

Legislative Highlights

FINAL EDITION

2002 Regular Session

AGRICULTURE

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AGRICULTURAL-BASED ECONOMIC DEVELOPMENT

Senate Bill 55 by Senator Smith (pending Senate committee) would have provided a tax exclusion from state income tax for investments in new or expanded agricultural processing facilities. **Senate Bill 61 by Senator Smith (pending Senate committee)** would have provided a tax credit against state income taxes for direct investments in agricultural processing cooperatives, ventures, and marketing associations. Both of these bills were introduced as possible ways of enhancing the location of agricultural processing facilities in Louisiana, but analyses of the fiscal notes suggested that more research and time were needed to explore the details of the bills, in addition to other legislative possibilities. Thus, **Senate Resolution 29 by Senator Smith (Enrolled)** requests the Senate Committee on Agriculture to study and develop a strategy relative to encouraging, promoting, and stimulating agricultural-based economic development projects in Louisiana.

SALE OF SHRIMP AND CRAWFISH

Senate Concurrent Resolution 13 by Senator Gautreaux (Enrolled) requests the commissioner of agriculture and forestry to require that all shrimp and crawfish meet U.S. Food and Drug Administration (FDA) standards regarding the antibiotic chloramphenicol prior to sale in Louisiana. Further, it requests the commissioner to promulgate rules and regulations necessary to implement standards relating to chloramphenicol consistent with FDA standards. The resolution is a response to testing by the Department of Agriculture and Forestry which detected the antibiotic in Chinese shrimp and crawfish at levels above that permitted by the FDA.

Chloramphenicol is an antibiotic known to cause aplastic anemia, which adversely affects the ability of a person's bone marrow to produce red blood cells and can be fatal. It has been banned by the U.S. Food and Drug Administration for use on animals raised for human consumption. Moreover, its presence has prompted a European Union ban on shrimp and crawfish imported from China, and a ban by Canada on imported shrimp and crawfish containing levels of chloramphenicol above the level established by Canada.

FARM EQUIPMENT

Act 6 (House Bill 73 by Representative Farrar) authorizes a city or parish school board, the governing authority of any municipality, and the governing authority of any parish to grant an exemption from their sales and use taxes for farm equipment. Additionally, it further authorizes parish governing authorities to exempt farm equipment from sales and use taxes levied by political subdivisions within their boundaries, except municipal and school board taxes.

BOARDS & COMMISSIONS

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COASTAL RESOURCES

Attempting to address the issue of global warming, **Senate Concurrent Resolution 14 by Senator Gautreaux (Enrolled)**, creates a study commission to develop a strategy for the timely implementation of President Bush's Global Climate Change Policy Initiatives in the state of Louisiana.

SPORTS/BOXING-WRESTLING

Addressing the growing popularity of boxing, **Act 3 (House Bill 49 by Representative Bruneau)** increases the maximum amount of taxes which can be collected by the State Boxing and Wrestling Commission from \$5,000 per contest or exhibition to \$50,000 per contest.

TAX/AD VALOREM-EXEMPTION

In an effort to address the issue of housing for senior citizens, **Act 89 (House Bill 68 by Representative Thompson)**, is a constitutional amendment which would authorize the State Board of Commerce and Industry to contract with developers of retirement communities for the exemption of local ad valorem taxes.

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CAPITAL OUTLAY

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CAPITAL OUTLAY

Act 23 (House Bill 2 by Representative Hammett), provides for the comprehensive capital outlay budget, the development and expansion, as per the governor's five year plan. Included in the 2002 bill is \$154.6 million in one-time nonrecurring state general fund revenues resulting from the Revenue Estimating Conference recognizing the "Amnesty Program" with the Dept. Of Revenue. These funds are appropriated for a variety of initiatives including Education Information Technology and Other Equipment Acquisitions, Miscellaneous Information Technology Acquisitions, Economic Development, and Infrastructure.

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CIVIL LAW AND PROCEDURE

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LIABILITY

House Concurrent Resolution 34 by Representative Johns (Enrolled) directs the Louisiana State Law Institute to study all aspects of liability arising from any claims for loss or damages relating to or resulting from road hazards, including issues relating to sovereign immunity, inverse condemnation, the granting of limited expropriation authority, any property, contract, or personal rights, and all relevant jurisprudence and recommend specific legislation limiting the liability of the state.

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COMMERCE & INDUSTRY

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CAPCO

Several pieces of legislation were introduced during the 2002 Regular Session to reinstate the Louisiana certified capital companies (CAPCO) program in Louisiana. The CAPCO program allows organizations that are licensed as a certified Louisiana capital company to utilize state premium and income tax credits to raise venture capital funds. Once the CAPCO raises the venture capital funds via the tax credits, the CAPCO is required to invest those funds in Louisiana businesses.

House Bill 183 by Representative DeWitt (substitute adopted on the House Floor) and **Senate Bill 66 by Senator Boissiere (substitute adopted on the Senate Floor)** by would have extended the CAPCO program until 2005 and increased the overall funding of the program by \$296 million dollars.

As substituted, **Act 84 (House Bill 267 by Representative DeWitt)**, and amended in committee, extends the program for two more years and reduced the overall fiscal impact of the program to \$84 million dollars.

Under the legislation, the CAPCO's are required to meet certain investment requirements by investing a certain percentage of the venture funds in high tech areas of the economy previously targeted by the Department of Economic Development. In addition to the high tech investment requirements, the bill also targets disadvantaged, minority, and women owned businesses located throughout the state.

The bill was amended in the Senate Commerce, Consumer Protection, and International Affairs Committee to address various concerns surrounding the program. The amount of available income and premium tax credits was reduced from \$74 million per year to \$42 million per year. In order to insure that the investments in Louisiana businesses exceeded the amount of tax credits utilized, several safeguards were placed in the bill requiring CAPCO's to invest 100% of their venture funds within the first seven years, while the credits must be used over a ten year period. The bill sunsets December 31, 2003.

In order investigate the fiscal impact on the state, **Senate Resolution 32 by Senator Irons (Enrolled)** directs the Senate Commerce, Consumer Protection, and International Affairs Committee to study the financial feasibility of continuing the CAPCO program in Louisiana. The resolution directs the Department of Economic Development, the office of financial institutions, and the legislative auditor to assist the committee in obtaining pertinent information concerning the positive and negative effects of the program.

RIVER PILOTS

A Joint House and Senate Commerce Committee meeting was held on May 7, 2002 to discuss rules proposed by the Board of River Port Pilot Commissioners and Examiners for the Calcasieu River Waterway. After a lengthy hearing, the House Commerce committee voted to accept the majority of the proposed rules, finding only eight of the proposed rules unacceptable. The Senate Commerce, Consumer Protection, and International Affairs Committee failed to act on the proposed rules. Pursuant to the Louisiana Administrative Procedure Act, the eight proposed rules found by the House Commerce Committee were forward to the governor for his review. Following his review, the governor allowed the committee's decision to reject two of the eight rules and reinstated the remaining six provisions.

SENATE RULES

Senate Resolution 6 by Senator Hainkel (Enrolled) changes the name of the Senate Commerce and Consumer Protection Committee to the Senate Commerce, Consumer Protection, and International Affairs Committee to more accurately reflect the growing impact of the international economy in Louisiana.

COMMUNICATIONS & UTILITIES/CONSUMER PROTECTION

Contact: Tom Tyler, (225) 342-6156

Act 61 (House Bill 124 by Representative Hammett) excludes from state sales and use taxes certain purchases of digital television and digital radio conversion equipment. Also provides a tax credit on state sales and use taxes for the purchase of certain digital television and digital radio conversion equipment made subsequent to January 1, 1999. As to local sales and use taxes, Act 61 authorizes local taxing authorities to exempt purchase of digital television and digital radio conversion equipment from local sales and use taxes.

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CONSTITUTION & CONSTITUTIONAL AMENDMENTS

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TAX EXEMPTIONS

In a session primarily restricted to issues related to taxes and appropriations, the constitutional amendment proposals that made enough progress to have at least been heard and reported by a committee in the house of origin largely reflect concern with tax exemptions. Two new exemptions which require constitutional change were considered.

Act 86 (Senate Bill 18 by Senator Romero) proposes, beginning January 1, 2003, to exempt drilling rigs used exclusively for the exploration and development of minerals outside the state in the Outer Continental Shelf which are within the state for the purpose of being stored or stacked, or converted, renovated, or repaired, and any property to be incorporated in or to be used in the operation of the drilling rigs from property tax. **Act 89 (House Bill 68 by Representative Thompson)** authorizes the Board of Commerce and Industry to enter into contracts for the exemption from parish, municipal, or special property taxes with the developers of retirement communities provided they have approval of the governor and the affected local governing authorities.

The homestead exemption was revisited to provide for increases in the amount of exempted assessed valuation. **House Bill 24 by Representative Alario (House subject to call calendar)** would require, beginning January 1, 2003, an annual adjustment of the amount of the homestead exemption in the same percentage as increases in the Consumer Price Index, as provided by law. The proposal makes it clear that the amount of assessed homestead value that is exempt from property taxes shall never be less than \$7500.

TAX SWAP

As the first version was rejected in the Fall 2000 election, the "Stelly" plan was offered and considered for the second time. The primary difference, the author explained was that the first version was designed to generate an increase in the annual tax collected. This one is designed to be revenue neutral, except for any increase which results over time from increased income. **Act 88 (House Bill 31 by Representative Stelly)** proposes to change the fixed maximum rate on income tax from that in law in 1974 to one proposed to be established by the statutory companion bill, **Act 51 (House Bill 36 by Representative Stelly)**.

House Bill 36 revises the brackets as follows:

FROM:

| <u>Rates</u> | <u>2% of</u> | <u>4% of</u> | <u>6% of</u> |
|--------------|-------------------|-----------------------|-------------------|
| | <u>net income</u> | <u>net income</u> | <u>net income</u> |
| Single | Up to \$10,000 | \$10,000 to \$50,000 | over \$50,000 |
| Joint | Up to \$20,000 | \$20,000 to \$100,000 | over \$100,000 |

TO:

| <u>Rates</u> | <u>2% of</u> <u>net income</u> | <u>4% of</u> <u>net income</u> | <u>6% of</u> <u>net income</u> |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Single | Up to \$12,500 | \$12,500 to \$25,000 | over \$25,000 |
| Joint | Up to \$25,000 | \$25,000 to \$50,000 | over \$50,000 |

The statutory bill eliminates the state income tax deduction for excess federal itemized deductions. It also provides for the necessary alteration of provisions regarding tax tables and employer withholding. The constitutional amendment, **House Bill 31**, also fixes the rate of state sales tax on food, residential power, and prescription drugs at two percent for the first six months of 2003 and eliminates the tax entirely on and after July 1, 2003.

APPLICATION FOR SPECIAL ASSESSMENT

In 1998, the electorate approved a constitutional amendment proposed by Act 1491 of the 1997 session to permit a person 65 years of age or older whose adjusted gross income for the year prior to his application does not exceed \$50,000 (annually adjusted by the percentage of the CPI) to freeze the assessed value of the residential property at its value at the time of the application. Maintaining this special assessment, however, required the applicant to annually requalify. **Act 87 (House Bill 58 by Representative Hebert)** would eliminate the requirement that the original applicant annually reapply.

NEW OR INCREASED TAXES

Finally, two proposed amendments that were talked about during this session, although they were not pursued were **Senate Bill 1 by Senator Campbell (pending Senate committee)** and **House Bill 70 by Representative Diez (withdrawn)**. **Senate Bill 1** would authorize the levy of a state tax on the use of hydrocarbon processing facilities in Louisiana and, in the case such a tax is levied, eliminate any severance tax on oil and gas, and prohibit political subdivisions from levying a tax on the use of hydrocarbon processing facilities.. **House Bill 70** proposed an increase in motor vehicle license tax of \$4 per \$1000 of actual value on the motor vehicle license tax for automobiles over \$10,000 in actual value.

CONSUMER PROTECTION

Contact: Tom Tyler, (225) 342-6156

Act 85 (Senate Bill 86 by Senator Ellington) provides that after January 1, 2002, the sales price used in determining the sales and use taxes on cellular, PCS, or wireless telephone or is to be the greater of either (1) the amount of money actually received by the dealer from the purchaser; or (2) twenty-five percent of the cost of the property to the dealer. Provides procedure for resolution of claims and establish "Limited Louisiana Sales on Use Tax Amnesty Act of 2002".

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EDUCATION

Contact: Sherri Breaux, (225) 342-6145

COMMITTEE STUDIES

A number of studies were requested and the following instruments provide for such studies as follows:

Senate Resolution 14 by Senator Hainkel (Enrolled) establishes a special committee to study the increasing cost of insurance and its impact on the budgets of local school systems. Members of the special committee include four members of the Senate Committee on Education, three members of the Senate Committee on Insurance, the commissioner of insurance, and one member each to represent the La. Insurance Rating Commission, BESE, the insurance industry, the La. School Boards Association, the La. School Superintendents Association, and the La. Association of School Business Officials.

Senate Resolution 31 and Senate Concurrent Resolution 50 by Senator Irons (both, Enrolled) establishes the Local Education Governance and Administration Task Force to study the issues, review the success and failure of available examples, and make recommendations to the Senate and the State Board of Elementary and Secondary Education regarding the feasibility and advisability of dividing large school systems into smaller independent administrative units. In conducting such study and providing such recommendations, the task force is requested to specifically address matters of funding, duplication of expense and effort, destructive competition, coordination, and governance.

Senate Concurrent Resolution 20 by Senator Theunissen (Enrolled) establishes the Project for a Healthy Environment to Assist Learning in Schools Task Force, referred to as "Project: HEAL Schools", to review current statutory and regulatory requirements for health screenings and procedures in the schools and make recommendations for improving the quality of health screenings, eliminating unnecessary screenings, adding new technologies, and assuring appropriate training of all staff. Members of the task force include four pediatricians, five physicians (to include an adolescent medicine specialist, an ophthalmologist, an orthopedic medicine specialist, an otolaryngologist and a child psychiatrist), four nurses, the nurse consultant for the Department of Education, the president of the La. Assembly on School-Based Health Care, the program director of the Adolescent and School Health Initiative for the office of public health, three persons appointed by the state superintendent of education, one chiropractic physician, and any other persons deemed necessary by the task force.

Senate Concurrent Resolution 30 by Senator Holden (Enrolled) requests the Senate Committee on Education and the House Committee on Education to meet and function as a joint committee to study the feasibility of providing incentives to students who enter a program of study at a Louisiana college or university leading to a baccalaureate degree in an occupation that has been

designated as an area of critical shortage or an occupation in "top demand" by the Louisiana Occupational Forecasting Conference.

Senate Concurrent Resolution 35 by Senator Holden (Enrolled) requests the State Board of Elementary and Secondary Education to study the Wireless Classroom Project being implemented in the state of Georgia and the feasibility of implementing similar pilot programs in Louisiana. This \$10 million pilot program was established in 2001 and designed to enhance teaching and learning, and raise test scores in selected low-performing middle schools by providing Internet-based instruction and wirelessly networked laptop computers to every teacher and student in those selected schools for home to school connectivity. The participating middle schools in Georgia were selected from various educational regions throughout the state by a grant application process that demonstrated academic need as reflected in scores on the Iowa Test of Basic Skills. The Georgia pilot program will be funded over three years by the lottery monies.

Senate Concurrent Resolution 43 by Senator C.D. Jones (Enrolled) would direct DHH to take all steps necessary to maximize the reimbursement to schools of the cost of administering and providing medical and related services needed by special education students. The Dept. of Education would also work in close cooperation with the DHH in developing the information needed to underwrite a state plan and assist local school systems in taking advantage of the Medicaid program.

House Resolution 41 by Representative Fruge (Enrolled) requests the Board of Supervisors of Community and Technical Colleges to notify each member of the House of Representatives in writing of proposed revisions to and the proposed elimination of vocational-technical training programs offered by the Louisiana Technical College, and requests that the notice be provided in a timely manner so that any state representative wishing to review and comment on the proposed action or actions has the opportunity to do so prior to the board taking final action on the matter. The Resolution also requests such notice to include the following information for each training program revision and each training program elimination that is proposed for consideration by the board:

- (1) Detailed reasons for why the board is considering the proposed action.
- (2) Information on whether the proposed action is consistent with or is an exception to board policy.
- (3) Information relative to the anticipated impact of the proposed action on students.
- (4) Information on how the proposed action will impact the workforce development needs of the state.
- (5) Information on the anticipated fiscal impact of the proposed action.
- (6) Time lines and procedures that will be used by the board to solicit, receive, and consider public comment on the proposed action.

House Concurrent Resolution 14 by Representative Triche (Enrolled) requests BESE to develop and implement an age and grade appropriate curriculum for diabetes awareness education and a policy for school diabetes screenings in all city, parish, and other local public school systems.

House Concurrent Resolution 68 by Representative Curtis (Enrolled) requests BESE to develop and adopt a policy allowing each public high school principal to make the determination relative to participation in all senior graduation activities and ceremonies by students who have completed the required minimum units of credit for graduation and all other graduation requirements as mandated by BESE, but failed to pass the high school graduation exit exam.

EDUCATION FINANCE

K-12 Education Budget 02-03

- Provides an additional \$43 million in MFP funding.
- \$20 million for a permanent support worker pay raise.
- \$65 million in federal funds to implement the No Child Left Behind Act, which redefines and expands the federal role in public education.
- \$ 1.5 million for an initiative in teacher mentoring.
- \$ 7.6 million for charter schools

TANF

- \$29.5 million for the Pre-K program (this amount doubled from last year)

(for additional and more detailed education finance highlights, see the *Legislative Action on FY 03 State Budget* prepared by the Senate Fiscal Services.)

MINIMUM FOUNDATION PROGRAM

Senate Resolution 44 by Senator McPherson (Enrolled) requests BESE to meet and consider a MFP formula for the 2002-2003 Fiscal Year that addresses the teacher salary increase disparity.

MFP Issues

On February 28, 2002, BESE adopted an MFP formula as required by Article III, Section 13(B) of the Constitution to determine the cost of a minimum foundation program of education and to provide for the equitable distribution of the state funds appropriated to pay for the state's portion of the total cost. Because the February formula contained a provision that would have added \$25 million in cost for insurance in addition to the normal growth amount, the formula was not introduced.

The constitution provides that in the event a new formula fails to be approved, then the last formula adopted by the state board and approved by the legislature will be used for cost determination and allocation. Therefore, SCR 139 of the 2001 Regular Session will remain in effect. The continuation of the SCR 139 formula increases the state's cost by about \$43 million over last year's amount.

SCR 139 contained a provision that requires that 50% of a district's increased funding, after adjusting for increases in student membership, must be used only to supplement and enhance full-time certificated staff salaries and retirement benefits. For a more detailed look at the projections for each district, see the table on the next page entitled, *PROJECTED MFP FY 2002-2003 AND AVERAGE TEACHER SALARIES*.

**PROJECTED MFP FY 2002-2003 AND
AVERAGE TEACHER SALARIES**

| School System | MFP Projected 2002-2003 Per Pupil State Share (Levels 1, 2, & 3) | Rank | Projected MFP 2003 State and Local Revenue Per Oct 1 Membership | Rank | Average Teacher Salary, Budgeted, Fall 2001 | Rank |
|----------------------|---|------|--|------|---|------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| RED RIVER | \$5,440 | 1 | \$7,596 | 1 | \$28,915 | 60 |
| WASHINGTON | \$4,696 | 2 | \$5,807 | 43 | \$33,734 | 34 |
| ST. HELENA | \$4,665 | 3 | \$5,881 | 37 | \$30,751 | 51 |
| TENSAS | \$4,606 | 4 | \$6,610 | 11 | \$26,550 | 66 |
| EAST CARROLL | \$4,574 | 5 | \$5,703 | 47 | \$29,588 | 55 |
| ASSUMPTION | \$4,530 | 6 | \$6,326 | 21 | \$33,459 | 36 |
| CLAIBORNE | \$4,520 | 7 | \$6,529 | 15 | \$30,489 | 52 |
| CITY OF BOGALUSA | \$4,515 | 8 | \$6,195 | 24 | \$32,174 | 43 |
| GRANT | \$4,461 | 9 | \$5,195 | 60 | \$30,819 | 50 |
| CATAHOULA | \$4,447 | 10 | \$5,951 | 35 | \$27,265 | 64 |
| EAST FELICIANA | \$4,404 | 11 | \$6,191 | 25 | \$29,334 | 58 |
| CALDWELL | \$4,396 | 12 | \$5,653 | 48 | \$30,316 | 53 |
| ALLEN | \$4,352 | 13 | \$5,962 | 34 | \$30,242 | 54 |
| RICHLAND | \$4,340 | 14 | \$5,874 | 39 | \$29,497 | 57 |
| JACKSON | \$4,339 | 15 | \$6,917 | 7 | \$26,910 | 65 |
| CONCORDIA | \$4,258 | 16 | \$6,224 | 23 | \$31,696 | 46 |
| SABINE | \$4,230 | 17 | \$5,845 | 41 | \$31,194 | 49 |
| WINN | \$4,212 | 18 | \$6,226 | 22 | \$28,922 | 59 |
| JEFFERSON DAVIS | \$4,170 | 19 | \$6,094 | 29 | \$36,747 | 13 |
| VERNON | \$4,164 | 20 | \$5,374 | 55 | \$31,915 | 45 |
| ST. MARTIN | \$4,127 | 21 | \$5,607 | 51 | \$34,963 | 27 |
| LASALLE | \$4,123 | 22 | \$5,909 | 36 | \$31,374 | 47 |
| MADISON | \$4,075 | 23 | \$4,993 | 63 | \$28,897 | 61 |
| ST. LANDRY | \$4,075 | 24 | \$5,604 | 52 | \$36,796 | 12 |
| LIVINGSTON | \$4,070 | 25 | \$5,412 | 54 | \$36,060 | 19 |
| OUACHITA | \$4,062 | 26 | \$6,486 | 16 | \$37,056 | 9 |
| FRANKLIN | \$4,031 | 27 | \$4,985 | 64 | \$27,833 | 63 |
| EVANGELINE | \$4,023 | 28 | \$5,197 | 59 | \$34,214 | 32 |
| WEST CARROLL | \$3,991 | 29 | \$4,779 | 66 | \$28,627 | 62 |
| IBERIA | \$3,975 | 30 | \$6,060 | 31 | \$36,483 | 15 |
| DESOTO | \$3,933 | 31 | \$7,018 | 6 | \$37,282 | 8 |
| ST. JOHN THE BAPTIST | \$3,932 | 32 | \$7,047 | 5 | \$36,564 | 14 |
| ST. TAMMANY | \$3,913 | 33 | \$6,647 | 10 | \$38,455 | 2 |
| AVOUELLES | \$3,908 | 34 | \$4,921 | 65 | \$31,230 | 48 |
| MOREHOUSE | \$3,883 | 35 | \$5,350 | 56 | \$29,577 | 56 |
| TANGIPAHOA | \$3,811 | 36 | \$5,213 | 58 | \$37,945 | 3 |

| School System | MFP Projected 2002-2003 Per Pupil State Share (Levels 1, 2, & 3) | Rank | Projected MFP 2003 State and Local Revenue Per Oct 1 Membership | Rank | Average Teacher Salary, Budgeted, Fall 2001 | Rank |
|------------------|--|------|--|------|---|------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| UNION | \$3,809 | 37 | \$5,082 | 61 | \$32,892 | 39 |
| ACADIA | \$3,807 | 38 | \$5,034 | 62 | \$32,284 | 42 |
| LAFOURCHE | \$3,776 | 39 | \$6,077 | 30 | \$32,907 | 38 |
| BEAUREGARD | \$3,721 | 40 | \$5,862 | 40 | \$32,822 | 40 |
| NATCHITOCHES | \$3,719 | 41 | \$5,577 | 53 | \$32,072 | 44 |
| CADDO | \$3,675 | 42 | \$6,553 | 14 | \$38,545 | 1 |
| WEBSTER | \$3,632 | 43 | \$5,647 | 49 | \$35,944 | 20 |
| TERREBONNE | \$3,618 | 44 | \$5,739 | 45 | \$34,265 | 31 |
| LINCOLN | \$3,613 | 45 | \$6,366 | 18 | \$35,077 | 26 |
| ST. MARY | \$3,566 | 46 | \$5,820 | 42 | \$34,840 | 28 |
| RAPIDES | \$3,560 | 47 | \$5,879 | 38 | \$33,976 | 33 |
| ST. BERNARD | \$3,491 | 48 | \$6,377 | 17 | \$35,465 | 22 |
| CAMERON | \$3,403 | 49 | \$7,167 | 4 | \$37,309 | 7 |
| BOSSIER | \$3,345 | 50 | \$5,641 | 50 | \$34,610 | 30 |
| VERMILION | \$3,335 | 51 | \$5,258 | 57 | \$35,719 | 21 |
| BIENVILLE | \$3,279 | 52 | \$6,335 | 20 | \$33,055 | 37 |
| WEST FELICIANA | \$3,271 | 53 | \$7,513 | 2 | \$36,448 | 16 |
| ORLEANS | \$3,215 | 54 | \$5,801 | 44 | \$35,103 | 25 |
| CITY OF MONROE | \$3,161 | 55 | \$6,573 | 13 | \$32,505 | 41 |
| POINTE COUPEE | \$3,005 | 56 | \$6,346 | 19 | \$33,485 | 35 |
| CALCASIEU | \$2,979 | 57 | \$6,012 | 32 | \$35,255 | 23 |
| ASCENSION | \$2,916 | 58 | \$6,143 | 27 | \$36,858 | 11 |
| EAST BATON ROUGE | \$2,851 | 59 | \$6,581 | 12 | \$36,116 | 18 |
| IBERVILLE | \$2,785 | 60 | \$7,168 | 3 | \$37,525 | 4 |
| ST. JAMES | \$2,657 | 61 | \$6,849 | 8 | \$36,989 | 10 |
| LAFAYETTE | \$2,653 | 62 | \$5,705 | 46 | \$35,159 | 24 |
| JEFFERSON | \$2,640 | 63 | \$6,105 | 28 | \$36,182 | 17 |
| WEST BATON ROUGE | \$2,542 | 64 | \$5,976 | 33 | \$34,810 | 29 |
| ST. CHARLES | \$2,512 | 65 | \$6,681 | 9 | \$37,390 | 5 |
| PLAQUEMINES | \$2,304 | 66 | \$6,167 | 26 | \$37,351 | 6 |
| STATE TOTAL | \$3,476 | | \$6,020 | | \$35,179 | |

ENVIRONMENT

Contact: Carla Roberts (225) 342-9514

Senate Concurrent Resolution 14 by Senator Gautreaux (Enrolled) creates a study commission to evaluate and coordinate state policy options to mitigate the projected impact of global climate changes as they relate to Louisiana's wetlands, agricultural activities, the economy, and the environment. The commission is made up of 25 members which include private industry officials, industry associations and state government department heads as well as the chairman of the House and Senate natural resources committees and the chairmen of the Senate and House environment committees. The commission will, in particular, develop a strategy for the timely implementation of the President's Global Climate Change Policy Initiatives in Louisiana.

Senate Concurrent Resolution 63 by Senate Smith (Enrolled) and a duplicate **House Concurrent Resolution 74 by Representative Thompson** urges the United States Environmental Protection Agency and the United States Department of Agriculture to declare methyl bromide a "official control or official requirement" for farming. The U.S. Food Security and Rural Investment Act of 2002 authorizes the U.S. Department of Agriculture and the U.S. Environmental Protection Agency to declare certain chemicals protected because of their necessity to farming. Methyl bromide is a chemical used to eliminate pesticide from forestry and agriculture.

House Concurrent Resolution 60 by Representative Beard (Enrolled) requests the Department of Natural Resources to implement a program to use compost blends, including sugarcane compost, as part of a coastal restoration plan. Louisiana loses over 25 acres a year due to coastal erosion.

Act 69 (House Bill 197 by Representative Swilling) authorizes governing bodies with a population in excess of 450,000 persons to levy a tax on trash dumped in the business or industrial district. The tax cannot exceed \$10 per dry weight pound of trash.

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FINANCE

Contact: Tom Wade (225) 342-9169

The 2002 Regular Session was a particularly difficult session from a budgetary standpoint because the state's general appropriations bill and other appropriations instruments remained in limbo while the two houses of the legislature debated fundamental philosophical differences over tax issues, in part fueled by the despair of many legislators over the need to once again tackle the temporary taxes issue which has plagued the budget process for the past sixteen years. What follows is a broad, general description of the appropriations bills that passed the legislative process; a more detailed presentation will be forthcoming from the Senate's fiscal staff.

Act 13 (House Bill 1 by Representative LeBlanc) provides for the ordinary expenses of the executive branch of state government, pensions, public schools, public roads, public charities, and state institutions. Language was added to the bill through Senate Finance Committee action providing that supplemental budget recommendations would not become effective until the official forecast for FY 2002-2003 is revised by the Revenue Estimating Conference to incorporate additional revenues. The non-exclusive list referred to in the preamble language amendment included the following revenue sources:

- (1) the renewal of the suspensions of exemptions to the sales tax imposed by R.S. 47:302, 321, and 331;
- (2) the renewal of the tobacco tax imposed by R.S. 841(B)(3);
- (3) the renewal of the suspension of the \$25 child education income tax credit imposed by R.S. 47:297(D)(3);
- (4) the renewal of the automobile rental excise tax imposed by R.S. 47:551(A);
- (5) the renewal of the individual income tax limitation on excess itemized deductions imposed by R.S. 47:293(2);
- (6) and any monies made available as a result of retiring or defeasance of debt in advance of maturity resulting in a debt service savings of at least \$23 million in the 2002-2003 Fiscal Year.

Act 43 (House Bill 199 by Representative LeBlanc) provides for the ancillary expenses of state government. Amendments proposed by the Senate Finance Committee provided almost \$112 million to the State Employees' Group Benefits Program in connection with the 17% rate increase for PPO and EPO and the 12% rate increase for HMO rates. Other committee amendments allow the Donald J. Thibodaux Training Academy to receive funding from the U.S. Dept. of State, Anti-terrorism Assistance Program.

Act 53 (House Bill 200 by Representative LeBlanc) provides for the expenses of the judiciary. The bill appropriates \$109,936,325 to cover the ordinary expenses of the state's court system. It includes funds for the maintenance and enhancement of drug courts in the state and

directs the office of addictive disorders in the Dept. of Health and Hospitals to spend \$1.5 million in federal Substance Abuse Block Grant funds for inpatient treatment services for adults and juveniles in drug court programs. An amendment proposed by the Senate Finance Committee reduces the appropriations for the Supreme Court by \$2 million pursuant to a plan adopted by the Judicial Budgetary Control Council.

Act 53 (House Bill 208 by Representative DeWitt) provides for the expenses of the legislature. It appropriates \$53,385,887, which includes \$23,683,142 for the House of Representatives and \$13,759,179 for the Senate. Language was added to the bill by the Senate Finance Committee to continue authorization for reimbursement of certain vouchered actual expenses for members of the Senate up to \$8,400 per year.

Act 26 (House Bill 243 by Representative LeBlanc) provides for supplemental appropriations for the 2001-2002 Fiscal Year for the operation of various departments, including \$96,334,259 from the state general fund, \$1,372,741 from interagency transfers, \$110,702,297 in statutory dedications, and \$2,600,000 in federal funds.

GAMING

Contact: Camille Sebastien, (225) 342-2087

Senate Concurrent Resolution 41 by Senator Hines (failed House) would formally seek recognition of the Avoyel-Taensa Tribe/Nation of Louisiana as an Indian tribe and memorializes Congress to take the necessary steps to effect formal recognition of the Avoyel-Taensa Tribe/Nation of Louisiana as an Indian tribe. An amendment added in the Senate Committee on Judiciary B provides that the resolution will not be effective unless the Avoyel-Taensa Tribe/Nation of Louisiana agrees in writing with the governor not to apply within the next 99 years for any gaming license, compact, or permit for any reservation within Louisiana. The amendment also provides that if the agreement is not executed between the governor and the tribe, the resolution will be null and void.

Senate Resolution 45 by Senator Theunissen (Enrolled) requests the Louisiana State Racing Commission to study the feasibility, practicality, and impact of licensing any additional racing facility to conduct live horse racing within the boundaries of the state, specifically considering the potential legal and economic ramifications of the addition of a racing facility. The resolution requests the commission to report its findings and recommendations to the House committees on the Administration of Criminal Justice, Commerce, and the Ways and Means, and the Senate committees on Judiciary B, Commerce, Consumer Protection, and International Affairs, and Revenue and Fiscal Affairs prior to the 2003 Regular Session. The resolution further requests that the commission suspend granting any additional licenses for new racing facilities until the legislature has been granted adequate time to thoroughly review the commission's findings and make any necessary legislative changes during the 2003 Regular Session regarding the addition of new race tracks in the state.

House Bill 161 by Representative Martiny (House committee) would levy a franchise tax for the right to conduct charitable gaming by use of electronic pull-tab devices of 5% of net winnings from the use of such devices. The tax would be collected by the office of charitable gaming within the Department of Revenue, the proceeds of such tax to be used to defray the costs to the state of linking such devices to a central state computer.

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HEALTH AND HOSPITALS

Contact: Mary O'Brien, (225) 342-6162

MEDICAID ISSUES

Medicaid initiatives came in the form of concurrent resolutions, addressing a range of issues and services. Primarily, these initiatives sought to maximize federal contributions to Medicaid funding and to expand services to Louisiana's most needy citizens.

Senate Concurrent Resolution 47 by Senator Schedler (Enrolled) requests that the Department of Health and Hospitals reapply for a Medicaid Infrastructure Grant for the years 2003 through 2006. These grants fund the development of infrastructure necessary for the implementation of Medicaid Buy-in programs. Medicaid Buy-in programs are intended to encourage those disabled who are capable to return to work without having to sacrifice Medicaid eligibility by allowing these citizens to "buy-in" to the Medicaid program.

House Concurrent Resolution 58 by Representative Rodney Alexander (Enrolled) requests the Department of Health and Hospitals to provide prescription drug coverage through the Medicaid program to qualified Medicare beneficiaries on a pilot basis.

The quarterly collecting and reporting of specific information regarding services provided to Medicaid recipients, particularly prescription drugs and emergency room visits, is required by **Senate Concurrent Resolution 54 by Senator Hines (Enrolled)**. The purpose of this resolution is to track the effectiveness of the Medicaid Preferred Drug List in providing prescription medications at a reduced cost per prescription while not causing increased emergency room visits by Medicaid recipients.

MENTAL HEALTH ISSUES

The creation of the Forensic Strategic Task Force to study the feasibility of implementing the components of an effective comprehensive statewide system to address the demands of the increasing adult forensic population in Louisiana was accomplished with the adoption of **Senate Concurrent Resolution 28 by Senator Schedler (Enrolled)**. This task force will also address the economic burden on health care services in Louisiana created by the demands of this increasing adult forensic population.

MISCELLANEOUS

Senate Resolution 38 by Senator Schedler (Enrolled) calls for a study of the issues raised by lawsuits being filed against the LSU School of Dentistry relating to allegations of defective surgical implants.

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JUDICIAL AFFAIRS

Contact: Camille Sebastien (225) 342-2087

Besides legislation concerning the appropriation of funding for the expenses of the Louisiana Judiciary, including the Supreme Court, the Courts of Appeal, District Courts, the Criminal District Court of Orleans Parish and other courts, **Act 53 (House Bill 200 by Representative LeBlanc)**, there were no other matters relating to Judicial Affairs during the 2002 Regular Session of the Legislature. The total appropriation for the judiciary for fiscal year 2002-2003 is \$110,426,421 from the following sources: State General Fund \$93,254,280, Interagency Transfers \$11,430,192, and Statutory Dedications \$5,741,949.

Act 53 also appropriates \$8.1 million in State General Funds (direct) for the Supreme Court for maintenance and enhancement of drug courts and requires that the Department of Health and Hospitals, Office of Addictive Disorders shall expend \$1.5 million in federal funds appropriated in the General Appropriation Act for Fiscal Year 2002-2003, for use in providing inpatient substance abuse treatment services for adults and juveniles enrolled in the drug court program. Additionally, House Bill 200 appropriates \$11.3 million by interagency transfers from the Department of Social Services to the Supreme Court for provision of truancy assessment services (\$2,340,096), Court-appointed special advocates services (\$4,000,000) and drug court services (\$5,000,000), all as specified in the State TANF plan.

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LABOR

Contact: Tabitha Irvin-Gray 342-0645

Louisiana Strategic Plan Against Poverty. Act 162 (Senate Bill 77 by Senator Charles D. Jones) creates a statewide plan to combat poverty in Louisiana. It requires state departments, private industry, Louisiana Workforce Commission, Public Service Commission and the Board of Regents to aid certain economically and medically disadvantaged parishes by coordinating any and all assistance that may be obtained.

Meetings were held in an effort to facilitate the respected state departments and industries in the development of their programs; compiling of their statistics; reaching of their goals and to work collectively to remove the stigma of being "the poorest state in the country."

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LEGISLATIVE AFFAIRS

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SENATE

Senate Resolution 3 by Senator McPherson (Senate Calendar) would have revised the Rules of Order of the Senate to:

1. Prohibit a standing committee from reporting a legislative instrument if the member authoring the instrument, or the member handling the instrument if it originated in the House, or another member authorized by the author of a Senate instrument, or the member handling a House instrument requests that the instrument be deferred.
2. Require that a legislative instrument be returned to the calendar, subject to call, upon motion by the member authoring the instrument, or the member handling the instrument if it originated in the House, or another member authorized by the author of a Senate instrument, or the member handling a House instrument. The resolution would have also provided that an instrument may be returned to the calendar, subject to call, upon motion by any other member, without objection. In either case, the instrument may be called from the calendar at any time the Senate is in that order.
3. Provide, relative to conference committee reports:
 - (a) To be considered by the Senate, the report must contain the signature of at least two Senate members of the committee.
 - (b) Unless the committee holds a public hearing, with due notice given and opportunity provided to interested persons to appear to testify for or against the bill, the report must be limited to resolving the differences between the two houses regarding the proposed amendments which were rejected by the house of origin and proposing technical amendments.
 - (c) The form of a report may be objected to as not being confined to the matters described in (b) above as a point of order before the Senate votes to adopt or reject the report. If the form of the report is determined to be not confined to the differences between the houses or to technical amendments, the Senate shall not vote on the report.
 - (d) If the committee conducts a public hearing on the bill, the report may include any amendments germane to the bill as introduced. Prior notice of a public hearing shall be given by any Senate member of the committee as provided in Senate Rules, to the extent applicable and practicable.

- (e) Upon motion of a member other than a member of the committee, who is joined by five other Senators, which motion is adopted without objection or upon a favorable vote of a majority of the members present and voting, a public hearing of the conference committee is required. The motion shall be in order at any time after the appointment of the Senate members of the committee are announced and before the Senate secretary gives notice of the receipt of the report.

Senate Resolution 6 by Senators Hainkel and Hollis (Enrolled) amends the Rules of Order of the Senate to change the name of the Committee on Commerce and Consumer Protection to the Committee on Commerce, Consumer Protection and International Affairs. The resolution also adds international affairs to the subject matter jurisdiction of the committee.

LOCAL GOVERNMENT & SPECIAL DISTRICTS

Contact: Ann S. Brown, (225) 342-0333

TAX EXEMPTIONS

Despite the bleak reports about the financial status of Louisiana, several bills were offered allowing local governmental authorities to exempt various items from local sales taxation.

PRESCRIPTION DRUGS

Act 42 (Senate Bill 71 by Senators Bajoie and Lambert) exempts the procurement and administration of cancer and related chemotherapy prescriptions drugs when administered in a physician's office. **Act 37 (Senate Bill 57 by Senator Thomas)** exempts the sale of prescription drugs under the LACHIP program and the administration of certain prescription drugs when administered in a physical's office.

PURCHASE OF GOODS

Act 56 (House Bill 82 by Representative Daniel) phases in an exclusion from local sales and use taxes of manufactured homes used for residential purposes. **Act 6 (House Bill 73 by Representative Farrar)** exempts farm equipment while **House Bill 87 by Representative Heaton (Senate committee)** would exempt retail purchases made within the Oak Street Economically Disadvantaged Enterprise Zone from sales and use taxes within the city of New Orleans. **Act 60 (House Bill 122 by Representative Daniel)** provides an individual income tax credit for the rehabilitation of historic structures located in a downtown development district.

SPECIFIC ACTIONS

Two bills provided exemptions for certain actions. **Act 80 (House Bill 259 by Representative Richmond)** provides tax exemptions to certain persons, corporations, or other legal entities that make investments in excess of one hundred million dollars in certain business and industrial districts. **Act 78 (House Bill 252 by Representative Downer)** creates a tax credit for actual expenses incurred by an economic development corporation in the preparation and issuance of bonds.

NEW TAXES - LOCAL GOVERNING AUTHORITIES

Several bills allowed certain local governing authorities to levy tax for specific purposes. **Act 39 (Senate Bill 60 by Senator C.D. Jones)** authorizes municipalities with a population between 50,000 and 55,000 thousand to levy any form of tax for economic development purposes. **Act 44 (Senate Bill 72 by Senator Malone)** would authorize the city of Shreveport to levy and collect an additional sales and use tax up to 1/4 cent for 5 years with majority approval by the qualified electors.

SPECIAL DISTRICTS

For economic development purposes, **Act 45 (Senate Bill 78 by Senator Johnson)** authorizes the governing board of the newly created Lower Ninth Ward Economic Development District to levy ad valorem taxes on commercial property. **Act 82 (House Bill 262 by Representative R. Carter)** authorizes fire protection districts in parishes with a population between 99,000 and 103,000 to levy and collect sales and use taxes not to exceed $\frac{1}{2}$ of 1%. **Act 69 (House Bill 197 by Representative Swilling)** would authorize a municipality with a population in excess of 450,000 to tax trash illegally dumped in the district.

Three bills created special taxing districts, authorizing the districts to levy ad valorem tax on property located within the district for the enhancement of security. **Act 29 (Senate Bill 36 by Senator Fields)** creates the Concord Estates Homeowners Association within East Baton Rouge Parish. **Act 34 (Senate Bill 47 by Senator Johnson)** authorizes the renewal or levy of taxes or fees in certain special districts in Orleans Parish. **Act 35 (Senate Bill 48 by Senator Johnson)** creates the Huntington Park Subdivision Improvement District.

NATURAL RESOURCES

Contact: Ben Bradford, (225) 342-0331

Senate Concurrent Resolution 14 by Senator Gautreaux (Enrolled) creates a study commission to coordinate state policy to address climatic changes as they impact business and environmental issues.

Senate Concurrent Resolution 39 by Senator Romero (Enrolled) approves the Coastal Wetlands Conservation and Restoration Plan for Fiscal Year 2002-2003, as adopted by the Wetlands Conservation and Restoration Authority.

Senate Concurrent Resolution 62 by Senator Romero (Enrolled) requests the executive assistant of Coastal and Marine Activities, office of the governor, and the director of Atchafalaya Basin Program to jointly conduct an evaluation, and to make recommendations as to how to improve the water quality of the Atchafalaya Basin.

House Concurrent Resolution 60 by Representative Beard (Enrolled) requests the Department of Natural Resources to implement a program to use compost blends, including sugarcane compost, as part of the coastal reclamation program.

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OCCUPATIONS & PROFESSIONS

Contact: Todd Parker, (225) 342-3565

PHYSICIANS

There were several legislative instruments filed that would have granted tax incentives to physicians under certain circumstances, but all remained in the original committee.

DENTISTS

Act 72 (House Bill 225 by Representative Durand) provides for an income tax credit for dentists who practice in under served areas and a state and local sales and use tax exclusion for certain dental devices used exclusively by the patient or administered exclusively to the patient by a dentist or dental hygienist in connection with the dental or health care treatment.

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PROPERTY

Contact: Heyward Jeffers, (225) 342-2064

TAX EXEMPTIONS

Act 86 (Senate Bill 18 by Senator Craig Romero) is a proposed constitutional amendment that would exempt oil drilling rigs from property tax when the rig is used exclusively for exploration and development of minerals in outer continental shelf waters. The measure would allow the rigs to enter the waters that are considered the territorial limits of the state in order to be converted, renovated, or repaired, and any property in the state for the purpose of being incorporated in or, to be used in the operation of the drilling rig.

SALES AND USE TAX EXEMPTIONS

Act 71 (House Bill 207 by Representative Ronnie Jones) is aimed at helping nonprofit blood banks and blood collection centers by exempting apheresis kits and leuko reduction filters from state and local sales and use tax. The bill declares that such medical equipment is no longer considered tangible personal property for the purposes of sales taxes.

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PUBLIC SAFETY & LAW ENFORCEMENT

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Act 28 (Senate Bill 13 by Senator Dupre) provides a method by which fire departments, fire districts, or fire companies can purchase dyed special fuels tax-free, but remit such taxes monthly.

Act 32 (Senate Bill 42 by Senator Fontenot) grants a credit in each tax year against the corporate and personal income taxes and corporate franchise tax for any individual or business which purchases "specialty apparel items" including, but not limited to industrial clothes, uniforms, and scrubs, from a contractor in a certified Private Sector/Prison Industry Enhancement Program which employs inmates of Louisiana correctional institutions to manufacture such apparel. The amount of the credit is equal to the state sales and use tax paid by the purchaser on each case or other unit of apparel during the purchaser's tax year as reflected on the books and records of the purchaser.

Provides that any such credit must be claimed as follows:

- (1) All entities taxed as corporations, on their corporation income tax return.
- (2) Individuals, on their individual income tax return.
- (3) Entities not taxed as corporations, on the returns of the partners or members as follows:
 - (a) Corporate partners or members, on their corporation income tax returns.
 - (b) Individual partners or members, on their individual income tax returns.
 - (c) Partners or members that are estates or trusts, on their fiduciary income tax returns.

Also provides that any credit in excess of tax liabilities is an "overpayment" and can be refunded by the Department of Revenue from current collections of the income and franchise taxes, together with interest. All credits and refunds, together with interest thereon, must be paid or disallowed within 90 days of receipt. Failure to pay or disallow the claim, in whole or in part, authorizes the taxpayer to appeal to the Louisiana Board of Tax Appeals.

Act 77 (House Bill 244 by Representative Morrish) would impose an additional vehicle registration license tax of \$3.25 per year on light trailers to be paid every four years in the amount of \$13 until January 1, 2006 to fund the aquatic plant control program. Provides that the state treasurer shall deposit the proceeds of the additional tax into the Aquatic Plant Control Fund to be used by the Dept. of Wildlife and Fisheries to fund the Aquatic Plant Control Program and cooperative research and public education efforts relative to aquatic weed control and eradication. Prohibits the use of such funds for salaries or related benefits for the Department of Wildlife and Fisheries. Deletes farm trailers and farm semi-trailers from applicability of the additional tax.

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RETIREMENT

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There were no major retirement issues. However, the Retirement Committee did conduct a meeting with the four state retirement systems which entailed a detailed discussion regarding the systems' funding and investments.

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REVENUE & TAXATION

Contact: Riley Boudreaux, (225) 342-6155

The main concern of the state at the end of a two-year cycle in which the levy of "temporary taxes" ceased was funding the state fisc. The Legislature struggled to reach a decision concerning whether, and how much, sales and income taxes should be "renewed temporarily," or be made permanent.

The main debate occurred over whether to "suspend" sales and income tax exemptions which are currently in the law. The political and philosophical tension was among three groups of legislators. There were those who thought the major burden of taxation should continue to be carried by suspension of certain sales tax exemptions (mainly food for home consumption and utilities). Those exemptions have been routinely suspended for sixteen years. Others believed that the 50% suspension of the individual income tax deduction for "excess itemized deductions" should be continued instead. There was sentiment to suspend both.

The result as to sales tax was **Act 22 (House Bill 169 by Representative Dewitt)**. It suspends the usual exemptions (mainly food for home consumption and utilities) from all 4% of the state sales tax, 3% for two years, 1% permanently, and reduces the tax rate applicable to food for home consumption and utilities to 3.9% in the first year and 3.8% in the second.

The income tax was affected by **Act 24 (House Bill 171 by Representative Dewitt)** which limits the deductibility of excess itemized deduction for income tax to 57.5% for tax year 2002, and 65% for 2003. In addition, **Act 25 (House Bill 238 by Representative YL Jackson)** extends the "suspension" of the \$25 individual education income tax credit for two more fiscal years. (It also revises the individual income tax credit for child care expenses.)

At the same time, the Legislature voted to submit to the voters of the state a distinct, "permanent" alternative in the "Stelly Package". The package consisted of **Act 88 (House Bill 31 by Representative Stelly)**, a constitutional amendment which sets a new limitation on individual income tax rates and brackets, that is, those which (will) exist on January 1, 2003 and prohibits the imposition of state sales tax in excess of 2% on food for home consumption, residential utilities, and prescription drugs. The companion to the constitutional amendment is **Act 51 (House Bill 36 by Representative Stelly)**. It repeals the deduction for excess federal itemized deductions and revises the state individual income tax rates and brackets as follows:

- 2% on the first \$12,500 of taxable income (up from 2% on the first \$10,000).
- 4% on the next \$12,500 [i.e. between \$12,501-25,000] (down from 4% on \$10,001-50,000).
- 6% on taxable income in excess of \$25,000 (up from 6% on \$50,001 and above).

There were other increases in less prominent taxes.

Act 21 (House Bill 167 by Representative Dewitt) extends for 10 years the four cents per pack increase in the tax on cigarettes enacted in 2000. **Act 19 (House Bill 157 by Representative Landrieu)** further increases the tax on cigarettes by 12 cents per pack and distributes it annually as follows:

1. Forty-two and 8/10ths percent of seven cents to fund the La. Cancer research Center of LSU/Tulane in New Orleans.
2. Twenty-nine and 2/10ths percent to fund various smoking prevention and control programs within the public hospital system and the screening, prevention, and treatment of tobacco use and dependence among individuals with diseases caused or exacerbated by tobacco use.
3. Twenty-eight percent of seven cents to fund the Cancer Center of LSU Health Services Center in Shreveport.
4. One cent for the office of addictive disorders, DHH.
5. One cent for the LSU Agricultural Center and at least \$1 million to the S.U. Agricultural Research and Extension Center.
6. One cent for the D.A.R.E. program.
7. One cent for the for the office of state police, DPSC.

Act 20 (House Bill 166 by Representative Dewitt) extends for 10 years the state tax of 2.5% and the local tax of one percent on the rental of automobiles and re-dedicates the local tax for Jefferson, 1/3 to Kenner for arts and recreation and 2/3's for the Jefferson Performing Arts Society, and the local tax for Orleans for road repairs and beautification.

Some taxes were enacted to provide funds to address specific problems. **Act 77 (House Bill 244 by Representative Morrish)** imposes an additional annual license tax of \$3.25 on boat trailers until January 1, 2006 to be used for aquatic plant control eradication.

Act 83 (House Bill 266 by Representative Townsend) provides a \$5 increase in fire, marine, transportation, casualty, surety, and other insurance licensing taxes and re-dedicates the increase of the tax for the year 2002, 70% to the State Firefighters' Retirement System to meet increases in employer contributions above the statutory minimum, 20% to the New Orleans systems, and 10% to the East Baton Rouge system. **Act 75 (House Bill 241 by Representative Downer)** repeals the 15 cents per 210 lbs. barrel [125 lbs. if heads-removed; 75 lbs. if peeled] severance tax on saltwater shrimp taken in Louisiana waters and enacts an excise tax of the same amount applicable to all shrimp taken in the state or imported into Louisiana. The tax is still deposited in the Conservation Fund.

If lucrative boxing cards are going to be held in the state, the State Boxing and Wrestling Commission will be prepared. **Act 3, (House Bill 49 by Representative Bruneau)** increases the maximum amount of tax proceeds which can be collected by the commission per contest or exhibition from \$5 to \$50.

Some attention was stirred up by **House Bill 70 by Representative Diez (failed final, withdrawn from the files of the House)**. It would have levied an annual license tax of \$4 per \$1,000 value over \$10,000 of automobiles for private use in addition to the \$1 per \$1,000 authorized in current law. Fifty percent of all the money from the tax would have gone to the Transportation Trust Fund and 50% would have gone to a fund to for construction and maintenance of rural roads. The companion bill, **House Bill 223 by Representative Diez (failed final, withdrawn from the files of the House)**, would also have increased the annual license tax on trucks with a gross weight of 6,000 lbs. or less from \$10 to \$20.

IMPROVING THE BUSINESS CLIMATE

Modifying the tax laws to make Louisiana more attractive to business was another important issue in the 2002 Regular Session. Convinced that ports in Louisiana lose the lucrative business of storing and repairing large ocean-going drilling rigs (especially to Texas) because property tax is assessed on any rig in a Louisiana port at the end of the year and because repairs to the rigs are taxable for sales tax, **Act 86 (Senate Bill 18 by Senator Romero)** was enacted. It is a constitutional amendment to exempt from property tax drilling rigs in the state which are used exclusively for exploration and development of minerals in OCS waters. **Act 31 (Senate Bill 39 by Senator Romero)** exempts from state and local sales tax, the repair, renovation or conversion of drilling rigs and equipment used exclusively for exploration and development of minerals in OCS waters.

Several bills were introduced to overturn court cases and/or rulings of tax authorities which, the businesses effected argued, made things taxable which were long considered by everyone to be tax exempt. In response to the *Archer Daniels Midlands* case, the Legislature passed **Acts 40 and 41 (Senate Bill 62 and 70 by Senator Lentini)** which broadly defines "foreign interstate coastwise commerce" for purposes of the state and local sales tax exemption granted to certain purchases by owners and operators of ships and vessels operating in such commerce. Includes as such "foreign or interstate coastwise commerce" movement between points in the same state as part of or in connection with the business of providing or delivering property, crew, repair, laundry, dredging waterways, stevedoring, or other loading or unloading services, or moving such ships or vessels. **Act 40** was amended to also include the contents of **Senate Bill 63 by Senator Lentini (House calendar, subject to call)** which defines an exempt "component part" of such ships or vessels as any item placed upon a such a vessel during or repair; any item; required for the navigation or intended commercial operation of a vessel or required to obtain certification or approvals from the Coast Guard or any regulatory agency or classification society with respect to a vessel. Gaming equipment is excluded.

The *Mercury Cellular Telephone Company* case prompted passage of **Act 85 (Senate Bill 86 by Senator Ellington)**. It provides for an exclusion from state and local sales tax for the use, distribution, or other disposition of cellular, PCS, or wireless telephones and electronic accessories that interact with them in connection with the sale of mobile telecommunications services, except that the retail sale of such items remain taxable. However, the "sales price" upon which the tax is

levied is the greater of the amount actually received for the items or 25% of the cost to the dealer of the items.

There was some sentiment in the Legislature that the corporate franchise tax was especially burdensome on businesses, especially since the fact that debt maturing over one year from being borrowed is included in the taxable base of the tax, making borrowing for businesses that much more expensive in the state. In response to this concern, **House Bill 104 by Representative Montgomery (pending House concurrence)** was amended in the Senate to be identical to **Senate Bill 26 by Senator Barham (pending House concurrence)**. It would have phased-out the entire franchise tax over three years for corporations whose taxable capital is \$500,000 so that such corporations would have been tax-free for years beginning on and after July 1, 2009. It also would have phased-out the inclusion of borrowed capital within the levy of the corporation franchise tax over a six year period so that borrowed capital would not be included in franchise tax for tax years beginning on and after July 1, 2009.

Act 38 (Senate Bill 58 by Senator Barham) was passed in response to a change of opinion by the Revenue. It excludes from franchise taxation certain financing of the inventory of motor vehicle, manufactured home, recreational vehicle, boat, motorcycle, motor home, or farm implement dealers.

Some exemptions were specifically aimed at stimulating economic activity locally. **Act 89 (House Bill 68 by Representative Thompson)** is a constitutional amendment **Act 57 (House Bill 84 by Representative Thompson)** is the companion act which lets the State Board of Commerce and Industry, with the consent of the governor and local tax authorities, contract for exemptions from ad valorem taxation with developers of "retirement communities", 80% of the units of which are sold to "qualified retirees". A city with a downtown development district has an income or franchise tax credit of 25% of the costs up to \$250,000 of rehabilitation of historic structures on the National register or certified by CRT to induce rehabilitation within the district granted by **Act 60 (House Bill 122 by Representative Daniel)**. **Act 80 (House Bill 259 by Representative Richmond)** exempts persons, corporations, or other legal entities that make investments in excess of \$100,000,000 in a business or industrial district in New Orleans from 75% of the taxes levied by or for the benefit of the district. Even "economic development corporations" are given a break for actual expenses incurred by them in the preparation and issuance of bonds. **Act 78 (House Bill 252 by Representative Downer)** creates a tax credit for them equal to the filing fee paid to the State Bond Commission.

A lot of concern and discussion went into consideration of **Act 84 (House Bill 267 by Representative Dewitt)** and **Senate Bill 87 by Senator Boissiere (subject to call calendar, Senate)**. The act extends the CAPCO program by authorizing the commissioner of the office of financial institutions to certify such capital companies until June 30, 2005, and to certify capital until December 31, 2005. They also make extensive changes to the CAPCO law, including: limiting the credit to certain insurance premium taxes; trying to focus investment in new technology-type

businesses; insuring that the business getting the CAPCO investments are Louisiana businesses; limits the income tax credit to \$4 million per year, which are allocated to all companies based on a formula in the bill; and allows the transfer and sale of credits.

An attempt to promote the oil production business in the state was **Act 74 (House Bill 236 by Representative Daniel)**, which suspends the severance taxes on wells which are inactive for two years. The suspension is effective from July 1, 2002 through June 30, 2006. Perhaps digital t.v. and radio will occur in Louisiana sooner because of **Act 61 (House Bill 124 by Representative Hammett)** similar bill: **Senate Bill 53 by Senator Romero (withdrawn)**, which exclude from and provide a retroactive credit (to January 1, 1999) for state sales tax on the one-time purchase of federally mandated digital television and radio conversion equipment. They also authorizes local governments to enact an exemption and/or grant the same credit for such transactions.

Some other exemptions granted were **Act 58 (House Bill 95 by Representative Dewitt)** that gives a state tax exclusion similar to the local tax exclusion in current law for the free distribution of telephone directories by advertising companies not affiliated with a telephone company. Also excludes space furnished pursuant to a bailment arrangement from the definition of taxable "sales of services", and **Act 59 (House Bill 98 by Representative Alario)** which grants a franchise tax deduction to holding companies with 80%-held insurance company subsidiaries.

A constitutional amendment which failed in the House, **House Bill 24 by Representative Alario (House reconsideration)**, would even have increased the homestead exemption in accordance with increases in the Consumer Price Index.

FAMILY MEDICAL CONCERNS

There was a lot of concern expressed during the session concerning the availability of and the rising costs of medical care, especially for the aged. The testimony reflected a growing reluctance on the part of care givers to accept Medicaid and Medicare patients.

The "procurement and administration" of cancer-related and chemotherapy drugs is exempted from local sales tax by **Act 42 (Senate Bill 71 by Senator Bajoie)** when administered in a physician's office. **Act 37 (Senate Bill 57 by Senator Thomas)** exempts from local sales tax the sale of prescription drugs under LACHIP; the "administration" of other prescription drugs in a physician's office; and authorizes locals retroactive to July 1, 1999 to exempt the purchase of such drugs and/ or provide for an amnesty for taxes paid. **Act 72 (House Bill 225 by Representative Durand)** grants an annual income tax credit of up to \$5,000 for dentists who practice in under served areas for at least three years, limited to five years; and from sales tax dental devices administered to a patient in the dentist's office. In the same vein, **Act 70 (House Bill 205 by Representative Johns)** excludes from state and local tax purchases of items used in the collection and storage of blood by nonprofit blood banks and blood collection centers.

The individual income tax credit for child care expenses is revised by **Act 25 (House Bill 238 by Representative YL Jackson)**. The credit is 50% of the federal credit for individuals with adjusted gross income of \$25,000 or less; 30% between \$25,001 - \$35,000; and 10% if \$35,001 - \$60,000; the lesser of \$25 or 10% of the actual credit if greater than \$60,000. [Note: A Senate amendment extended the "suspension" of the \$25 individual education income tax credit for two fiscal years.]

Act 54 (House Bill 55 by Representative Fauchaux) authorizes an individual income tax credit of 10% of the premiums paid for IRC-defined long-term care insurance policies; however, the provision is effective only when a special fund is enacted to finance the credit.

SMALL ORGANIZATIONS, FARMS, LOCAL GOVERNMENTS

The legislature continued sponsor bills to provide relief for small businesses and local governments. **Act 32 (Senate Bill 42 by Senator Fontenot)** authorizes a refundable credit against income tax and corporate franchise tax for the purchase by a taxpayer of specialty apparel items from a "PIE contractor" which employs inmates to manufacture the apparel. **Act 67 (House Bill 158 by Representative Landrieu)** reduces the cost upon which state and local sales tax is paid to the lesser of printing costs or payments for distribution for independent newspapers with 75% or less advertising which are distributed free of charge.

Act 28 (Senate Bill 13 by Senator Dupre (Enrolled)) provides a method by which fire departments, fire districts, or fire companies who do not have ready access to diesel fuel can purchase dyed special fuel tax-free, but remit such taxes monthly. School boards, municipalities, and parishes are authorized to exempt farm equipment from local sales and use taxes by **Act 6 (House Bill 73 by Representative Farrar)**.

Act 27 (Senate Bill 11 by Senator Hines) exempts purchases of books, computers, software, films and tapes by non-profit literacy organizations from state and local sales tax.

TEMPORARY OR PERMANENT EXTENSIONS OF EXEMPTIONS

Many exemptions and exclusions have been granted by the legislature in the past on a two-year "temporary" basis. For some of those, the wait for permanent status is over. They are:

The sales tax exclusion for purchases of motor vehicles which are subsequently leased, made permanent by **Act 64, (House Bill 135 by Representative Montgomery)**.

Act 48 (House Bill 12 by Representative Hammett) makes permanent the law providing that, for purposes of a determination of the Occupational License Tax liability of utilities selling electricity or gas in more than one municipality, they shall be deemed to have a place of business in each such municipality and will pay the license tax to the municipality based on the gross receipts in the municipality.

The exemption for purchases of boiler fuel, made permanent by **Act 4 (House Bill 54 by Representative Daniel)**, but oddly, still subject to "suspension" by Act of the 2002 Regular Session.

Some two-year exemptions were merely extended another two years, to wit:

Act 49 (House Bill 26 by Representative Faucheux) extends the sales tax exemption for purchases of utilities by certain steelworks and blast furnaces with 125 full-time employees and classified as SIC 3312.

Act 2, (House Bill 40 by Representative Montgomery) extends the state and local sales tax exemption for trucks with a gross weight of 26,000 lbs. or more and contract carrier buses if used 80% or more in interstate commerce.

COLLECTION AND ENFORCEMENT

In the midst of passing exemptions, the legislature considered bills to strengthen collection and enforcement. **Senate Bill 32 by Senator Bill Jones (returned to House calendar)** is an attempt to require mail order and Internet vendors who have representatives in the state to collect state sales tax on sales made into Louisiana. The collection of amounts of exemptions granted under tax equalization, and manufacturing exemption, and enterprise zone contracts whose terms have been violated would be made easier by **Act 36, (Senate Bill 49 by Senator B Jones)**. A similar **Act 34, (Senate Bill 81 by Senator Fields)** specifically suspends the exemptions of a taxpayer who holds a tax incentive contract not issued under Article VII, Section 21 (F) of the constitution that does not pay or enter into agreement to pay and related charges under a final non-appealable judgment within 30 days of notice.

Act 65 (House Bill 141 by Representative Hammett) provides a specific allocation and apportionment formula for the revenue of television and radio businesses for income tax and corporation franchise purposes. The current formulas do not quite fit these businesses.

RED TAPE REMOVAL

Some bills were enacted for the purpose of making tax collection a little less onerous and a little more efficient. **Act 87 (House Bill 58 by Representative Hebert)** is a constitutional amendment to remove the requirement that people applying for the special assessment level for those 65 or older reapply annually. The companion bill is **Act 55 (House Bill 59 by Representative Hebert)**. Mobile homes ("manufactured homes") will be treated more like regular homes when it comes to local sales tax because **Act 56 (House Bill 82 by Representative Daniel)** phases-in a limitation on the local sales taxable price of a manufactured home for residential use similar to the limitation for state sales tax. The phase-in occurs over four years beginning in 2003, so that by January 1, 2006, the taxable price of a new manufactured home for residential use will be 46% of the total price and a subsequent resale of such property would not be taxable.

Likewise, Louisiana's gift tax was made more consistent with the federal gift tax in that **Act 15 (House Bill 148 by Representative Hammett)** makes the annual exclusion for Louisiana's gift tax the same as for the federal government's inflation adjusted amount, which is \$11,000 (up from \$10,000).

Act 62 (House Bill 130 by Representative Montgomery) eliminates the requirement that automobiles, truck, and aircraft be approved by the secretary of revenue before they are classified as "demonstrators" for sales tax purposes, and requires dealer inventory plates for the motor vehicles. And **Act 30 (Senate Bill 38 by Senator Ellington)** authorizes an "S Bank" shareholder to exclude from individual tax table income an amount equal to portion of the shareholder's S Bank income reported to the IRS which is attributable to the net earnings used to compute the S Bank's share tax.

SOCIAL SERVICES

Contact: Bobbie Hunter, (225) 342-9785

SOCIAL SERVICES

At Risk Youth. **House Resolution 30 by Representative Downer (Enrolled)** requests the secretaries of the departments of Health and Hospitals, Social Services, and Public Safety and Corrections Services to study methods by which community-based services can be provided to "at-risk" youth using existing private providers and others resources of the state. In Louisiana, we have a substantial number of juveniles an children with severe family and social problems. These children, deemed "at-risk" may incur psychological and psychiatric disorders, and may be in need of care and treatment by some of the departments of this state.

MEDICAID

House Concurrent Resolution 22 by Representative Morrell (House subject to call) would amend the Department of Health and Hospitals, office of the secretary, bureau of health services financing, rule in the medical assistance program on mental health rehabilitation program enrollment and certification criteria. In rules promulgated in July, 1998, an agency must have at least five active consumers at the time of any survey to be considered operational. Suspended agencies will not be allowed to admit new clients until a final decision when all appeal rights have been exhausted. If the provider falls below five clients while under appeal, the agency could be closed.

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STATE GOVERNMENT & ELECTIONS

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SENATE RULE

Senate Resolution 3 by Senator McPherson (pending Senate Floor) would have revised the Senate Rules of Order regarding committee reporting of a legislative instrument, returning an instrument to the calendar, and conference committee procedure regarding bills.

The rule would have prohibited a standing committee from reporting a legislative instrument if the member authoring the instrument, or the member handling the instrument if it originated in the House, or another member authorized by the author of a Senate instrument, or the member authorized to handle a House instrument requested that the instrument be deferred.

Further the rule would have provided that a legislative instrument shall be returned to the calendar, subject to call, upon motion by the member authoring the instrument, or the member handling the instrument if it originated in the House, or another member authorized by the author of a Senate instrument, or the member handling a House instrument. Additionally, the rule would have provided that a legislative instrument may be returned to the calendar, subject to call, upon motion by any other member, without objection. In either case, the instrument could have been called from the calendar by the member authorizing the instrument, or the member handling the instrument if it originated in the House, or on other member authorized by the author of a Senate instrument at any time the Senate is in that order.

The rule change would have also resulted in the following changes:

- (1) To be considered by the Senate, a conference committee report would require the signature of at least two Senate members of the committee.
- (2) Unless the committee held a public hearing, with due notice given and opportunity provided to interested persons to appear to testify for or against the bill, the report would be limited to resolving the differences between the two houses regarding the proposed amendments which were rejected by the house of origin and proposing technical amendments.
- (3) The form of a report could be objected to as not being confined to the matters described in (2) as a point of order before the Senate votes to adopt or reject the report. If the form of the report was determined to not be so confined, the Senate would be prohibited from taking a vote on the report. The form of the report could not be objected to after a Senate vote on the report is taken.
- (4) If the committee conducted a public hearing on the bill after due notice given and opportunity provided to interested person to appear to testify for or against the bill, the report could include any amendments germane to the bill as introduced. Prior notice of a public hearing

shall be given by any Senate member of the committee as provided in Senate Rule 13.73, to the extent applicable and practicable.

- (5) Upon motion of a member other than a member of the committee, who is joined by five other Senators, which motion is adopted without objection or upon a favorable vote of a majority of the members present and voting, a public hearing would be required. The motion would be in order at any time after the appointment of the Senate members of the committee are announced and before the Senate secretary gives notice of the receipt of the report.

Senate Concurrent Resolution 5 by Senator Irons (Enrolled) requests the Senate Committee on Senate and Governmental Affairs and the House Committee on House and Governmental Affairs to jointly study and make recommendations relative to prohibiting certain campaign practices relative to identifying and punishing candidates and political committees who engage in scurrilous and defamatory conduct during an election campaign. Requires a report to the legislature by 3/1/03.

TRANSPORTATION AND DEVELOPMENT

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GARVEE BONDS

The provisions of **Act 46 (Senate Bill 80 by Senator Holden)** enable the state to use a relatively new financing tool authorized by the federal government to finance state transportation projects "GARVEE Bonds" (Grant Anticipation Revenue Vehicles) are revenue bonds that can be issued by the state and then paid off by future federal highway funds that the state receives. The legislation limits the amount of principal and interest to be paid on the bonds to no more than 10% of the annual federal transportation funds the state receives. The proceeds from GARVEE bonds can only be used to finance state transportation projects that qualify for federal aid. The issuance of GARVEE bonds by the State Bond Commission requires the approval of the Joint Legislative Committee on the Budget. In addition, the bonds and projects to be funded by them must be approved by the Joint Committee on Transportation, Highways and Public Works.

MOTOR VEHICLE LICENSE TAX

House Bill 70 by Representative Diez (withdrawn from the files of the House) was a constitutional amendment that would have increased the motor vehicle license tax. Currently, the license tax paid on automobiles is one dollar per each \$1,000 of actual value, with a minimum of \$10. House Bill 70 would have increased the tax to five dollars per each \$1,000 of actual value over \$10,000. The legislation required that half of the funds be used for state roads that do not qualify for federal aid and also prohibited expending any of the proceeds on state police operations.

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UNITED STATES GOVERNMENT

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IMPORTED SHRIMP, PRAWNS, AND CRAWFISH

House Concurrent Resolution 8 by Representative Baudoin (Enrolled) memorializes Congress and seeks assistance from the Federal Trade Commission, the Food and Drug Administration, and the U.S. Department of Agriculture in addressing the potential human health risks associated with chloramphenicol residues found in crawfish, shrimp, and prawns imported from China in light of the events of September 11 and the continuing threat of agroterrorism.

Senate Concurrent Resolution 16 by Senator Dupre (Enrolled) memorializes Congress to impose a quota on imported shrimp.

House Concurrent Resolution 41 by Representative J D Smith (Enrolled) memorializes Congress to appropriate funds for the Cooperative Enforcement Initiative in the Gulf States.

FEDERAL AID TO FAMILIES

House Concurrent Resolution 57 by Representative R Alexander (Enrolled) memorializes the Louisiana Congressional Delegation to request the U.S. Department of Agriculture to authorize the inclusion of fresh fruits and vegetables to the foods provided to women and children participating in the Special Supplemental Nutrition Program of Women, Infants, and Children (WIC).

House Concurrent Resolution 65 by Representative Bruce (Enrolled) memorializes Congress and the U. S. Department of Agriculture to keep open the U.S. Department of Agricultural Research Service Honeybee Breeding, Genetics, and Physiology Laboratory in Baton Rouge.

Senate Concurrent Resolution 58 by Senator Lambert (Enrolled) memorializes Congress to hold a national referendum on a constitutional amendment to allow voluntary prayer in public schools.

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WILDLIFE & FISHERIES

Contact: Arthur E. McEnany, (225) 342-2414

FISH/FISHING

Senate Concurrent Resolution 13 by Senator Dupre (Enrolled) requests the commissioner of agriculture and forestry to require that all shrimp and crawfish meet FDA standards regarding the antibiotic chloramphenicol prior to sale in Louisiana.

HUNTERS/HUNTING

Senate Concurrent Resolution 31 by Senator McPherson (Enrolled) and House Concurrent Resolution 42 by Representative Townsend (House final passage) directs the Department of Wildlife and Fisheries to place the hunter certification and education program in the office of wildlife.

SEAFOOD

Senate Concurrent Resolution 16 by Senator Dupre (Enrolled) memorializes the United States Congress to impose a quota on certain imported seafood such as shrimp and to support the testing of all imported seafood products prior to being allowed to enter the country.

SHRIMP/SHRIMPING

Senate Resolution 36 by Senator Dupre (Enrolled) creates the South Central Louisiana Shrimp Fisherman's Legislative Advisory Committee composed of shrimp fisherman to advise the Legislature and the Wildlife and Fisheries Commission on matters pertaining to the shrimp industry.

TAX/TAXATION

House Bill 241 by Representative Downer (Enrolled) repeals the severance tax on saltwater shrimp taken in Louisiana waters and enacts an excise tax on shrimp taken in Louisiana as well as shrimp imported into Louisiana.