



HOUSE NOTES

The Latest News from the State Capitol
Louisiana House of Representatives
2nd Special Session Wrap-Up
March 14, 2008

Mirroring the first special session, the business of the 2008 2nd Extraordinary Session was completed earlier than the time allotted in the governor's call.

This session saw fewer bills filed and considered. The House introduced 47 bills and the Senate, 20.

This session focused on utilizing the state's \$1.1 billion surplus for various projects and programs, including much needed road and bridge repair, coastal restoration and protection, reducing the liability of state retirement systems and affording tax breaks to both business and citizens.

BUSINESS UTILITY TAXES

* [Senate Bill 7](#) /[House Bill 1](#) accelerates the rate at which the state sales and use tax on business utilities is phased out.

The sales and use tax on electricity and natural gas will be reduced from 3.3% to 2.3% after July 1, 2008 until June 30, 2009. After that time there will be no state sales and use tax on these items. The rate for steam and water is reduced from 3.8% to 2.8% beginning July 1, 2008 until June 30, 2009. The sales and use tax will be eliminated on these items as well after that date. The bill further eliminates the state sales and use tax on all purchases of fuels

* [Senate Bill 11](#) (**House Bill 4**) dedicates taxes on the sale, use, lease or rental, distribution, consumption, and

and gas, including butane and propane.

The bill also affords a tax break to certain media outlets.

The bills await gubernatorial consideration.

MANUFACTURERS AND CORPORATE TAX PHASE-OUTS

* [Senate Bill 10](#) (**House Bill 3**) accelerates by one year the phase-out of the corporate franchise tax on "borrowed capital." By January 1, 2011, tax on borrowed capital will be completely eliminated.

The bill has been sent to the governor for consideration.

* [Senate Bill 12](#) (**House Bill 2**) accelerates the phase-out of state sales taxes on manufacturing machinery and equipment by one year, making the purchase or lease of such machinery and equipment beginning July 1, 2009 and thereafter, tax free. The manufacturer's exemption certificate granted by the Department of Revenue shall serve as a substitute for the sales tax exemption for certain farm equipment including rubber tired farm tractors, cane harvesters, cane loaders, cotton pickers, combines, haybalers, attachments and sprayers, clippers, cultivators, discs, plows, and spreaders.

REVENUE DEDICATION TO TRANSPORTATION FUNDING

storage of motor vehicles to the Transportation Trust Fund (TTF) beginning July 1, 2008. Ten percent of the collections

will be deposited in the first year, increasing to 100 percent by Fiscal year 2014-2105. Thirty percent of the money deposited in the TTF will be dedicated to capacity and/or safety projects. These projects add additional travel lanes to existing highways, construct new four-lane facilities, add new interchanges to existing highways, or add control-of-access facilities to existing highways. Seven percent of the money will go to port priority projects and seven percent to the Transportation Mobility Fund.

Fifty-six percent of the total deposited in the TTF for priority projects and for any project which the Department of Transportation and Development (DOTD) determines is critical to public safety, even if it is not a priority project.

The first year dedication is estimated at more than \$40 million .

The bill has been sent to the governor for consideration.

TUITION TAX DEDUCTION

* [Senate Bill 5](#) (**House Bill 7**) provides a state income tax deduction on personal income taxes for certain elementary and secondary education expenses including private school tuition and expenses, home-schooling expenses, and public school expenses such as uniforms, textbooks, supplies, and instructional materials.

The authorized deduction is limited to 50 percent of tuition or expenses, up to \$5,000 per child.

The bill has completed the legislative process and awaits gubernatorial action.

SURPLUS SPENDING

* [House Concurrent Resolution 1](#) directs the commissioner of administration to change the expenditure limit for Fiscal Year 2007-2008, raising the limit in order to spend the state's surplus.

* [House Bill 46](#) distributes the \$1.1 billion surplus among various programs and

projects including the following:

- ✓ \$75 Million for major repairs for colleges and universities
- ✓ \$57 Million for Cyber Innovation Center in Shreveport
- ✓ \$500 Million for roads, bridges, and ports
- ✓ \$300 Million for coastal restoration (**see House Bill 6**)
- ✓ \$50 Million for Pennington Biomedical Research Center
- ✓ \$60 Million to accelerate payoff of the unfunded accrued liability of state retirement systems

COASTAL RESTORATION FUNDING

* [House Bill 6](#) authorizes and directs the state treasurer to deposit \$300 million into the Coastal Protection and Restoration Fund, These monies will be transferred from the state general fund for FY 2007-2008, to be comprised wholly of nonrecurring revenues out of the state general fund for FY 2006-2007, as recognized by the Revenue Estimating Conference.

The bill becomes effective upon the governor's signature.

House Bill 6 has completed the legislative process.

