

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **SB 57** SLS 051ES 64  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Sub. Bill For.:  
 Proposed Amd.:

<b>Date:</b> November 7, 2005 8:43 PM	<b>Author:</b> ELLINGTON
<b>Dept./Agy.:</b> Revenue/LSU Center for Energy Studies	<b>Analyst:</b> Robert E. Hosse
<b>Subject:</b> Exempts state sales tax on natural gas used by paper mills	

TAX/SALES OR -\$5,150,000 GF RV See Note Page 1 of 1  
 Exempts all state sales tax on natural gas purchased by Louisiana pulp and paper mills.

Proposed legislation would exempt all state sales and use tax on natural gas purchased by Louisiana pulp and paper mills. Effective January 1, 2006.

<b>EXPENDITURES</b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	(\$5,150,000)	(\$8,400,000)	(\$8,000,000)	(\$7,200,000)	(\$1,800,000)	<b>(\$30,550,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>(\$5,150,000)</b>	<b>(\$8,400,000)</b>	<b>(\$8,000,000)</b>	<b>(\$7,200,000)</b>	<b>(\$1,800,000)</b>	<b>(\$30,550,000)</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Proposed legislation is estimated to result in a State General Fund revenue decrease of approximately \$5.15 million in FY06 which reflects the exclusion for one-half year. Revenue impacts in subsequent years are displayed in the table above.

The above estimate is based on LSU Center for Energy Studies analysis of industrial natural gas use prepared during the 2005 Regular Session, as well as Revenue Estimating Conference estimates for natural gas prices for FY06 (\$10/mcf) and FY07 (\$8/mcf), and DNR estimates of natural gas prices for FY08 (\$7.53/mcf), FY09 (\$6.75/mcf), and FY10 (\$6.40/mcf). Sales tax payments of the paper and allied products industry, at 3.8%, were estimated through FY09. A 1% tax rate (current law) is used to estimate revenue impact in FY10.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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