund. The Legislature may appropriate both principal and interest earnings of the fund, and decide the priority and amount for the following purposes:

1. advanced payments on the unfunded accrued liability of public retirement systems, and
2. early retirement of state debt or debt of the Louisiana Recovery District, based on a plan of the State Bond Commission to maximize savings.

Deposit History

1993	$ 17,000,000
1994	132,400,000
1995	44,150,000
1996	45,000,000
1997	0
1998	0

Rockefeller Fund

(Constitution, Article VII, Section 4 (E); R.S. 6:797)

Mineral revenues derived from land of the Rockefeller Wildlife Refuge and Game Preserve are allocated in the following manner:

1. Ten percent of royalties to Vermilion and Cameron parishes, in which the Preserve is located, according to the parish royalty constitutional dedication.

2. All other mineral revenue (royalties, rentals and bonuses) are dedicated to the Rockefeller Wildlife Refuge and Game Preserve Fund (preserve fund).

3. Five percent of annual revenue of the preserve fund goes to the Rockefeller Wildlife Refuge Trust and Protection Fund (trust fund), or 25% if annual mineral and interest income to the preserve fund exceeds $10 million. These transfers continue until principal in the trust fund equals $50 million.

Interest earnings of the trust fund are allocated annually:

a. $60,000 for scholarships to Louisiana residents at Louisiana state colleges and universities studying wildlife, forestry or marine science.

b. $600,000 to acquire land. ($300,000 to benefit waterfowl and $300,000 to benefit "upland game habitat")

c. $150,000 to the Louisiana Fur and Alligator Advisory Council until the trust fund reaches $50 million.

d. Remaining is to be added to the trust fund until the principal reaches $50 million; after which it is to be appropriated to Department of Wildlife and Fisheries (DWF) for:

(1) defraying cost of maintaining and improving the preserve.

(2) Marsh Island and State Wildlife Refuge land stewardship.

(3) statewide programs for management and research of fur, alligators and migratory birds.

4. Revenues remaining in the preserve fund including earned interest are to be used to cover costs of maintaining, policing, improving and developing the preserve. Any surplus is to be used by the DWF for wildlife management programs and activities, particularly land acquisitions.

Dedication History* (fiscal year)

1988	$4,565,000
1989	3,158,000
1990	1,150,000
1991	2,491,000
1992	2,033,000
1993	1,702,000
1994	2,017,000
1995	2,375,000
1996	7,723,000
1997	3,068,000
1998	13,845,000 **

* Mineral revenues only.

** SOURCE: Department of Wildlife and Fisheries.

Russell Sage (Marsh Island) Fund

[Constitution, Article VII, Section 4 (E); R.S. 56:798]

The constitution stipulates that the dedication of 1/10th of royalties to parish governing authorities does not apply to property comprising the Russell Sage Wildlife and Game Refuge. Instead:

1. One half of all revenue from minerals, except the severance tax, derived from Marsh Island property goes to the Russell Sage Foundation.

2. The remaining one half of mineral revenue goes to the state:

a. First to maintain, police and improve Marsh Island as a wildlife refuge or reserve.

b. One half of any funds remaining up to $10 million principal goes to the Russell Sage or Marsh Island Refuge Fund to establish perpetual funding for future maintenance, policing and improving Marsh Island as a wildlife refuge.

c. The other one half of any funds remaining and principal over $10 million goes to the DWF for statewide projects to propagate and protect wildlife.

Dedication History* (fiscal year)

1988	$104,000
1989	116,000
1990	262,000
1991	92,000
1992	370,000
1993	581,000
1994	280,000
1995	112,000
1996	161,000
1997	148,000
1998	25,654 **

* Mineral revenues only.
** SOURCE: Department of Wildlife and Fisheries.

State and Local Agency Land

(R.S. 15:834; R.S. 17:9; R.S. 30:134, 151-154; R.S. 41:1501, 1504)

State and local agencies may lease land vested in or belonging to them, or direct the State Mineral Board to conduct the leasing. The state or local agency receives mineral revenue for their leased land unless there is another legal dedication or land is subject to conditions of a grant or donation. The State Mineral Board has exclusive authority to lease property of penal institutions; such mineral revenue goes to the state general fund.

NOTE: Special provisions relating to 16th section lands of local school boards are discussed previously.

If road beds belonging to a parish are leased, minimum royalties are 1/16th, to be used by the parish governing authority for any public purpose.

Louisiana State Parks Land Acquisition Trust Fund

(R.S. 56:1691)

Mineral lease revenue (royalties, rentals and bonuses) from state-owned land acquired or improved through federal funds (Federal Land and Water Conservation Fund Act) and administered by the Office of State Parks is to be deposited in the State Parks Land Acquisition Trust Fund (trust fund), created in 1980.

1. At least two thirds of such mineral revenue is to be deposited in the trust fund. Principal in the trust fund cannot exceed $100 million; use of excess funds is to be provided by law.
2. No more than one third of such mineral revenue for the prior year can be spent according to the following priorities:
   a. Repay bonds issued to acquire and improve state park land dedicated for public outdoor recreation.
   b. Acquire and improve land dedicated for public outdoor recreational use, but not to expropriate land.

Dedication History (fiscal year)

1987	$108,000
1988	33,000
1989	10,000
1990	29,000
1991	35,000
1992	83,000
1993	52,000
1994	47,000
1995	26,000
1996	3,598,000
1997	0

Wetlands Conservation and Restoration Fund

[Constitution, Article VII, Section 10.2; R.S. 49:213.1-213.4, 214; R.S. 56:2011 (C)]

All state mineral revenue (severance tax, royalties, rentals and bonuses) except those constitutionally dedicated or received by the state from grants or donations which terms require another use are dedicated annually to the constitutional Wetlands Conservation and Restoration Fund (fund), created in 1989, as follows:

1. The first $5 million after meeting constitutional dedications to parish governing authorities, the Louisiana Wildlife and Fisheries Conservation Fund, and the Louisiana Education Quality Trust Fund [8 (g) money].
2. Up to $10 million additional if mineral collections received by the state exceed $600 million.
3. Up to $10 million additional if mineral collections received by the state exceed $650 million.

The fund balance from dedicated state mineral revenue cannot exceed $40 million; unexpended money at

the end of a fiscal year remains in the fund. Money in the fund must be invested and earnings remain in the fund.

Revenue in the fund can be used only for specified purposes relating to coastal vegetated wetlands, consistent with a state plan.

Dedication History (fiscal year)

1990	$15,000,000
1991	25,000,000
1992	21,500,000
1993	25,000,000
1994	25,000,000
1995	15,000,000
1996	15,000,000
1997	25,000,000
1998	5,000,000
1999	5,000,000 (estimate)
2000	5,000,000 (estimate)

NOTE: Statutory dedication became effective July 14, 1989 and constitutional dedication, on July 1, 1990.

Wildlife and Fisheries Conservation Fund

[Constitution, Article VII, Section 10-A; Article IX, Section 7; R.S. 56:10 (B) (1), 631]

The Wildlife and Fisheries Conservation Fund (Conservation Fund) receives constitutionally dedicated revenue from royalties, rentals, bonuses and severance taxes from land of the Department of Wildlife and Fisheries (DWF). Money in the Conservation Fund must be appropriated to the DWF for:

1. Programs and purposes of conservation, protection, preservation, management and replenishment of the state's natural resources and wildlife including acquiring land or matching federal funds for such purposes.

2. Operation and administration of the DWF and the Wildlife and Fisheries Commission.

Earned interest money not spent at the end of a fiscal year remains in the fund.

Dedication History* (fiscal year)

1988	$5,265,000
1989	4,593,000
1990	3,102,000
1991	3,975,000
1992	4,562,000
1993	4,013,000
1994	6,230,000
1995	3,232,000
1996	3,932,000
1997	4,213,000
1998	4,541,000 **

*Mineral revenues only.

** SOURCE: Department of Wildlife and Fisheries.

Wildlife Refuge and Game Preserve Fund

(R.S. 56:799)

Mineral lease revenues received from land in Vermilion Parish donated to the state in 1911 which comprises the Louisiana State Wildlife Refuge and Game Preserve were dedicated to this fund for maintenance, policing and improvement of the preserve. The fund was created in 1976 but has not generated income since 1989.

GAMING REVENUES

In 1990, Louisiana voters approved a constitutional amendment to permit a state lottery. This was followed by legislation allowing riverboat casinos (1991), video draw poker machines (1991), a land-based casino (1992) and dockside gaming on riverboats (1993). Gaming has emerged as a significant state funding source expected to generate about one-half billion dollars annually for state general fund use.

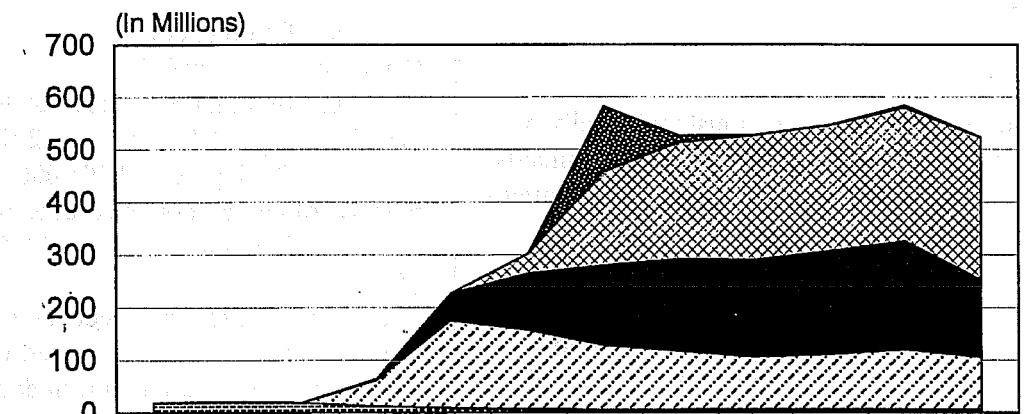
The constitution requires the Legislature to define and suppress gambling. In order to allow video poker, riverboat casino and land-based casino activities without a constitutional amendment, the Legislature defined these activities as gaming not gambling.

In 1996, a constitutional amendment was passed requiring local approval before certain new gambling could be conducted in a parish. As a result, a statewide local option election was held in November 1996. The parishes with current riverboat operations approved retaining riverboats and New Orleans voted to allow the land-based casino. However, video poker licenses will not be renewed after mid-1999 in 33 parishes. As a result, video poker revenues are estimated to fall nearly $60 million in FY 2000.

In 1998, the Gaming Control Board signed a new contract with Harrah's requiring the land-based casino in New Orleans to begin operations by October 29, 1999. The state is to receive $100 million annually, however, statutory dedications will prevent any deposits to the general fund until FY 2005.

This section describes each of the state's revenues tied directly to gaming.

Figure 2
State Gaming Revenues, FY 1989-2000*



	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Land-Based Casino							125	13	0	0	4	0
Riverboat						37	177	221	237	239	254	270
Video Poker				2	52	108	152	175	184	196	206	147
Lottery				50	167	150	123	111	100	105	114	100
Horse Racing	19	21	19	12	9	7	5	6	6	6	6	6
Total Revenues	19	21	19	64	228	302	582	526	511	519	584	523

* 1999 and 2000 are estimated.

Estimated Total Spending on Legal Gaming Activities in Louisiana

1992	$277,700,000
1993	615,800,000
1994	1,008,500,000
1995	2,096,100,000
1996	2,691,700,000
1997	2,688,100,000
1998	2,766,700,000
1999	2,951,000,000

SOURCE: Louisiana Legislative Fiscal Office, December 29, 1998.

CASINO (Land-Based)

NOTE: The casino, closed in November 1995, however, a new contract requires that it reopen by October 29, 1999.

Legal Citation
R.S. 27:201-286

Paid By
Casino operator.

Rate
Under the contract, the casino must make daily payments to the state totalling $100,000,000 annually. Payments to local government are negotiated separately.

Dedications
One-third of net casino gaming proceeds, up to $150 million, to Capital Complex Master Plan fund, one-third to Budget Stabilization Fund, and one-third to retirement system unfunded accrued liability.

$500,000 annually to Compulsive Gamblers Fund.

Background
1992--Authorized single land-based casino in New Orleans.

1995--Casino filed for bankruptcy and closed.

1999--New contract required casino to open by October 29, 1999.

Collection History

1995	$125,488,000
1996	13,400,000
1997	0
1998	0
1999	3,500,000
2000	67,000,000*

* If casino opens on schedule and remains open through June 30. Revenue Estimating Conference did not forecast due to uncertainty.

HORSE RACING TAX

Legal Citation
R.S. 4:141-197, 211-222

Paid By
Racetrack operators.

Base
Total daily betting pools.

Rate
1. Fees when two or more races conflict within the state:

a. Betting pools up to $201,000--3% of the portion exceeding $100,000.

b. Betting pools $201,000 to $400,000--$3,030 plus 4% of the total exceeding $201,000.

c. Betting pools $401,000 and above--$11,030 plus 5% of any portion exceeding $401,000.

d. Minimum fee--$1,000 (quarterhorse races, $500).

2. The license fee for conducting a race in a parish or municipality (this scale is used when only one track holds a race meeting on a given day) is:

a. Up to $201,000 betting pool--3% of portion exceeding $60,000.

b. $201,000 to $401,000 betting pool--$4,230 plus 4% of the amount exceeding $201,000 up to $401,000.

c. Over $401,000 betting pool--$12,230 plus 5% of the amount exceeding $401,000.

d. Minimum license fee of $1,000 (quarterhorse races, $500).

3. 25 cents per person attending races.

Exemptions

1. $6,000/race exemption for quarterhorse races.
2. Fees paid to parishes may be deducted from amounts paid the state.
3. 2% of the total daily pool on exotic wagering to track licensees for purse supplements.

Due Date

Daily during each race meeting, except payments based on attendance, due weekly.

Collection Agency

Secretary of the Department of Economic Development, as ex officio treasurer of the Louisiana State Racing Commission.

Dedications

Fees from special racing day each year to Louisiana Champions Day Account ($200,000 estimate).

NOTE: The Legislature annually appropriates a distribution of a portion of racing revenues to various public and private entities. Local governments which levy a local horse racing license fee after July 1, 1991 are not eligible for this distribution.

Background

1940--Levied; 3% up to $50,000 of daily pools to 7% over $200,000.

1950--Set two scales, one for Orleans track and one for all others.

1952--Rates lowered for Orleans track.

1956--Set flat 7% rate on daily pools.

1959--Reverted to graduated rates.

1960--Rates lowered.

1966--Rates lowered.

1968--Rates changed.

1978--Set new rates if two or more races held in one day.

1980--Set present rate for all races.

1988--Increased attendance fee from 10 cents to 25 cents per attendee.

Collection History (fiscal year) (includes offtrack wagering license fees and fines)

1988	$21,167,000
1989	19,356,000
1990	21,178,000
1991	19,329,000
1992	11,883,000*
1993	8,932,000
1994	7,277,000
1995	5,009,000
1996	5,625,000
1997	5,540,000
1998	5,843,000

* State collections are reduced by the amount of locally levied license fees, beginning July 1, 1991.

SOURCE: Louisiana State Racing Commission.

LOTTERY

Legal Citation

Constitution, Article XII, Section 6; R.S. 47:9000-9081

Base

Gross revenues.

Rate

35% or more.

Due Date

20 days after close of each month.

Collection Agency

Louisiana Lottery Corporation.

Dedications

1. All money necessary for the operation of the Lottery Corporation.
2. $500,000 to the Compulsive and Problem Gaming Fund.

Background

1990--Constitutional amendment authorizing lottery ratified and lottery corporation created.

1995--Required monthly transfer of funds to state.

Collection History (fiscal year)

1992	$ 50,000,000
1993	166,500,000
1994	150,300,000
1995	123,000,000
1996	111,000,000
1997	100,100,000
1998	105,300,000
1999	113,700,000 (estimate)
2000	99,700,000 (estimate)

OFFTRACK WAGERING LICENSE TAX

Legal Citation

R.S. 4:211-222

Paid By

Licensee of offtrack wagering facilities.

Base

Total wagering pool at each facility.

Rate

1.5%.

Exemptions

None.

Due Date

Weekly.

Collection Agency

Department of Economic Development.

Dedications [R.S. 4:218 (A)]

1. 14% to the Louisiana Thoroughbred Breeders' Association or the Louisiana Quarterhorse Breeders' Association.
2. 33% to the Louisiana Board of Regents.
3. 53% to the Louisiana State Racing Commission.

Background

1987--First levied; present rate.

1988--Increased attendance fee to 25 cents per person attending race.

As of December 1998, there were 13 offtrack wagering facilities, plus the four facilities operating at the racetracks.

Collection History

(See Horse Racing Tax.)

RIVERBOAT AND DOCKSIDE GAMING

Legal Citation

R.S. 27:41-113

Paid By

Riverboat gaming applicant or licensee; permit holder.

Revenues

1. **Application and Investigation Fees (R.S. 4:532)**
   a. An initial application fee of $50,000 is required. An additional fee of up to $50,000 may be assessed to cover actual cost of investigation.
   b. Initial application fee for racehorse wagering permit on a riverboat is $5,000.
2. **Permit Fees (annual)**
   a. Manufacturers of slot machines: $5,000.
   b. Manufacturers of other gaming devices: $2,500.
   c. Suppliers of gaming devices: $1,500.
   d. Suppliers of other goods and services: $250.
   e. Gaming employee or other permit: $100.
   f. Permit to conduct racehorse wagering: $1,000.
3. **Riverboat Gaming License**
   a. $50,000 per riverboat for first year, $100,000 per year thereafter.
   b. 3.5% of net gaming proceeds.
4. **Franchise Fee**
   15% of net gaming proceeds.

Collection Agency

Louisiana Gaming Control Board.

Dedications

Proceeds, less franchise fees, to Riverboat Gaming Enforcement Fund to be appropriated solely for:

1. Expenses of the state police.
2. Expenses of the Louisiana Gaming Control Board, not to exceed 1/7th of the license fee on net gaming proceeds.
3. Expenses of the automated fingerprint identification system.
4. 1% (maximum of $500,000) to the Compulsive and Problem Gaming Fund.

Background

1991--Authorized.

1993--Authorized dockside gaming on Red River.

As of June 1998, there were 14 licensed riverboats operating 730 gaming tables and 13,700 gaming devices.

Collection History

1994	$ 36,900,000
1995	177,121,000
1996	220,700,000
1997	236,600,000
1998	239,000,000
1999	236,600,000 (estimate)
2000	270,000,000 (estimate)

(See "Riverboat Admission," LOCAL TAXES, for related local government revenues.)

VIDEO DRAW POKER

Legal Citation

R.S. 27:301-324

Revenues

Franchise Payments

1. Pari-mutuel wagering facilities--22.5%.
2. Restaurants, bars and hotels--26%.
3. Truck stops--32.5%.

License Fees (annual)

1. Manufacturer--$20,000.
2. Distributor--$10,000.
3. Service entity--$2,000.
4. Device operation--$250-$1,250.*
5. Device owner--$2,000.
6. Licensed establishment--$100.

* May be paid in quarterly installments.

Application Fees

1. Truck stops--$10,000 initial application; $1,000 for annual renewal.

2. Pari-mutuel--$1,000 initial application; $100 for renewal.

Exemptions

Owners of New Orleans race track and offtrack betting establishments for maximum of 15 years.

Due Date

Franchise payments are collected electronically twice each month.

Device license fee is collected quarterly by electronic sweep of accounts.

Collection Agency

Louisiana Gaming Control Board.

Dedications

One-half percent of the franchise tax rate goes to the Video Draw Poker Purse Supplement fund to be distributed as follows:

1. Two-thirds to licensed race associations in Louisiana which conduct live horse racing.

2. One-third to Louisiana Quarter Horse Breeders Association to supplement purses for Louisiana bred quarterhorses.

3. 1% (maximum of $500,000) to the Compulsive and Problem Gaming Fund.

All other proceeds go to Video Draw Poker Device Fund to be distributed as follows:

1. 25%:

a. to pay added compensation to district attorneys and assistant district attorneys, up to $5,400,000.

b. the remainder to:

--municipalities with video poker devices, pro rata amounts based on video poker revenues.

--parish with video poker devices, pro rata amount based on revenues in unincorporated areas, to be divided equally between parish and sheriff.

2. An amount to be appropriated to the Department of Public Safety and Corrections for enforcement.

3. Remainder to state general fund. Surplus in Video Draw Poker Device Fund reverts to state general fund at end of year.

Allocation of Video Poker Revenue (In Millions)

	1998	1999 (Forecast)
Local Governments and Sheriffs	$41.70	$42.60
District Attorneys	5.40	5.40
State Police Enforcement	4.40	4.40
N. O. Fairground Debt Service	2.50	2.50
Horse Racing Purse Supplement	3.50	3.50
Compulsive Gambler Program	0.15	0.15
State General Fund	134.30	147.80
TOTAL	$191.70	$206.30

SOURCE: Legislative Fiscal Office.

Dedication History

1993	$13,600,000
1994	31,000,000
1995	42,707,000
1996	52,500,000
1997	51,900,000
1998	56,400,000
1999	61,600,000 (estimate)
2000	45,600,000 (estimate)

Background

1991--Enacted law allowing operation beginning January 1, 1992.

1994--Increased fees and taxes.

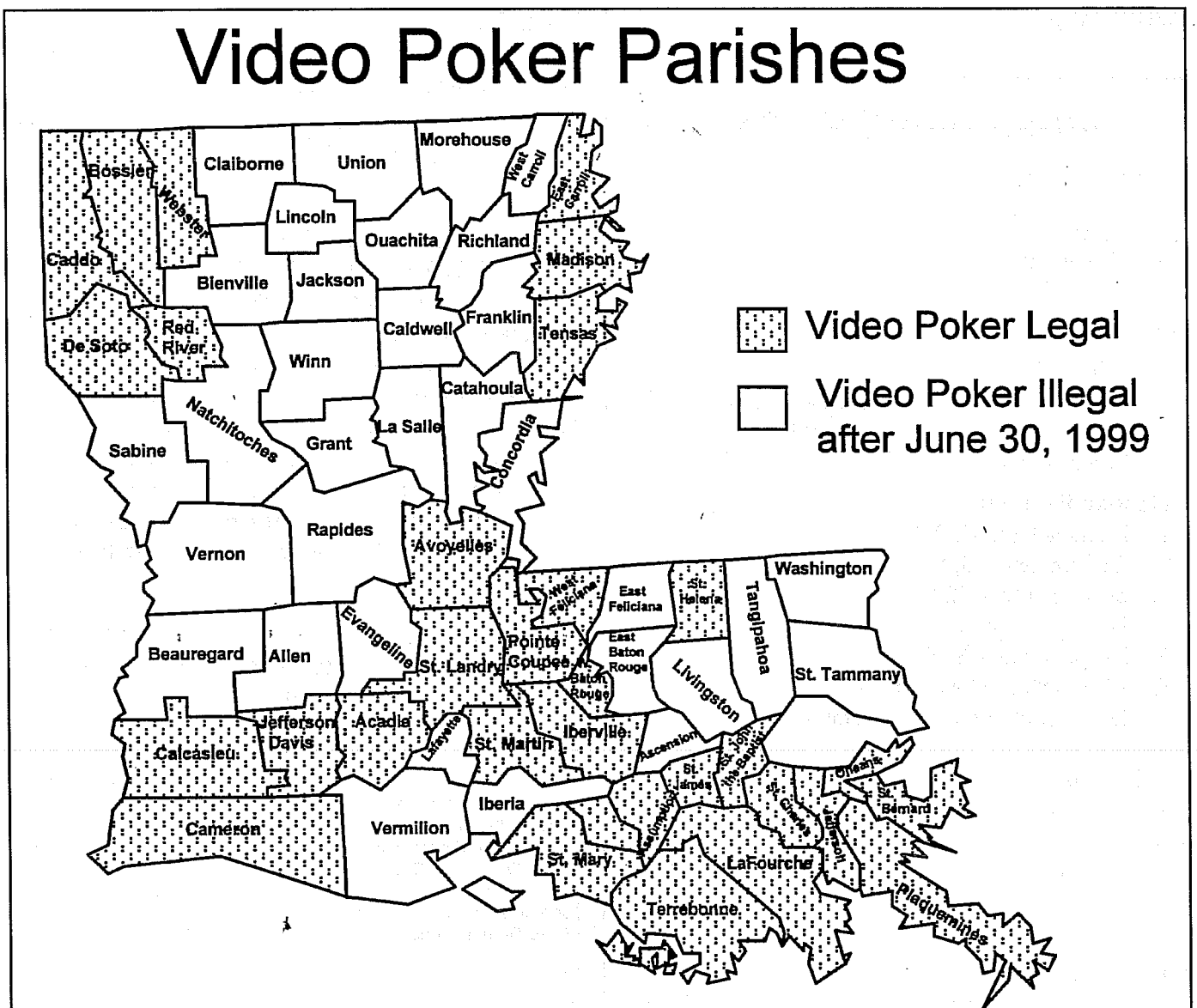
As of June 1998, 15,030 video poker devices were in operation at 3,577 locations.

Collection History* (fiscal year)

1992	$ 1,970,000
1993	52,161,000
1994	107,785,000
1995	152,259,000
1996	175,000,000
1997	183,600,000
1998	196,100,000
1999	206,300,000 (estimate)
2000	146,600,000 (estimate)

* Includes franchise payments, license fees and penalties.

(See "Occupational License Tax," LOCAL TAXES, for related local government revenues.)



LOCAL TAXES

Louisiana's constitution and laws closely govern local governments' use of the major tax sources through specific authorizations, limitations and prohibitions. A home rule charter, however, can expand local tax authority.

Constitutional Limits

The state constitution prohibits local governments from levying income taxes, inheritance taxes, motor vehicle licenses, motor fuel taxes and severance taxes.

The Louisiana Supreme Court has ruled that an earnings tax or payroll tax is constitutionally the same as an income tax and thus is prohibited.

The exemptions and property classification system imposed by the constitution significantly reduce the property tax base, and limit parishes, municipalities and school boards to relatively low millages which can be levied without voter approval. The constitution limits local sales taxes, but the Legislature may allow the limit to be exceeded. The constitution limits local occupational licenses to rates set by the Legislature.

Statutory Limits

The following sections on taxes detail the extensive limits and restrictions that state law places on local taxing authority. Property tax and sales tax rate limits are placed on the various types of local taxing bodies. Exemptions are imposed on local sales taxes (although fewer than apply to the state tax). State law sets maximum local rates for beer taxes, alcoholic beverage dealer permit fees, occupational license taxes, franchise fees, hotel occupancy taxes, insurance premium taxes and several minor taxes such as parcel fees.

The state has statutorily preempted taxation in certain areas, particularly special excise taxes. As a result, local governments may not tax alcoholic beverages, soft drinks or horse racing (except offtrack wagering).

Home Rule Powers

Local governments have only that taxing authority granted by the constitution and state law. However, the 1974 constitution expanded local powers through two broad home rule provisions. One permits a home rule charter government to exercise powers not specifically prohibited by law including levying new types of taxes. (Home rule charters now cover 28 municipalities and 17 parishes.) The second provision permits a non-home rule charter parish or municipality, with voter approval, to exercise any power or function not denied by law and not inconsistent with the constitution. Thus far, little or no use has been made of this option to enact new taxes.

The home rule provisions have limited application as most potential tax sources are addressed by the constitution or statutes. However, New Orleans has used its home rule authority to levy a number of taxes including a documentary transaction tax and a parking tax (3%).

Local Tax Structure

Louisiana local governments, in total, derive slightly more of their general revenues from their own sources than is the case nationwide. Louisiana parishes and municipalities, however, obtain a far greater share of their revenues from local sources than do their national counterparts, while school districts obtain less locally.

The tax structure used by Louisiana local government also differs widely from the national norms. Most striking is Louisiana's local dependence on sales taxes (four times the national average) and lower dependence on property taxes (about half the national average).

Changes in Local Tax Law

Legislation in the 1997 and 1998 sessions authorized additional property tax millages and parcel fees for certain special districts and additional parish sales taxes. Four special protection districts were authorized to levy millages, parcel taxes or fees to provide extra police services for specific subdivisions. Incremental sales tax financing was authorized for municipalities with populations between 190,000 and 215,000.

Voters approved constitutional amendments to:

- Grant a property tax assessment freeze for elderly homeowners.
- Require additional notice for millage-increase hearings.
- Authorize no-minimum-bid tax sales for unpaid property taxes.
- Increase from $500,000 to $750,000 the cap on the annual amount a parish may receive from the state from severance taxes on oil and gas.
- Prohibit a court from ordering the levy of a local tax.
- Allow local governments to forgive taxes owed on blighted property if renovated.

Local Tax Descriptions

The following are descriptions of the local taxes authorized by the state constitution and laws. The types of local government authorized to levy each tax are indicated along with relevant rates or rate limits. Other pertinent information is provided. Complete and accurate collection data is unavailable for locally collected taxes. Collection estimates or incomplete data is shown when available.

ACREAGE TAX

Legal Citation
Constitution, Article IX, Section 8

Authorized Taxing Body
Parishes and districts granted the authority by the Legislature.

Paid By
Land owner.

Base
Acreage.

Rate
Constitution set maximum 2 cents per acre of forest land. Others set by statute:

1. St. Tammany Parish Drainage District No. 2 (R.S. 38:1674.15) may impose an acreage tax of up to $400 per acre in the area, without voter approval, to maintain the facilities. A landowner who objects must be excluded. The tax is collected in the same manner as the district property tax.

2. Red River/Atchafalaya River and Bayou Gravity Drainage District (R.S. 38:1921) may levy an acreage tax not to exceed 10 cents an acre, with voter approval.

3. St. Mary Parish Drainage District (R.S. 33:3784) and municipalities in the parish may levy an acreage tax with voter approval.

4. Town of Berwick (R.S. 38:1680.2) may assess an acreage tax up to $25 with voter approval.

5. Gravity drainage districts may levy an acreage tax of 50 cents per acre.

AMUSEMENT TAX

Legal Citation
R.S. 4:41-45

Authorized Taxing Bodies
Any parish or municipality of more than 300,000 population.

Paid By
Purchaser of tickets; seller may not assume the tax.

Base
Price of admission ticket to a theater or other specified amusements.

Rate
Schedule set by ordinance but not to exceed 5%.

Exemptions
1. Amusements sponsored by religious or charitable institution when proceeds benefit those institutions.
2. Student or faculty admissions to school or university activities.
3. Admissions of 10 cents or less to children under 12.

Background
Authorized in 1938. New Orleans levies a 5% tax.

AUTOMOBILE RENTAL TAX

Legal Citation
R.S. 47:551

Paid By
Dealer who rents automobiles (less than nine-passenger capacity) without driver for a period of less than 30 days.

Base
Gross proceeds from the lease or rental contract, less sales and use tax.

Rate
0.5%, effective August 1, 1996 through June 30, 2000.

Exemptions
Rental as replacement vehicle by insurance company or auto dealer for customer or by individual or business who submits to renter a copy of repair invoice for vehicle replaced.

Due Date
20th day of month following reporting period.

Collection Agency
Department of Revenue and Taxation.

Dedications
Department of Revenue and Taxation may retain up to 5% of the proceeds for actual costs of collection.

Background
1996--Levied; rate 0.5%.

BEER TAX

Legal Citation
R.S. 26:491-493

Authorized Taxing Bodies
Parishes and municipalities.

Paid By
Dealer who first handles beverage.

Base
Quantity of beverage sold.

Rate
Not more than $1.50 per standard barrel of 31 gallons.

Exemptions
1. 2% discount if paid on time.
2. Exemptions to state tax apply including interstate shipments, sales to ships, and sales to federal government.

Due Date
20 days after the end of each month.

Collection Agency
Department of Revenue.

Dedications
State retains cost of collection.

Background
1933--Authorized parishes and municipalities to levy up to 50 cents/barrel.
1934--Increased local tax limit to $1.50/barrel.

Collection History (calendar year)

1988	5,013,000
1989	4,809,000
1990	5,237,000
1991	5,252,000
1992	5,186,000
1993	5,259,000
1994	5,190,000
1995	5,450,000
1996	4,504,000
1997	4,579,000
1998	4,925,000(10 months)

NOTE: In recent years, about 30% of the revenues have gone to parishes and 70% to municipalities. During 1998, 223 municipalities and 59 parishes levied the beer tax.

SOURCE: Department of Revenue.

CHAIN STORE TAX

Legal Citation
R.S. 47:10

Authorized Taxing Bodies
Parishes and municipalities; a parish may not tax a chain store located in a municipality.

Paid By
Persons operating chain stores.

Base
The number of stores operated or maintained within the taxing jurisdiction as part of a chain.

Rate

The tax per store is based on the number of stores in a chain whether operated in Louisiana or not. The tax for a store operating in a taxing jurisdiction ranges from $10 (chain of 10 or fewer stores) to $550 (chain of over 500 stores).

Chain stores opening after June 30 pay one half the annual rate for that year.

Exemptions

A parish or municipality levying a chain store tax may allow an exemption if all stores in that jurisdiction which deal in the same commodity or merchandise are exempted from the tax.

Due Date

February 1.

Collection Agency

Designated by governing authority levying tax.

Background

1932--Levied as state tax; dedicated to local purposes.

1948--Dedicated to parishes and municipalities.

1975--Converted to locally levied and collected tax.

CIGARETTE PAPERS TAX

Legal Citation

R.S. 33:2740.25

Authorized Taxing Bodies

All parishes are authorized to levy a 25 cent per pack sales tax on cigarette papers. The proceeds are dedicated to the sheriff, except in Washington Parish where the parish retains the proceeds. All parishes are also authorized to levy $1.25 per pack dedicated to the D.A.R.E. Program except in St. Tammany and Washington parishes where only part of the proceeds are dedicated to D.A.R.E. New Orleans and St. Tammany Parish are authorized to levy $1 per pack dedicated to their recreational and park districts.

HORSE RACING TAX

Legal Citation

R.S. 4:163.1

Authorized Taxing Bodies

Bossier, Calcasieu, Jefferson, Lafayette and Orleans parishes may impose fees by ordinance.

Paid By

Race track operators.

Base

Total daily betting pools.

Rate

Up to:

2.26%--Orleans Parish

2.97%--Jefferson Parish (may not exceed total amount otherwise due the state on a given race day).

0.21%--Calcasieu Parish.

1.69%--Bossier Parish.

0.32%--Lafayette Parish.

Exemptions

None.

Due Date

Daily during each race meeting.

Collection Agency

Not specified by law.

Dedications

Revenues collected in each parish to be distributed among the parish and municipal governments as provided by law.

Fees from special racing day each year to Louisiana Champions Day Account.

Background

1990--Authorized, effective July 1, 1991.

HOTEL OCCUPANCY TAX

Legal Citation
R.S. 33:4574.1-4574.6

Authorized Taxing Bodies
The governing authority or authorities of the parish or parishes creating a tourist commission or the commissions themselves.

Paid By
Persons occupying rooms.

Base
Rents or fees for occupancy of hotel rooms, motel rooms and overnight camping facilities within the jurisdiction of the commission.

Rate
2%--General authorization for parishes. Tourist commission rates set by enabling statute:

a. 4%--Iberia, St. Mary, Terrebonne (if convention facility is completed).

b. 3%--Authorized for Allen, DeSoto, East Baton Rouge, Houma, Lafourche, Lafayette, Lincoln, Livingston, Natchitoches, Sabine, Shreveport-Bossier, St. Tammany, Southwest Louisiana Convention Bureau, Vernon, Washington and West Baton Rouge parishes.

c. 2%--Acadia, Ascension, Avoyelles, Beauregard, Cameron, Concordia, East Feliciana, Grant, Iberville, Ward 2 of Jefferson Parish, Monroe, Point Coupee, St. Landry, St. Martin, Tangipahoa, Union, Vermilion and Webster.

d. 1%--Jefferson Parish with an additional 1% authorization for East Bank of Jefferson Parish.

NOTE: For each 1% levied by a tourist commission, the parish tax is decreased by 1%. Tax rates beyond the 2% general authorization must be voter approved in the parish.

In New Orleans, the hotel occupancy tax totals 11%. The state collects 8% including 4% for the Louisiana Superdome, 2% for the Ernest N. Morial Convention Center and 2% for the state general fund. The city collects 3% which is split between the city and school board. In addition, the state collects a per night room surcharge of $0.50, $1 or $2 and the city collects another $0.50 or $1 depending on the number of rooms.

Exemptions
1. Lodgings with less than two guest rooms.
2. Hotel-like facilities operated for medical patients and their families.
3. Rentals of 30 days or more.
4. Hotel rentals on annual contracts for consecutive or nonconsecutive days.
5. Overnight camping facility if only one in parish, except in Orleans and Rapides.

Due Date
Set by local ordinance.

Collection Agency
Set by local ordinance.

Dedications
1. A reasonable sum may be retained by governing authority as collection fee.
2. Remainder appropriated to the commission to be used to attract conventions and tourists or as permitted by law.

Background
1975--Authorized 2% tax for parish-created tourist commissions.

1994--Louisiana Supreme Court ruled hotel occupancy taxes passed by ordinance unconstitutional.

1995--Recreated tourist commissions as political subdivisions of the state with power to levy taxes.

INSURANCE PREMIUM TAX

Legal Citation
R.S. 22:1076

Authorized Taxing Bodies
Parishes and municipalities.

Paid By
Insurers who are subject to any state license tax.

Base
Gross premiums or receipts.

Rates
Set by local ordinance, usually by adopting the following rate schedules provided by state law:

1. Insurers issuing life, accident or health policies: not more than $10 on gross premiums of $2,000 or less

and not more than $70 for each $10,000 or fraction exceeding $2,000. The license paid by one insurer may not exceed $21,000.

2. Insurers issuing fire, marine, casualty, surety or other insurance policies: up to $40 on gross receipts of $2,000 or less; $60 on $2,001 to $4,000; $80 on $4,001 to $6,000; and no more than $70 per each $10,000 exceeding $6,000. The license paid by one insurer may not exceed $9,000.

Plate glass and steam boiler inspection insurers pay one third of the above rates.

Exemptions

1. State employee group benefit programs.
2. Rate is one third the normal rate if 1/6th of insurer's assets are invested in Louisiana municipal bonds or other qualified investments.
3. Total parish and municipal licenses may not exceed the limits set by state law.

Due Date

Before June 1 in year due. Late penalty of 5% per month may be assessed.

Collection Agency

Determined by local taxing body.

OCCUPATIONAL LICENSE TAX

Legal Citation

R.S. 47:341-363

Authorized Taxing Bodies

Parishes and municipalities.

Paid By

Any person conducting a business, trade, profession, occupation, vocation or calling according to the physical location of each place of business without regard to where sale is made or service performed. (Seller of gas and electricity to more than one municipality is taxed by each regardless of business location.)

Rates

Separate schedules of maximum tax rates are prescribed by state law for various types of business. Local tax rates are set by ordinance but may not exceed the legal maximums. Typically the local ordinance adopts the state schedules by reference:

1. Retail dealers in merchandise, services, and rentals: tax ranges from $50 for gross sales of less than $50,000 to $6,200 for $5.5 million or more.
2. Wholesale dealers in merchandise, service and rentals; retail dealers to institutional consumers; shipbuilders and contractors: $50 on gross sales below $100,000 to $7,500 on $14 million or more.
3. Business of lending or dealing in notes secured by chattel mortgages or other liens: $50 on annual loans below $250,000 to $3,700 on $35 million or more.
4. Brokerage and commission agents: $50 on commissions and fees below $15,000 to $3,700 on $950,000 or more.
5. Public utilities: $50 on gross sales below $20,000 to $7,500 on 2.5 million or more.

A business selling gas or electricity in more than one municipality is taxed by each based on the share of gross revenue derived from each municipality.

Businesses subject to flat fee license tax:

1. Private banking or investment banking:$500.
2. Peddlers and itinerant vendors: not to exceed $200; certain agriculture and seafood product vendors: not to exceed $100.
3. Mechanical or electronic amusement machines: $20 or $50 per device depending on type.
4. Professional sports businesses: $1,000.
5. Circuses, concerts, carnivals and special events: $250.
6. Hotels, motels, rooming houses, boarding houses and nursing homes: $2 per room.
7. Video draw poker device operator: up to $50 per device.

All other businesses including professionals such as attorneys, doctors and engineers: 0.1% of annual gross receipts for professional fees for services rendered; minimum tax of $50 and maximum of $2,000.

Exemptions

1. Blind persons and their widows and orphans.
2. Artists and craftsmen.
3. Wholesale dealers in certain alcoholic beverages.
4. Others: banks, homestead and building and loan associations, editors, publishers, clerks, laborers, ministers, school teachers, nurses, agricultural or horticultural workers, sawmill operators, farm production loan corporations owned by farmers.
5. Manufacturers.
6. Nonprofit organizations.
7. Physically disabled.

Deductions

Allowed for petroleum taxes, undertaking and funeral directing, interstate sales of stocks and bonds, and retail or wholesale sales of motor vehicles and boats.

Additional Exemptions and Deductions

A municipality or parish may grant such exemptions or deductions as it deems necessary.

Due Date

January 1; delinquent on March 1. For new business, tax due when business commences.

Collection Agency

Designated by governing authority levying tax.

Background

1845--First constitutional authority for state to levy.

1897--Constitution specified that local governments could not levy a license tax greater than that levied by state.

1898--Parish tax was exempted if equal municipal license tax was paid.

1981--Repealed state occupational license tax; local governments continue to collect based on prior state limits.

1986--Major revision simplified and consolidated rate schedules in state law.

OFFTRACK WAGERING LICENSE TAX

Legal Citation

R.S. 4:211-222

Authorized Taxing Bodies

Parish governing authorities may levy a license tax on approved offtrack wagering facilities. Voter approval, either parishwide or within a municipality, is required to establish a facility. No more than two facilities may be licensed in a parish with a population less than 425,000.

Paid By

Racetrack operators licensed to operate offtrack wagering facilities.

Base

1. Total amount wagered at offtrack facility.
2. Attendance at offtrack betting facility.

Rate

2% of betting pool and 25 cents per attendee.

Exemptions

None.

(Tax is in lieu of any local licenses, sales, excise or occupational taxes.)

Due Date

None specified in law but currently collected weekly.

Collection Agency

Determined by parish governing authority.

Dedications

Betting facilities located in a municipality, the municipality receives one half of the revenues.

Tax enacted after August 21, 1992 in a municipality only, municipality receives all proceeds.

Background

1987--Authorized at 2% rate.

1988--Added 25-cent attendance fee.

As of December 1998, offtrack wagering facilities were operating in 13 locations throughout the state, plus four facilities located at the race tracks.

PARCEL TAX

A parcel tax is a fixed fee on each parcel of property in the taxing jurisdiction regardless of value. No general legal authorization is provided. However, home rule charter governments may levy such a tax under their own taxing powers. Special legislative authority has been granted in several instances. In these cases the law provides a limit, specifies the purpose and requires voter approval.

Background

1978--State court ruled that $100 parcel fee imposed by New Orleans was a specific tax not governed by property tax laws.

1986--Authorized up to $500 parcel fee for St. Tammany Parish subroad districts and up to $500 parcel fee for St. Tammany Parish special recreation districts.

1988--Authorized fire protection districts to levy a parcel fee of up to $100 a year; authorized up to $150 parcel fee for Assumption Parish gravity drainage districts.

1991--Authorized St. Tammany Parish Drainage District No. 4 to levy tax of $48 per 10,000 square feet of parcel with $48 minimum per parcel.

1992--Authorized St. Tammany Levee District parcel fee of up to $150; parcel fee authorized for Covington Public Improvement District.

1993--Authorized recreation districts in parishes with population of 56,000 to 58,150 to collect parcel fees of up to $100 per parcel.

1997--Authorized Old Metairie Security Enhancement District to levy $780 per parcel.

1998--Authorized Jefferson Davis School District No. 3 to levy $200 per parcel. Authorized Richland Parish Fire Protection Districts to levy $150 per parcel.

PROPERTY (AD VALOREM) TAX

Legal Citation

Constitution, Article V, Section 27; Article VI, Sections 15, 18, 19, 26, 27, 30-35, 39, 42; Article VII, Sections 18-25; R.S. 47:1701-2332

Authorized Taxing Bodies

1. State--5.75 mill limit (not levied currently).
2. Parish--4 mills* general alimony tax without voter approval, unlimited additional general purpose or special millages with voter approval.
3. Municipality--7 mills* without voter approval, additional general purpose or special millages with voter approval (limited to half the general alimony mill-

1998 Property Taxes in Largest Urban Area, 11 Southern States

	Homestead Taxes				Industrial Property Taxes		Commercial Property Taxes	
	$70,000 Home $10,000 Fixtures		$150,000 Home $50,000 Fixtures		$1,000,000 Land & Building $500,000 Machinery & Equipment $400,000 Inventories $100,000 Fixtures		$1,000,000 Land & Building $200,000 Fixtures	
State	Rank*	State Tax	Rank*	State Tax	Rank*	State Tax	Rank*	State Tax
Alabama	49	$ 321	50	$ 769	45	$19,548	44	$13,988
Arkansas	30	822	32	1,761	38	23,669	45	13,445
Florida	16	1,241	8	3,483	12	45,240	13	34,145
Georgia	19	1,112	20	2,495	22	38,117	29	22,595
Louisiana	51	66	45	1,148	11	46,258	25	26,153
Mississippi	33	760	27	1,903	27	35,307	26	25,567
North Carolina	28	879	29	1,883	42	20,080	40	15,060
Oklahoma	38	691	36	1,599	35	26,292	43	14,337
South Carolina	47	401	49	983	13	43,915	36	19,649
Tennessee	22	996	23	2,134	28	34,170	24	26,562
Texas	11	1,295	14	3,013	4	55,283	16	32,913
U.S. Average		1,023		2,311		34,945		27,204

* Among the 50 states and the District of Columbia.
SOURCE: Minnesota Taxpayers Association, *50-State Property Tax Comparison Study*, January 1999.

age in municipality which maintains system of street paving). New Orleans may levy, without voter approval, up to 5 mills for police services and up to 5 mills for fire protection, not subject to the homestead exemption.

4. School Board--5 mills* without voter approval (13* in Orleans), up to 70 mills additional for operations with voter approval.

5. Law Enforcement District (sheriff)--millage sufficient to provide revenue equal to sheriff's commissions received in fiscal 1977, additional millages with voter approval.

6. Assessor--authorized, in 56 parishes, to create taxing district and levy tax sufficient to replace amount he is authorized to deduct from tax collections in year tax is first levied. Additional millages with voter approval.

7. Judicial District (district attorney)--authorized to create district and levy up to 5 mills with voter approval.

8. Levee District--5 mills* (Orleans Levee District--2.5*) without voter approval, additional mills with voter approval. May levy tax sufficient to pay for property used or destroyed without voter approval.

9. Special taxing districts, for a variety of purposes, have been created or authorized by state law to be created locally. The authorizations set millage limits. However, a district of a home rule charter government may levy a special millage in excess of the statutory limit, with voter approval, for up to 10 years.

*Millage limits set in the 1974 constitution were lowered or raised in each parish in 1978 to compensate for assessment changes. The adjusted millage limits now differ widely among jurisdictions.

All millages are automatically raised or lowered when property is reassessed to assure that tax collections do not change due to reassessment. Millages lowered by this process may be raised, up to the prior level, by a two-thirds vote of the taxing body after a public hearing.

NOTE: Debt limits place indirect millage limits on local taxing bodies. Generally, debt is limited to 10% of the taxable assessed value of the subdivision, including homestead-exempt values (25% for school districts; 35% for municipalities).

Paid By

Property owners.

Base

Assessed value which, except for certain farm, marsh and timberland, is a percentage of its fair market value:

1. Land--10%.
2. Residential improvements--10%.
3. Electric cooperative property, excluding land--15%.
4. Public service property, excluding land--25%.
5. Other property (including railroads and airlines)--15%.

Qualified farm, horticultural, marsh and timberland is assessed at 10% of use value (based on income-related formulas) rather than fair market value.

Rate

The aggregate of the millages levied by all taxing jurisdictions in which the taxable property is located. (One mill equals $1 tax on $1,000 assessed value.)

Exemptions (Constitution, Article VII, Sections 4, 18, 20, 21)

All property tax exemptions must be authorized by the constitution. The following are exempt.

1. Minerals in the ground.
2. Homesteads up to 160 acres which are primary residences, including mobile homes, on property not owned by the home owner; $7,500 of assessed value; does not apply to municipal taxes except for most taxes in New Orleans.

Effective January 1, 2000, a homeowner 65 years of age or older with gross annual income not exceeding $50,000 may qualify for a homestead assessment freeze.

3. Public lands and public property used for public purpose.
4. Property of certain nonprofit religious, cemetery, charitable, health, welfare, fraternal or educational organizations used or leased for related purposes.
5. Property of labor organizations, used for related purposes.
6. Property of lodge or club; nonprofit trade, travel or commerce promoting organization; trade, business, industry or professional association owned by nonprofit corporation, when used for that organization's purposes.
7. Cash on hand or on deposit.
8. Stocks and bonds, except bank stock.
9. Obligation secured by mortgage in Louisiana property.

10. Loans by life insurer to policyholder secured by policies.

11. Legal reserves of domestic life insurers.

12. Loans by homestead or building and loan associations to members if secured by association stock.

13. Debts due for merchandise or services rendered.

14. Obligations of the state or its political subdivisions.

15. Personal property used in the home or on loan in a public place.

16. Burial plots held by individuals.

17. Agricultural products owned by the producer, agricultural machinery, farm structures except residence, farm animals and agricultural fair property.

18. Cultural, Mardi Gras or civic property used for nonprofit purpose.

19. Rights of way granted to state.

20. Boats using gasoline.

21. Commercial fishing vessels.

22. Ships and oceangoing tugs, towboats and barges engaged in international trade domiciled in Louisiana ports.

23. Raw materials and articles imported from outside the U.S. as long as they (1) remain on public property of port or docks of a common carrier, (2) remain in original packaging as inventory for manufacturing or processing, or (3) are held by importer in storage in original packaging. Also products held on common carrier docks for export outside the U.S.

24. Goods, commodities and personal property in storage while moving in interstate commerce through Louisiana.

25. Materials, boiler fuels and energy sources used by public utilities to generate electricity.

26. Motor vehicles used on public highways (does not apply to municipal taxes unless exempted locally).

27. Coal or lignite, stockpiled for use in the state for industrial or manufacturing purposes or for boiler fuel, gasification, feedstock or process purposes.

28. New manufacturing plant or additions may be exempted for five years, renewable for another five years.

29. Solar energy heating equipment for home or pool.

30. Private aircraft under 6,000 pounds for nonprofit use.

31. Intangible property (i.e., business reputation and client lists).

32. Qualified property leased to a nonprofit agency for use solely as housing for the homeless.

With approval of the local governing authority, the State Board of Commerce and Industry may grant to a property owner, who proposes the expansion, restoration, improvement, or development of an existing structure in a downtown, historic or economic development district the right to pay taxes for five years, renewable in the same manner for an additional five years based upon the assessed value of the property prior to the project.

A parish economic development authority, district or governing authority may grant exemptions for all or part of the goods held in inventory by a distribution center. Exemption contracts require approval by the governing authority of each affected tax recipient body in the parish. Exemption does not apply to raw materials nor retail goods or products.

NOTE: The credit allowed against state taxes for local property taxes paid on business inventories does not affect taxpayer's local property tax liability nor local tax collections.

(See **BUSINESS TAX INCENTIVES.**)

Assessment Dates

Property is assessed on the basis of its condition as of January 1 of each year (August 1 in Orleans). Real property (land and improvements) is reassessed at least every four years and personal property (e.g., inventory, equipment, furniture and fixtures) is reassessed every year. Public service property is assessed annually (by September 1) by the Louisiana Tax Commission (LTC) and all other property by the assessor in each parish (seven assessors in Orleans). The LTC also assesses taxable intangibles (i.e., bank stocks and credits and insurance premiums).

Assessment lists must be prepared by July 1 (August 1 in Orleans) and tax rolls filed by November 15 (October 20 in Orleans).

Due Date

Taxes are due when roll is filed--November 15; in Orleans, taxes are due January 1.

Taxes become delinquent after December 31 (in Orleans, on February 1).

In the event of a bulk sale of movable property, taxes are due 10 days prior to completion of transfer or payment and payable at completion of sale. Estimated taxes on motor vehicle and boat dealers' inventories due monthly.

Collection Agency

Sheriff; however, a municipality may choose to collect its own tax (the City Department of Finance collects city and parish taxes in Orleans Parish).

Dedications

1. Assessor Deduction--A deduction for the assessor's salary and office expenses is prorated among all property tax recipients, except municipalities. No deduction is made if assessor's office is financed by a separate property tax millage.
2. Retirement Fund Deductions--A statutory percentage is deducted from tax collections for each retirement fund for assessors, clerks of court, district attorneys, municipal employees, parochial employees, registrars of voters, sheriffs and teachers.
3. Assessor and retirement deductions do not apply to law enforcement district millages imposed before July 1, 1981 or renewals thereof.
4. General purpose taxes of parishes, municipalities and school boards may be used for any legal expenditures of the taxing bodies. Proceeds of a special purpose tax may be used only for those purposes specified in the tax proposition approved by voters.

Background

The ad valorem or property tax was one of the earliest sources of state and local government revenue. In Louisiana, the only major changes in the tax, in modern times, resulted from the rewriting of the constitution in 1974. Prior to that time, wide variation in assessment levels within and among parishes had developed in spite of a constitutional requirement that all property be assessed at actual cash value. Highpoints in the recent history of the tax include:

1934--Homestead exemption first granted and Property Tax Relief Fund (PTRF) created to replace tax losses.

1936--Industrial tax exemption added.

1972--Federal court (*Levy v. Parker*) found the state's PTRF distribution formula arbitrary and unconstitutional.

1972--PTRF replaced by state Revenue Sharing Fund, the state's 5.75-mill property tax levy was repealed, and constitutional requirement that real estate be valued at actual cash value was repealed.

1973--State Supreme Court ruled (*Bussie v. Long*) that the state must provide for equalization of property tax assessments.

1974--New constitution revised property tax assessment and administration and required implementation in 1978 of statewide uniform assessment based on fair market and use value with three classes of property; reappraisal of real property at no more than four-year intervals; $3,000 homestead exemption (veterans and elderly, $5,000).

1976--Homestead exemption increased to $5,000.

1978--Statewide reassessment implemented.

1979--Separate classification for public service property added to increase assessed value to 25% of fair market value.

1980--Homestead exemption increased to $7,500; added provision requiring millage rollback at each reassessment with taxing body authority to roll millage up again with two-thirds vote.

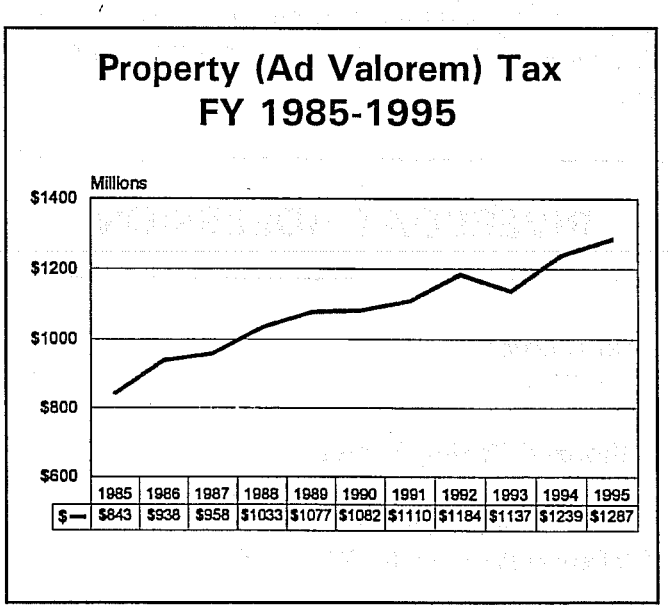
1982--Exemptions added for fuels to generate electricity and for industrial coal; added five-year tax break for improvements in specially designated areas.

1990--Added local option wholesale inventory exemption and exemption for homeless housing; made five-year tax break for improvements in designated areas renewable for five years.

1991--State tax credit granted for business inventory taxes paid after June 1992; homestead exemption extended to mobile homes on rented land.

1996--Intangible property (incorporeal movables) exempted.

1998--Homestead assessment freeze for seniors approved, effective January 1, 2000.



Collection History

The following are property taxes levied by all taxing bodies, except municipalities, less taxes levied on the exempt portion of homesteads:

1985	$ 843,031,000
1986	938,229,000
1987	957,965,000
1988	1,032,867,000
1989	1,077,241,000
1990	1,082,182,000
1991	1,109,505,000
1992	1,184,115,000
1993	1,136,965,000
1994	1,238,739,000
1995	1,286,527,000

SOURCE: U.S. Bureau of the Census, Government Finances.

PROPERTY TRANSFER TAX

Louisiana law does not authorize local governments to levy a property transfer tax; however, it does not specifically prohibit home rule governments from imposing one. As used in other states, the tax is usually levied as a small percentage of the sales price of property at the time of sale.

New Orleans adopted a "documentary transaction tax" in 1986 by ordinance under its home rule authority. The tax applies to certain documents transferring, leasing or affecting immovables. The rate for the sale of a single-family residence is $300--other rates apply to other transfers. The tax yielded $5.8 million in fiscal 1998.

RIVERBOAT ADMISSION

Legal Citation

R.S. 27:93

Authorized Taxing Bodies

Parish or municipality in which licensed gaming riverboat is berthed, as well as the unincorporated area of Jefferson Parish on the West Bank.

Paid By

Passenger boarding or embarking on riverboat.

Base

Per person.

Rate

Up to $2.50.

6% of weekly net gaming proceeds--West Bank of Jefferson Parish only.

Up to $3.00 in Caddo, Calcasieu and Bossier parishes.

Background

1991--First authorized.

Dedications

Allocation of the funds among parish, municipalities and other entities are specified by law for Caddo, Calcasieu, Bossier and Jefferson parishes.

SALES AND USE TAX

Legal Citation

Constitution, Article VI, Sections 29-32; R.S. 33: 2711-2752, 2844; 47:301-333

Authorized Taxing Bodies

General Authority. Parishes, municipalities and school boards are constitutionally authorized to impose sales and use taxes, with voter approval, not to exceed 3% in combination within any parish or municipality. However, additional sales taxes may be authorized by general or special law.

The constitution does not expressly prohibit special districts and other local taxing bodies from levying sales taxes and gives such political subdivisions the power of taxation as authorized by the Legislature.

The constitution also provides that "for the purpose of acquiring, constructing, improving, maintaining or operating any work of public improvement, a political subdivision may levy special taxes," which would include sales taxes when voter approved. "Political subdivision" is defined as a "parish, municipality and any other unit of local government, including a school board and a special district, authorized by law to perform governmental functions."

Authorizations for local sales taxes are provided in both general and special state laws as well as individual local government charters.

Municipality. Municipalities with a home rule charter that contract with the sheriff for law enforcement may levy an additional 1% sales and use tax. Any municipality may levy sales taxes up to 2.5% with voter approval (1.5% in Caldwell, Catahoula, Concordia, Franklin, LaSalle and Tensas parishes.) Of the 2.5%, 1% is added authority without regard to combined local rates. (NOTE: the laws are ambiguous regarding the maximum combined local rate allowed in a municipality. However, it is generally assumed that special legislative authority it required for a municipal levy to exceed a combined local rate of 4%.)

Parish and School Board. In addition to tax authority provided by prior law or charter, a parish government or school board may levy an additional sales tax, parishwide or within a special district(s), which does not exceed 4% when combined with other local sales taxes except law enforcement district taxes. Voter approval in the taxing district is required.

A parish also may levy an additional sales tax of up to 1% in areas outside of municipal limits with voter approval. (Prescription drugs, food and patient aids are exempt.)

Law Enforcement District (Sheriff). May levy sales taxes parishwide or in subdistricts with voter approval. (May exceed combined local limit.)

Judicial Taxing District (District Attorney). May levy sales taxes (except in Orleans) in the district or in single-parish subdistricts, with voter approval. (May exceed combined local limit.)

Parish Tourist Commissions. Parish governing authorities may levy up to 1%, with voter approval, to operate commission.

Other Special Districts. Other political subdivisions may be granted sales tax authority by statute. For example, Fire Protection Districts and Economic Development Districts have been authorized.

Paid By

Users and consumers, lessees or persons receiving taxable services. Local tax collectors receive tax payments from vendors and from those subject to use taxes. Local collectors may not require advance payments from manufacturers, wholesalers, jobbers or suppliers except in Caddo, East Baton Rouge and other parishes with over 200,000 population.

NOTE: "Taxpayer" is defined as final consumer who paid the local tax to a vendor or directly to the taxing body.

Base

The sale, use, lease or rental of property and sale of services is taxable on the following bases:

1. Articles sold at retail--sales price.
2. Articles used, consumed, distributed or stored for use--cost price (the lesser of actual cost or market value).
3. Property leased or rented from, or part of, an established business--gross proceeds.
4. Rental of personal property where renter remits taxes directly--amount of rental paid or agreed upon.
5. Sales of specified services--amount paid or charged.
6. Interstate and foreign transportation--ratio of Louisiana mileage to total mileage times amount of purchases and imports.

NOTE: A 4% state mail order sales tax is collected and distributed to the parish sales tax collector according to population. The tax collector then distributes the funds to local taxing bodies on the basis of their sales tax collections.

Rate

The combined rates levied by all local taxing bodies in a given jurisdiction.

Exemptions

The exclusions, exemptions and credits applicable to the local sales taxes are provided by state law. By constitutional authority granted in 1996, the Legislature may exempt or exclude items from the state sales tax, the local sales tax or both. Currently, the local exemptions also apply to the state sales tax, but the state tax has additional exemptions. The most significant items traditionally exempted from state taxes but taxed at the local level are food and prescription drugs.

(See the state sales tax section for complete listing of the exemptions, exclusions and credits; and their application to local sales taxes.)

Additional exemption provisions:

1. Purchases by the state, any parish, city and parish, municipality, district or other political subdivision thereof, or any agency, board, commission, or instrumentality of the state or its political subdivisions are excluded from local sales taxes.

2. An exemption to the state sales tax granted after June 29, 1978 does not apply to local taxes unless the law specifies application.

3. Parishes and municipalities may not collect taxes on the sales of goods delivered or services performed outside their limits.

4. Sales tax exemptions created after the authorization of sales tax revenue bonds are not applicable to the dedicated tax.

5. A political subdivision may not collect a use tax on the storage of property to be used outside the jurisdiction.

6. Prescription drugs sold under the Pharmaceutical Vendor Program of the Social Security Act are exempt from local taxes.

7. Vendor's compensation is set locally and ranges from none to 2% (the most common allowance).

8. Local taxing body must credit taxpayer for taxes paid to other similar body on same sale.

9. A political subdivision may not levy a tax on telecommunications services not in effect on July 1, 1990.

10. East Baton Rouge Parish may exempt from special road tax, food, drugs and other items exempt from state sales tax.

11. A parish, municipality or school board may exclude sales of services for repairs to property delivered to another state.

12. Sales of automobiles which are sold or used for lease or rental are excluded unless the local taxing body adopted an ordinance prior to July 1, 1996 taxing such vehicles.

13. A municipality, population 54,000-71,000, may exempt food, prescription drugs, wheelchairs and prosthetics.

14. West Carroll Parish School Board and Police Jury may exempt certain farm equipment.

Due Date

20th of each month for the preceding calendar month.

Collection Agency

A single tax collector in each parish collects all local sales taxes. The tax collector either is an agency selected by agreement of all local taxing bodies in the parish prior to July 1, 1992 or a collection commission created by state law.

Sales taxes levied by a political subdivision must be collected by the sheriff if he was the sales tax collector for the taxing body in 1983.

The vehicle commissioner of the Department of Revenue and Taxation is required to collect the sales tax on vehicles.

Dedications

1. Revenues from taxes levied by parishes or school boards may be allocated among the parish, school board and municipalities as provided in the proposition approved by voters.

2. Sales tax revenues may not be used for purposes other than those specified in the proposition levying the tax.

Background

NOTE: Voter approval is required to implement any of the following grants of local sales tax authority.

1950--Authorized municipalities to levy a 1% tax.

1954--Between 1954 and 1974, 25 parishes individually authorized to levy sales taxes, usually up to 1%.

1962--Authorized first school board to levy 1% sales tax; municipalities, except New Orleans, authorized to bond sales taxes.

1964--Gave school boards general authority to levy up to 1% sales tax.

1974--General constitutional authority granted to parishes, municipalities and school boards with combined 3% limit subject to increase by Legislature.

1974--Increased municipal sales tax authority to 2.5%.

1978--Required that new state sales tax exemption laws must specifically apply exemption locally to be applicable; prohibited new exemptions to bonded sales taxes.

1983--Authorized parishes to levy up to 1% in area excluding municipalities.

1984--Authorized parishes and school boards to levy additional sales tax not to exceed 4% combined local rate.

(In addition, numerous special laws have granted specific sales tax authority to individual local taxing jurisdictions.)

1990--Authorized law enforcement districts (sheriffs) to bond sales taxes.

1991--Exempted all state and local government purchases from all local sales taxes.

1992--Required single parish tax collector for each parish.

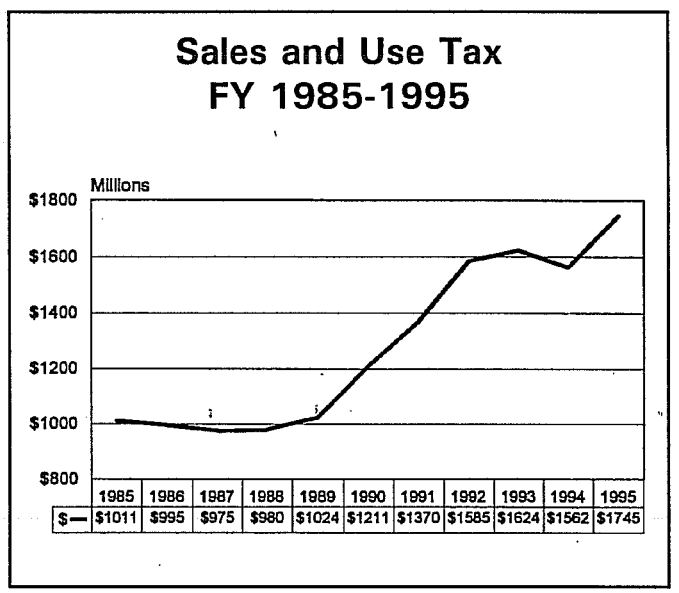
1995--Required the vehicle commissioner to collect sales tax on motor vehicles.

1996--Passed constitutional amendment allowing Legislature to uniformly exempt or exclude items from the state sales tax, the local sales tax or both.

Collection History (fiscal year)

1985	$1,010,879,000
1986	994,844,000
1987	975,091,000
1988	979,899,000
1989	1,023,646,000
1990	1,211,047,000
1991	1,370,150,000
1992	1,584,857,000
1993	1,623,806,000
1994	1,562,056,000
1995	1,745,437,000

SOURCE: U.S. Bureau of the Census, Government Finances.



UTILITY FRANCHISE TAX

Legal Citation

R.S. 33:4361-4461, 4510-4511

Authorized Taxing Bodies

Parishes and municipalities.

Paid By

Person or corporation granted privilege of using public rights of way to operate utility (e. g., electricity, water, gas, local telephone service, cable TV). Tax, up to 5%, may be added to sales price of utility when not included in rates approved by Public Service Commission.

Base

Gross receipts or sales (typically). Other bases may be used in addition to or in lieu of gross receipts (e. g., tax per pole).

Rate

Set by local ordinance after negotiation with utility. Rates typically range from 2% to 5%. In some cases, local governments accept services in lieu of payment.

State law prohibits cable franchise fees in excess of that authorized by federal law.

Exemptions

Limousines operated by licensed funeral home.

Due Date

Set by local ordinance.

Collection Agency

Set by local ordinance.

Background

The granting of franchises in Louisiana dates back to at least the 1850s when railroads were granted use of public rights of way. Today, utility franchises are used extensively by Louisiana local governments. Franchise agreements typically involve a tax but some do not.

BUSINESS TAX INCENTIVES

Louisiana provides a variety of incentives to encourage businesses to locate or expand in the state. Non-tax incentives include financial assistance through industrial revenue or general obligation bonds, training assistance, small business equity program, minority and women's business development program, and small business innovation research program. The following describes business tax incentives provided through exemptions, credits and rebates involving state and, in some cases, local taxes.

BASIC SKILLS TRAINING TAX CREDIT

(R.S. 47:6009)

Effective July 1, 1993, a business or industry, which pays for qualified basic skills training for its employees, may apply for a credit against the income tax or corporation franchise tax. The tax credit is $250 per participating employee, up to $30,000 in one year. The credit may be carried forward two years.

BIOMEDICAL AND UNIVERSITY RESEARCH AND DEVELOPMENT PARK TAX INCENTIVES

(R.S. 46:318.1 and 17:3389)

The State Board of Commerce and Industry, with approval of the governor and the Joint Legislative Committee on the Budget, may contract to grant tax exemptions, rebates or credits, with specified limits, for up to five years, renewable for five years to:

1. Medical concerns which locate in the designated biomedical research and development park located in New Orleans. (R.S. 46:318.1)
2. Manufacturing, research and development, or related support firms which locate in a university research and development park. (R.S. 17:3389)

Exemptions may be granted from:

a. Corporation franchise tax.
b. Corporation income tax.
c. Other direct state taxes.

Rebates may be granted for state and/or local sales tax on machinery and equipment, building materials and supplies, manufacturing materials, and goods and services.

Local tax exemptions or rebates and any renewals must be approved by the affected local governing authority.

A credit may be granted against the corporation income tax or corporation franchise tax for the cost of machinery and scientific equipment used in the park.

Use of Incentive

No applications to date under either program.

EMPLOYER TAX CREDIT FOR TRAINING DONATIONS

(R.S. 47:6012)

A credit against income and corporate franchise taxes is available to an employer who donates materials, equipment or instructors to public training providers, vocational-technical schools, registered apprenticeship programs, or community colleges to help develop training programs designed to meet industry needs.

The credit is equal to one-half the value of the donation, but together with other applicable credits may not exceed 20% of the employer's tax liability.

Credit applies to donations made after July 1, 1998 and before January 1, 2001 unless reestablished.

ENTERPRISE ZONE AND ECONOMIC DEVELOPMENT ZONE INCENTIVES

(R.S. 51:1787)

A local government may apply to the Department of Economic Development to have an area in which the state has determined meets certain criteria designated as an enterprise zone. The Board of Commerce and

Industry may, with the governor's approval, contract to provide the following incentives to encourage businesses to hire a percentage of their new employees from certain targeted groups in such zones. Publicly owned and operated industrial parks, ports and airports, etc. are being permanently designated (upon request of the local government) as Economic Development Zones. Businesses in these zones may qualify for the same incentives as businesses in Enterprise Zones.

1. **Sales Tax Rebate** [R.S. 51:1787 A (1), C (1)]

State and certain local sales taxes may be rebated, for up to two years, upon approval of the affected locality, for purchases of material used in the construction of a building, or any addition or improvement thereon, for housing a business, and machinery and equipment for that business, located in an enterprise zone.

2. **New Job Tax Credits** [R.S. 51:1787 A (2), C (2)]

a. A tax credit of $2,500 for each net new job created (minimum of five new jobs in first two years required) may be granted for up to five years against the state income or corporation franchise tax liability. Any unused credit may be carried forward for 10 years. Different criteria apply to urban and rural zones in certifying targeted new employees.

b. Certain aviation or aerospace industries may be granted a $5,000 tax credit per new employee applicable to any state income or corporation franchise tax liability during a 10-year period in lieu of the $2,500 credit above.

3. **Aid to Families with Dependent Children (AFDC) Credit** (R.S. 51:1787 G)

In addition to the New Job Tax Credit (above), an additional tax credit of $2,500 may be granted for each AFDC participant hired full-time for two years. The employee must be paid enough to disqualify from AFDC. The credit applies to a firm's state income or corporate franchise tax liability for the year in which its average annual employment increased. The employer is eligible for 10 years, but the credit is limited to 10 employees in the first year and to two years per employee.

NOTE: For enterprise zone tax benefits in Calcasieu Parish, at least 35% of an applicant's new employees must be parish residents.

Use of Incentive

Enterprise zones were first authorized in 1981. As of December 31, 1998, there are 1,677 Enterprise Zones and 33 Economic Development Zones in Louisiana, for a total of 1,710 zones. Since 1982, 1,243 contracts have been approved, providing an estimated $501,645,000 in state and local tax relief. These contracts have involve projects with an estimated 45,583 in new permanent jobs, 40,521 in construction jobs, and $6,396,654,000 in total payroll, reported by the applicants.

ENVIRONMENTAL INCENTIVES

Several tax credits are provided to business to encourage the purchase of environmental equipment:

1. **Recycling Equipment Credit** (R.S. 47:6005)

A credit against state income and corporation franchise taxes of 20% of the cost of waste recycling equipment purchased between September 1, 1991 and December 31, 2000. The Department of Environmental Quality determines if equipment qualifies. As of December 1998, 96 applications had been approved and a total of $72.3 million in credits granted.

2. **Clean Fuel Vehicle Conversion Equipment Credit** (R.S. 47:38 and 287.756)

A credit against state personal and corporation income taxes for 20% of cost of qualified clean-burning motor vehicle fuel property, or the lesser of 2% of the vehicle cost or $1,500.

3. **Pollution Control Equipment Credit** [R.S. 47:301 (10) (L)]

The sale of a qualified pollution control device or system is excluded from the state sales tax. Such equipment must be approved by the Department of Revenue and Taxation and the Department of Environmental Quality. The exclusion does not apply to local taxes.

FREEPORT LAWS

[Constitution, Article VII, Section 21 (D); R.S. 47:1951.1-1951.3]

An exemption from property taxes is provided for three types of goods:

1. **Goods Being Imported**

Raw materials, goods, commodities and articles imported from outside the United States are exempt if they:

a. remain on the public property of the port authority or docks of the common carrier where they first enter;

b. are nonmanufactured imports (other than minerals and ores of the same kind mined or produced in this state) held in this state in the original containers, and raw materials held in bulk as all or part of the new material inventory of manufacturers or processors, solely for manufacturing or processing; and

c. are imports held by an importer in any public or private storage in the original containers and agricultural products in bulk. (Exemption does not apply to imports held by a retailer as part of his stock in trade for sale at retail.)

2. **Goods Held for Export**

Raw materials, goods, commodities and other articles are exempt while held on the public property of a port authority, on docks of a common carrier, or in a warehouse, grain elevator, dock, wharf, or public storage facility in the state for export outside the states of the United States.

3. **Goods in Transit**

Goods in public or private storage while in transit through the state moving in interstate commerce are exempt. The point of origin must be from outside the state and the final destination outside Louisiana. The goods must remain in their original containers to qualify.

Use of Incentive

This program is administered locally and no data is compiled.

HOUSING DEVELOPMENT AREA INCENTIVE

(R.S. 47:315.2)

Refunds may be made on state and local sales and use taxes paid on materials purchased for use in restoring, renovating or rehabilitating existing structures, or in new housing construction and improvement in housing development areas. The Department of Revenue to make refunds based on rules set by the department and the affected local government authority.

Housing development areas are designated by a parish or municipal governing authority but must meet criteria set by the Department of Social Services. An area must be a "pocket of poverty" designated by the U.S. Department of Housing and Urban Development.

Use of Incentive

As of December 1998, the areas had not been designated and the program remained dormant.

INDUSTRIAL AREAS

(Constitution, Article VI, Section 18; R.S. 33:130.11-130.18; 51:1202)

A special industrial area may be created, outside municipal limits, by any parish with written approval of 51% of the landowners in the area.

An industry located in an industrial area is exempt from paying new or increased property taxes levied by special service districts. However, the industry must furnish its own services normally provided by local government: street construction and cleaning, street lighting, sewerage, water service, fire protection and waste disposal. Industrial areas are exempt from annexation or incorporation.

Use of Incentive

A number of industrial areas have been created since they were authorized in 1964 but no compilation is available.

INDUSTRIAL TAX EXEMPTION

[Constitution, Article VII, Section 21 (F) R.S. 47:305.31 D]

The State Board of Commerce and Industry, with the governor's approval, may enter into contracts to exempt a new manufacturing establishment or an addition to an existing manufacturing plant from property taxes for up to five years, renewable for up to a second five years. The depreciated value of the exempt property is placed on the rolls at the end of the exempt period. The exemption covers buildings, equipment, machinery and improvements but excludes land and inventories. The

exempt property must be located on the plant site at all times and must be used in conjunction with the manufacturing operation.

NOTE: Rule 1 of the Commerce and Industry Board required that manufacturers receiving the exemption make a good faith effort to use Louisiana products and employees. In 1997, the U. S. Court of Appeals upheld an earlier District Court decision finding Rule 1 in violation of the federal commerce clause and thus unconstitutional.

Use of Incentive

Since 1936, this incentive has been used extensively. Through 1998, exemption contracts applied for or in force represented estimated cumulative initial investments of $24.9 billion (about $3.7 billion in assessed value not counting depreciation). Assuming a 50% depreciation in the value of exempt investments, roughly $200 million in annual tax exemptions were provided.

INSURANCE COMPANY TAX REDUCTION FOR LOUISIANA INVESTMENTS

[R.S. 22:1068 (A) - (D)]

An insurance company's premium tax liability is reduced to the following percentages, depending on the share of the company's assets which are invested in qualifying Louisiana investments:

Assets	Percent of Tax
1/6	33.33%
1/5	25
1/4	15
1/3	5

Industrial Tax Exemptions Granted 1981-1998 (Calendar Year)

Year	Applications Approved	Investment Amount*	Jobs Created Permanent	Jobs Created Construction
1981	595	$1,440,375,000	5,462	22,874
1982	573	2,130,537,243	5,441	24,953
1983	530	1,681,786,523	2,745	18,202
1984	444	1,939,167,140	3,661	18,638
1985	427	558,447,970	2,022	11,783
1986	722	2,500,874,082	4,606	23,678
1987	402	730,238,711	3,256	11,493
1988	458	1,205,481,348	6,748	18,547
1989	565	1,413,194,000	7,364	21,102
1990	503	1,474,342,000	6,207	18,415
1991	224	1,165,024,000	2,324	9,190
1992	878	3,042,205,000	4,720	32,440
1993	618	3,396,620,000	3,931	32,293
1994	608	2,712,526,000	4,239	24,975
1995	646	2,924,877,000	5,496	32,945
1996	592	2,439,843,000	5,227	25,545
1997	635	3,552,604,000	4,512	30,413
1998	651	2,806,241,000	5,601	28,092

* Investment amounts are the reported value of construction contracts, not assessed value which would be 15%.
NOTE: The investment and job data, to some extent, duplicates data shown for the Enterprise Zone Exemption programs.
SOURCE: Louisiana Department of Economic Development.

Qualifying investments include Louisiana Bank certificates of deposit or cash accounts, Louisiana municipal bonds, mortgages on in-state property, in-state real estate, policy loans to residents, and stock in Louisiana corporations.

(Also see *LOUISIANA CAPITAL COMPANIES TAX CREDIT PROGRAM.*)

INVENTORY TAX CREDIT

(R.S. 47:6006)

A credit is allowed against the state corporate and personal income taxes and the corporation franchise tax for local property taxes paid on inventory held by manufacturers, distributors and retailers.

Phased in over five years, the credit is 100%, beginning with inventory taxes paid between July 1, 1996 and June 30, 1997. If the allowable credit exceeds the tax liability, the difference is to be refunded.

The state's revenue loss due to this credit is estimated to be $92 million for fiscal 1999.

LOUISIANA CAPITAL COMPANIES TAX CREDIT PROGRAM

(R.S. 51:1921-1934)

A Louisiana capital company's (CAPCO) primary business is to invest in other companies needing capital for survival, expansion or new product development. A CAPCO must be certified by December 31, 1999 by the secretary of the Department of Economic Development through the Office of Financial Institutions and must make 60% of its investments in qualified Louisiana businesses needing venture capital. Incentives are provided for capital company investors, the capital companies themselves and investments by insurance companies:

1. **Investor Income Tax Credits** (R.S. 51:1924)

A person or corporation may claim a state income tax credit of 35% of the cash amount invested in a certified Louisiana capital company. Any excess credit may be carried forward until exhausted.

2. **Capital Company Income and Franchise Tax Exemption** (R.S. 51:1932)

A certified Louisiana capital company is exempt from the corporation income tax and corporation franchise tax for five years after being certified.

3. **Credit for Insurance Companies** [R.S. 22:1068 (E)]

Insurance companies investing in certified capital companies and industrial or economic development corporations are allowed a credit against their premium tax or income tax liability. The premium tax credit is 110% of the investment and is available for investments made by December 31, 2000.

The total insurance premium tax reduction credits in any calendar year may not result in an additional reduction of total premium tax revenues of greater than $8 million per year. If this provision limits the amount of certified capital for which insurance premium tax credits are allowed, the certified capital is allocated among certified Louisiana capital companies for purposes of determining the credit. Allocation requests must be filed by October 1 each year.

Use of Incentives

Through December 31, 1997, 21 capital companies were certified with a total of $286.9 million in investment capital, of which $99.1 million was invested in Louisiana businesses.

As of December 1997, 107 Louisiana businesses had received investments from CAPCOs. These companies were estimated to have created nearly 3,656 new direct jobs in the state.

The estimated state revenue loss due to the credit for fiscal 1999 is $343,000.

LOUISIANA CAPITAL INVESTMENT TAX CREDIT

(R.S. 51:2771)

An annual credit against the corporation franchise tax is provided to certain companies for capital costs of qualifying projects. The amount of the annual credit is a maximum 5% of the capital costs of the qualified project, the credit may be taken for a period of twenty years. The credit cannot exceed 100% of the capital costs of the project. The credit is limited each year to

the increase in the franchise tax liability that results from the qualifying project.

To qualify, a project must meet one of the following:

1. Capital costs not less than $20 million with industrial, warehousing or research activity as the predominate business. At least 20 new jobs at base wages must be created.
2. A small business addition with capital costs not less than $1 million with industrial, warehousing or research activity as the predominate business. At least 10 new jobs at base wages must be created.
3. Headquarters facility with capital costs of not less than $20 million.

Qualified projects must be certified before June 30, 2000.

Approved credits continue for the remaining 20-year period.

A company receiving this credit is not eligible for a tax equalization contract.

LOUISIANA QUALITY JOBS PROGRAM TAX CREDIT

(R.S. 51:2451-2461)

The Department of Economic Development may enter into contracts with qualified Louisiana industries, also known as "basic" industries, to provide a refundable tax credit against the corporate income and franchise tax or the individual income tax. To qualify, industries must offer a basic health insurance plan to individuals employed in each new direct job and have a projected annual gross payroll of at least $1 million.

The tax credit is calculated on a cost-benefit analysis, but may not exceed 5% of the company's payroll growth.

Applications must be submitted for approval by the Board of Commerce and Industry prior to hiring. This program sunsets on January 1, 2001, but approved credits continue to apply as long as firm is eligible.

Use of Incentives

For the two years this program has been active, 1997 and 1998, 15 applications were approved, totaling $133,752,000 in capital invested and $30,589,000 in taxes exempted and credited. 3,946 new permanent and 1,284 in construction jobs were reported, with a total payroll of $691,009,000.

LOW INCOME HOUSING PROJECT CREDIT

(R.S. 47:12)

A taxpayer who undertakes a qualified low income housing project may be eligible for a credit against his state individual income, corporation income or corporation franchise tax liability. The tax credit program piggybacks a federal tax credit program. The credits are allocated by the Louisiana Housing Finance Agency which administers these programs. Projects placed in service during 1990 could qualify for the state credit but use of the credit did not begin until fiscal 1992. Since 1987, 21,684 units have been approved, with credits totaling $46.4 million. For calendar 1996, 2,098 units were approved with credits totaling $6.2 million.

MOTION PICTURE EMPLOYMENT TAX CREDIT

(R.S. 47:1125.1)

Any motion picture production company is entitled to a tax credit for employing Louisiana residents. The credit is equal to 10% of payroll for residents employed when payroll exceeds $300,000 during taxable year and 20% when payroll exceeds $1 million. The credit may be applied against the company's income or corporate franchise tax liability.

MOTION PICTURE INCENTIVE

(R.S. 47:1121-1128)

A production company which spends $1 million or more to film or produce motion pictures or commercials in Louisiana within a 12-month period may receive a refund of state sales and use taxes paid on those expenditures. Spending must be from an account in a Louisiana financial institution. The program is adminis-

tered by the Office of Film and Video in the Department of Culture, Recreation and Tourism.

Use of Incentive

Eighteen applications have been approved through December 31, 1997. Total estimated expenditures for the 18 were $55.2 million, with an estimated $2 million in state sales/use taxes rebated.

MOTION PICTURE INVESTOR TAX CREDIT

(R.S. 47:6007)

An income tax credit may be claimed by a Louisiana taxpayer for investment losses in state-certified film productions. The credit is 50% of the loss on an investment of $2 million to $10 million, 60% on $10 million to $25 million, and 67% for over $25 million. Losses may be carried forward 10 years.

NEW JOBS TAX CREDIT

(R.S. 47:287.749)

A taxpayer who establishes or expands a business is allowed a credit against his corporation income tax liability up to 50% of that liability. Unused credits may be carried forward for five years.

A business which claims this credit cannot also use the 10-year industrial tax exemption.

The credit is:

a. $100 per new resident employee per taxable year.

b. $200 per new economically disadvantaged employee.

c. $225 per new employee who resides in a neighborhood with an unemployment rate of 10% or more.

Only one of the above credits is permitted per individual employee.

Use of Incentive

The tax credit has been used since 1986. Fiscal 1999 credits are estimated at $640,000.

RE-EMPLOYMENT TAX CREDIT

(R.S. 47:6004)

An employer may claim a credit against state income and corporation franchise taxes for employing, in new full-time jobs, previously unemployed residents and AFDC recipients participating in Project Independence, the Louisiana Job Opportunities and Basic Skills (JOBS) Program. A one-time credit of $750 per qualified employee is based on the number of jobs exceeding a 5% increase over the average employment in the prior tax year. This credit is in lieu of any other job tax credit. The credit may be carried forward for five years.

The credit applies to taxable years beginning on or after January 1, 1992.

RESTORATION TAX ABATEMENT

[Constitution, Article VII, Section 21 (H); R.S. 47:4311-4319]

The State Board of Commerce and Industry, with approval of the governor and the affected local governing authority, may enter into contracts granting to a property owner who proposes the expansion, restoration, improvement or development of an existing structure in a downtown, historic or economic development district, the right to pay property taxes for five years after the work is completed on the assessed value prior to the improvements. The contract may be renewed, subject to the same conditions, for an additional five years. An owner-occupied residence is eligible if the cost of the improvement exceeds 25% of the prior assessed value and the improvement is completed within a 24-month period.

Use of Incentive

From its inception in 1983 through December 31, 1998, 288 projects received five-year tax abatements with a cumulative tax exemption of $64.3 million. The projects represent a total investment of $576 million with 15,585 construction and 6,103 permanent jobs.

SUBCHAPTER "S" CORPORATION TAX EXCLUSION

(R.S. 47:287.732)

An "S" corporation is treated similar to a partnership in the tax treatment of income assignable to Louisiana residents. In computing Louisiana taxable income, an "S" corporation (as defined in the U.S. Internal Revenue Service Code) may exclude a percentage of its net income equal to the percentage of its outstanding shares of capital stock which are owned by Louisiana resident individuals. The estimated reduction in fiscal 1999 state revenues is $44 million.

"S" corporations are closely held companies (often small and family-owned) and the exclusion eliminates the double taxation of profits distributed to Louisiana owners.

TAX EQUALIZATION CONTRACTS

(R.S. 47:3201-3206)

The State Board of Commerce and Industry may contract with new manufacturing establishments, new business entity headquarters, or new warehousing and distribution establishments to grant state tax exemptions sufficient to equalize a tax advantage available to the firm at an alternate site in another state. The contract is for five years and is renewable for one additional five-year period. The equalization factor is redetermined annually.

Exemptions from state taxes only are granted to each type of firm in the following priority:

New Manufacturers

1. Corporation franchise tax.
2. Corporation income tax.
3. Sales and use tax on machinery and equipment to be used in operations.
4. Sales and use taxes on materials and supplies.
5. Any other state taxes imposed on businesses.

New Warehousing and Distribution Firms

1. The corporation franchise tax.
2. The corporation income tax.
3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment used in the on-site operation.
4. The sales and use tax on purchases of materials necessary for the on-site operation.
5. The sales and use tax on tangible personal property used in the construction of the facility.
6. Any other state taxes imposed on like businesses.

New Business Headquarters

1. The corporation franchise tax.
2. The corporation income tax.
3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment used in the on-site operation.
4. The sales and use tax on purchases of tangible personal property used in the construction of the new facility.
5. Any other state taxes imposed on such businesses.

NOTE: An Attorney General's opinion dated May 26, 1998 held that a firm which has operated under a 10-year tax equalization contract is not eligible for additional incentives under a new contract. However, Act 72 of 1998 provides that a manufacturer with an existing plant under an exemption contract, which has 175 employees and moves its headquarters to Louisiana between July 1, 1998 and June 30, 2000 is eligible for another 10-year contract for the existing plant as well as for the new headquarters.

Use of Incentive

First authorized for manufacturers in 1966, it was made available to new corporate offices in 1985 and to warehousing and distribution firms in 1987. In 1993, the corporate offices provision was expanded to include all business entity headquarters. As of December 31, 1998, there were 13 industrial, 5 business headquarters, and 1 warehouse and distribution contracts in force. These firms received $182.8 million in cumulative tax incentives. The nineteen projects represent a total investment of $1.6 billion, with 6,176 new permanent jobs and 4,261 construction jobs.

TAX EXEMPTION CONTRACTS FOR EXISTING MANUFACTURERS

(R.S. 47:4301-4306)

The Board of Commerce and Industry, with the governor's approval, may enter into five-year contracts (renewable for five years) with existing manufacturers under certain conditions to encourage them to continue operations at current levels and expand, where possible, by exempting: 1) corporation franchise taxes; 2) corporation income taxes; 3) state sales taxes on machinery, equipment and building materials; state sales taxes on other goods and services; and 5) other state taxes.

Total exemptions may not exceed 4% of the applicant's total prior year franchise, income and sales tax payments.

Use of Incentive

This program was implemented in 1982, as a part of the Coastal Wetlands environmental Levy, which was not passed by the Legislature. since it's inception, there have been 6 contracts approved, totaling $31.2 million in tax credits, which has been credited with the retention of some 1,778 existing jobs.

TAX-FREE SHOPPING FOR FOREIGN TOURISTS

(R.S. 51:1301-1316)

International travelers are allowed a refund of state sales tax paid on purchases made within the last three months, less a handling fee, based on spending. Retailers elect to participate and pay an annual $100 fee. Local tax authorities also may participate in the program.

Enacted in 1988 to run through July 1, 1992, the program was extended several times. It is now scheduled to expire July 1, 2001.

Use of Incentive

This program began in November 1989. In 1997, more than 1,100 retailers participated and 44,721 sales tax refunds were made totaling $2.5 million. The program generated an estimated $19.5 million in net new tax collections in 1997. There were 42 participating local taxing jurisdictions in 1997.

Statewide spending by international visitors in 1997 totaled $37.3 million.