LOUISIANA DEPARTMENT OF REVENUE

defined

04/05 ANNUAL REPORT

LDR

Louisiana Department of Revenue

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MESSAGE FROM THE GOVERNOR

To the Citizens of Louisiana

As Governor of our great State of Louisiana, I am proud to present the Louisiana Department of Revenue's 2004-2005 Annual Report. During the past fiscal year, the Department of Revenue has not only proved its resilience during a time of many changes, but has also achieved many important accomplishments. This report documents those accomplishments.

The Department of Revenue helps provide the necessary resources needed for services and improvements in our state. In FY 04-05, the Department implemented organizational changes that not only provided better and faster assistance to taxpayers, but also increased collections for some taxes.

I think you will be impressed with the progress documented in this Annual Report. I want to personally thank and congratulate employees of the Department of Revenue for their contributions to the state's growth and improvements. I take pride in their achievements and sense that you, as citizens who care about our wonderful state, will share that pride.

Kathleen Babineaux Blanco
Governor

MESSAGE FROM THE SECRETARY

The Honorable Kathleen Babineaux Blanco,
Governor of Louisiana and Members of the Louisiana Legislature

It is my pleasure to present our 2004-05 Annual Report. This has been a year of accomplishment and progress for our agency. I wish to share with you some information about the core functions of this department, and our performance as well as the taxes we administer.

Louisiana is doing great things and Revenue is happy to do its part.

Cynthia J. Bridges

MISSION *statement*

"To administer applicable laws and collect revenues to fund state services and programs."

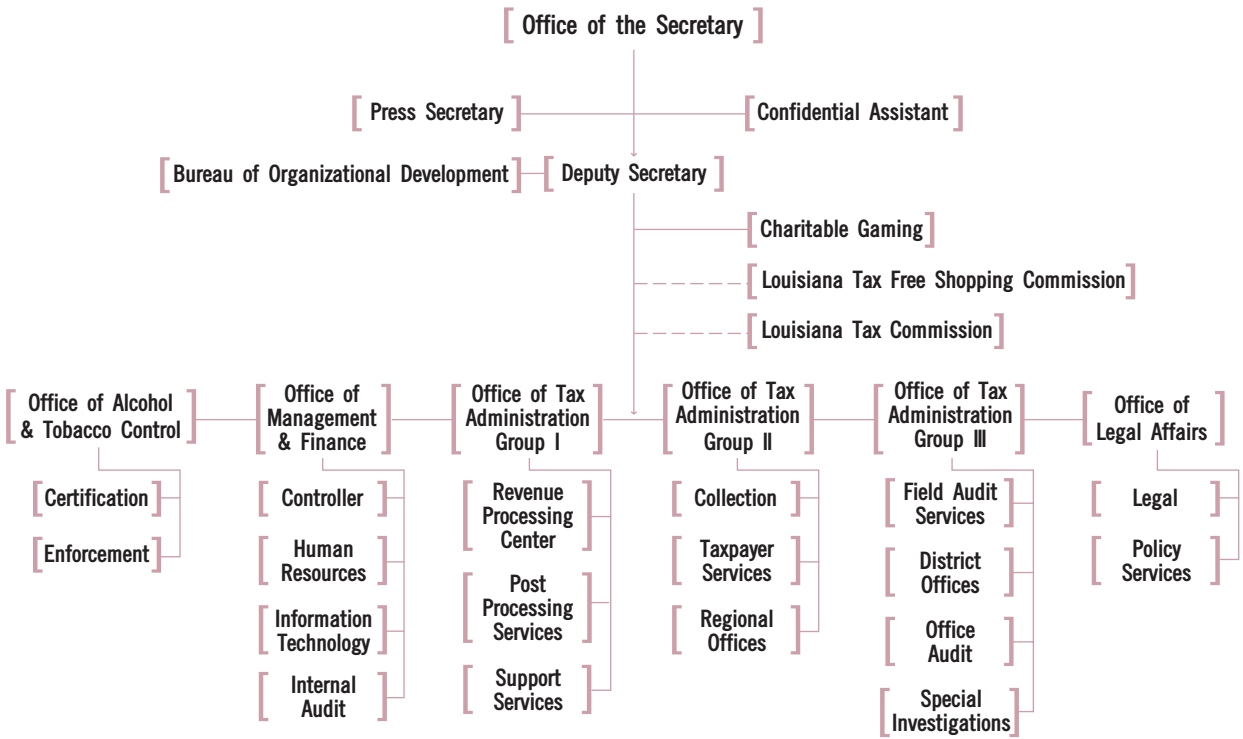
Values

- Unity - One team working together to accomplish common goals.
- Communication - An environment that encourages an ongoing creative exchange of ideas between employees and management.
- Responsiveness - A focus on identifying and satisfying internal and external customer needs.
- Professionalism - A reputation with internal and external customers of fairness, courtesy, and reliability.
- Integrity - An ethical standard of honesty and consistency.
- Trust - A mutual respect and a shared confidence between managers and all fellow employees.

vision state•ment

"To be recognized as a leader in customer service through a unified effort of dedicated employees and continuous improvement."

ORGANIZATIONAL CHART



ACCOMPLISHMENT, RECOGNITION, & CONTRIBUTION

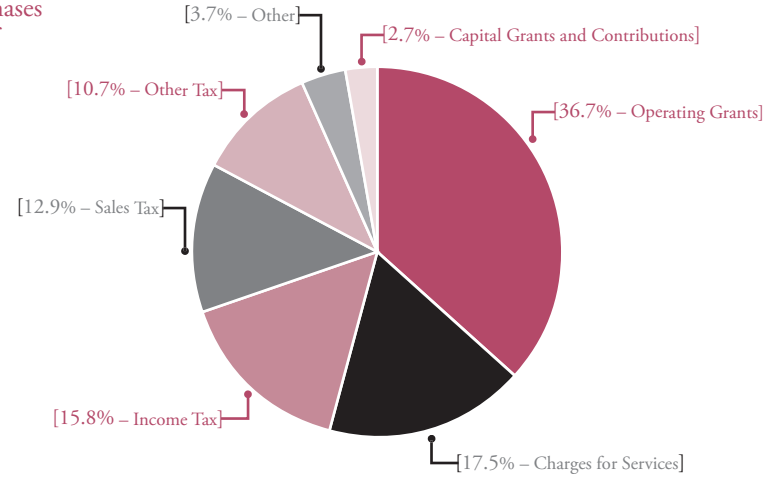
ac·com·plish·ment rec·og·ni·tion con·tri·bu·tion

This has been a very good year for us. We have committed ourselves to doing the very best that we can for the people of Louisiana. This is born of our understanding that what we do contributes greatly to the critical services that the people of our state depend upon. This year, our collections accounted for 39% of the state's budget.

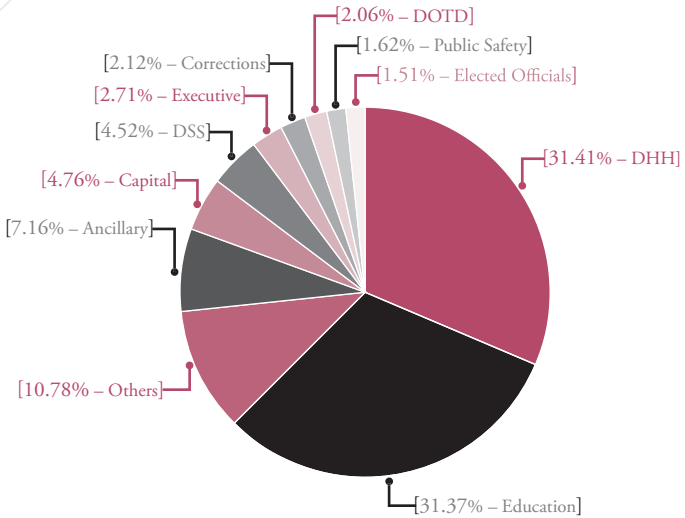
The State's net assets increased by $1.2 billion from prior year, reflecting a $1.1 billion increase in total governmental activity revenue. Approximately 37% of the total revenue came from operating grants and contributions, 18% from charges for goods and services, and 39% from taxes. Income taxes have increased by $573 million, in part because of an increase in corporate income taxes reflecting the strength of the Louisiana economy from tourism and mineral exploration, and in part due to passage of the Stelly Plan, which raised state personal income tax for many by compressing the taxable income brackets. Sales tax collections have increased by $28 million from the prior year because of an increase in construction in the State, as well as an increase in purchases of consumable goods. In 2005, governmental activities expenses exceeded program revenues, requiring the use of approximately $7.2 billion in general revenues to support governmental programs.

The following chart depicts the governmental activities' revenues by source for the fiscal year:

State Government Revenue Sources FY 04-05	
36.7%	Operating Grants
17.5%	Charges for Services
15.8%	Income Tax
12.9%	Sales Tax
10.7%	Other Tax
3.7%	Other
2.7%	Capital Grants and Contributions



To demonstrate the impact of our work, here is how those monies were spent:



This contribution drives us to find new ways of doing business that will enable us to fulfill our mission in a more efficient and effective manner each year. The DELTA Project is a significant example of that effort.

As we looked at our thirty year old tax management system, it was feared that the entire operation could literally collapse. Those in the leadership of the department knew that we needed to act with precision, celerity, and a willingness to take risks. Yet, we also saw an opportunity to embark upon a project that would not only allow us to reach a new level of excellence in our work, but would also change the culture and spirit of our business.

So necessity and vision gave birth to the DELTA Project. DELTA, which stands for Defining Excellence in Louisiana Tax Administration, was a multi-year effort to completely overhaul the Louisiana Department of Revenue (LDR). We embarked upon this three and a half year project that would bring Louisiana to the forefront of tax administration. We are proud to say that the project was completed on time and within budget. This success caught the attention of several other states who have visited to learn from our experience and duplicate our success. Next, the team at Microsoft invited our team to give a presentation to a select group of technology professionals at an invitation only summit. State Tech magazine thought that our work was so impressive that we were featured as the cover story in the winter of 2005. Finally, the Federation of Tax Administrators recognized the project with its excellence award in the area of technology. In the end DELTA represents the very best of our agency and the level of excellence that the people of Louisiana deserve.

NATIONAL LIQUOR LAW ENFORCEMENT ASSOCIATION

The Louisiana Office of Alcohol & Tobacco Control gained national recognition from the National Liquor Law Enforcement Association (NLLEA). NLLEA announced at its annual training conference, the recognition of the Louisiana Office of Alcohol & Tobacco Control as the 2005 Liquor Law Enforcement Agency of the Year.

Commissioner Murphy J. Painter received the award on behalf of the agency during a National Conference of State Liquor Administrators meeting. NLLEA annually chooses an agency for the award based on the following criteria; Agency Effectiveness, Innovative Programs, and Community & Media Recognition and Training.

In 2005, the Louisiana ATC personnel were cited for having over a ninety (90) percent compliance rate, in addition to executing a one-of-a kind brand integrity and adulterated beverage program.

Compliance is achieved through a balanced policy of Training and Enforcement based on Louisiana's unique Responsible Vendor Program and an unparalleled Compliance Checks Program on the enforcement side. Louisiana has maintained under 10% non-compliance rates for youth access to alcohol & tobacco products since 2000. That's over 90% compliance by the 13,500 retail accounts in Louisiana and is arguably the best in the United States.

In addition, the continued support from the Louisiana Legislature, as well as all of the segments of the industries that have brought this concept and its programs to this level of success cannot be underestimated. The results speak for themselves.

tax Collection

TAX COLLECTION PROGRAM

Taxpayer Assistance & Education
Processing
Compliance/Enforcement
Support

tax col•lec•tion pro•gram

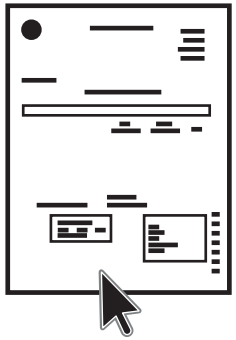
Tax Collection Program

Taxpayer education/assistance

Our priority is to help taxpayers understand the process of tax compliance. LDR professionals are happy to answer phone calls, written correspondence, and receive customers at any of our offices. We are committed to training, community outreach, and investing in the newest technology.

Registration

LDR processes hundreds of new business registrations annually.



95%

of all tax revenue comes in through voluntary compliance with tax laws. Most taxpayers want to do the right thing.

Routinely, LDR audits taxpayers to ensure that they are complying with tax laws. One important goal of tax audits is to educate taxpayers so they understand the laws and can avoid future penalty and interest payments.

Filing a return and remitting tax

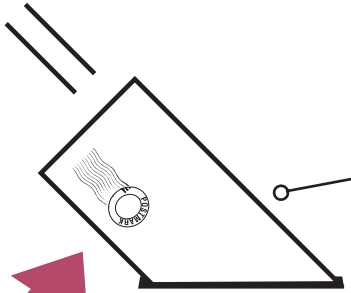
LDR has continued to find ways to make our paper returns simple and easy to fill out. In addition, we continue to expand our self-help options for filing returns and making payments.

Everything correct?

Distribution of Funds

LDR's tax collection program provides revenue for many of those programs that are critical to the quality of life of the citizens of Louisiana. Our efficient collection of these resources makes the revenues more readily available for other state agencies, cities, parishes, and school districts.

Late?
Underpaid?
Mistakes?
No payment?



Bill Issued

Tax returns that are delinquent, late, or contain errors are referred for follow-up. Frequently a simple phone call can fix a problem quickly, before penalty and interest costs pile up.

Taxpayer Assistance & Education

TAXPAYER ASSISTANCE & EDUCATION

taxpayer assistance and education

tax•pay•er as•sis•tance & ed•u•ca•tion

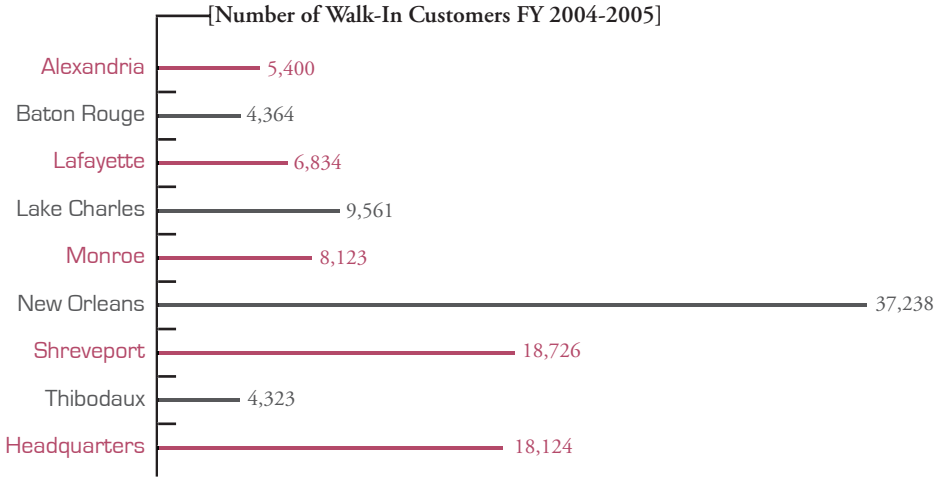
This function encompasses educating citizens, businesses, and tax preparers about state tax reporting and payment responsibilities, and providing tax assistance and information. Activities include assisting walk-in taxpayers; responding to telephone inquiries and correspondence; developing and issuing policy statements; producing brochures and publications; conducting and/or participating in seminars and workshops.

TAXPAYER ASSISTANCE & EDUCATION

taxpayer assistance and education

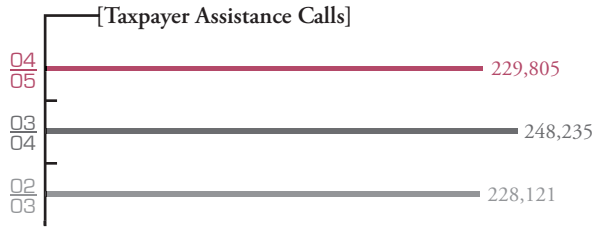
Voluntary compliance is the goal of any taxing authority. We would like for all of our customers to meet their filing and payment responsibilities in a timely manner. We are proud of our 95% voluntary compliance rate. Our staff recognizes that this success rate will continue to grow only if we are willing to educate our customers and give them the tools to be in compliance.

For us, customer service is important. We have devoted resources to assisting taxpayers who prefer to resolve issues face to face.



Many of our customers call us. Faced with a high volume of inquiries, it was critical to improve our system for managing calls. As a result, we launched our Contact Center in early 2005. Hiring managers experienced in call center operations and committing to a rigorous training regimen for staff were priorities as we established this critical business unit.

Yes, we are committed to improving our performance but the success of 2004-05 gives us a great deal of optimism for the future.



While we are all Louisianans, the beauty of our state is that each region has its own flavor, charm, and set of challenges. It is important to us that our customers have places in or near their area to seek assistance. We are pleased to have regional offices in Alexandria, Baton Rouge, Lafayette, Lake Charles, Monroe, New Orleans, Shreveport, and Thibodaux. While these offices serve an audit and collection function, the heart of what they do is assist taxpayers at the local level. Their contributions are tremendous.

Super Tax Day at the Superdome

The LDR and IRS worked together to sponsor Super Tax Day at the Superdome.

Under the leadership of Earl Millet, the New Orleans Regional Director, LDR helped to recruit volunteers and community partners to sponsor a day where low to moderate income individuals and the elderly could come to the Superdome and file their taxes…free of charge.

Due to the work of the sponsoring organizations and an aggressive media campaign, over 1,000 taxpayers arrived at the Superdome to file their taxes during the course of the day.
We anticipate that this program will continue to grow!

Louisiana Superdome · SMG Private Management for Public Facilities · TCL · ASI Federal Credit Union A Solid Investment in your future · Hispanic Apostolate Archdiocese of New Orleans · Vietnamese Initiatives VIET in Economic Training · JOB1 A Partnership for a Stronger New Orleans Workforce · AARP Tax-Aide Program · Department of Social Services With You. For You. Building a Stronger Louisiana.

An important part of our mission is taxpayer education. Working closely with headquarters staff, our regional directors have demonstrated tremendous leadership in developing and delivering programs for our taxpayers. Throughout the state, we have developed strategic partnerships with businesses and local governments that have yielded informative and effective training programs. An outstanding example of this partnership has been our work with the Louisiana Society of CPAs. Realizing that the Society had developed a popular and far-reaching continuing education program known as the Brown-Bag Series, LDR offered a Sales and Use Tax seminar statewide for the members of the organization. Though we have only been part of this project for two years, its success is reflected by the high ratings received from attendees in the chart below.

Topic (program averages)	Knowledge	Presentation	Materials	Overall Rate	Meeting Room	Food	Evals/Capacity
Sales and Use Tax	N/A	4.16	4.25	4.22	4.07	3.93	192

CPA
Established 1911
Society of Louisiana Certified Public Accountants

Processing Services

PROCESSING SERVICES

processing services

proc•ess•ing

This function involves processing the millions of documents and remittances needed for revenue forecasting, policy considerations by the Governor and Legislature, issuance of refunds, rebates and other tax incentives, and collection of revenue to fund state services. Sophisticated mail-opening machines, high speed character recognition and imaging technologies are used in this process.

4
5
6
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13

SO, HOW DOES THE LDR PROCESS ALL THOSE RETURNS?

Welcome to RPC! – LDR's Revenue Processing Center

In today's world of desktop computers, electronic filing is the most efficient method of processing tax returns. However, filing a paper return remains an option for taxpayers. The LDR Revenue Processing Center processes MILLIONS of taxpayer returns and payments each year, utilizing advanced technologies to ensure efficiency.

There are 6 major steps in the process of getting a paper return in an envelope to the taxpayer's account:

1. *Receive mail from the United States Postal Service or other carriers*
2. *Sorting the envelopes by tax type or remittance*
3. *Opening each envelope and assembling the contents, then distributing the opened mail to the appropriate work group for processing*
4. *Preparing the returns for processing*
5. *Using high-speed scanners with Optical Character Recognition (OCR), the data from the returns is read into our computer system. Additionally, a computerized image of the return is saved so that when the return is needed again, the paper does not have to be located.*
6. *The data processed is validated and balanced, and is then posted to the taxpayer's account*

1 one

4 four

2 two

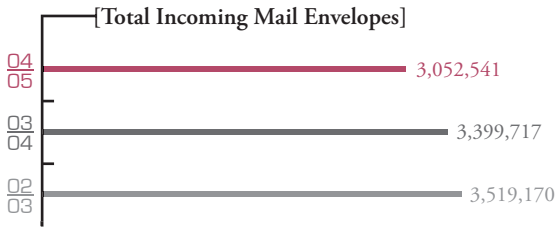
3 three

five 5

6 Six

Processing

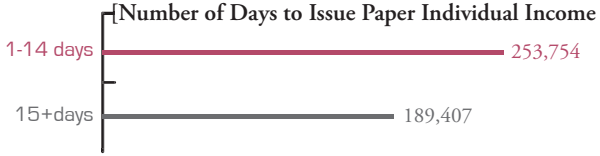
Through the years we have seen continuous improvement in the area of processing. Like phone calls in the Contact Center, the Revenue Processing Center faces the challenge of handling customer correspondence when it arrives. The data below represents the number of pieces of mail opened this year as well as the average time required to process it.



Processing Services

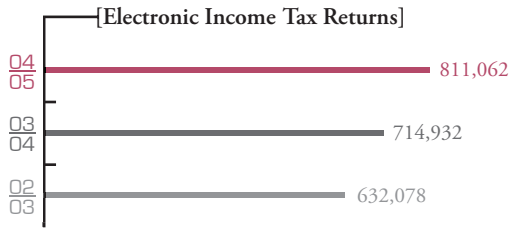
Often, the mail that is received is in the form of a filed return. Everyone who files certainly wants a rapid response. The chart illustrates that our processing generated 57% of refunds within 14 days of receipt.

[Number of Days to Issue Paper Individual Income Tax Refunds • Fiscal Year 2004-05]

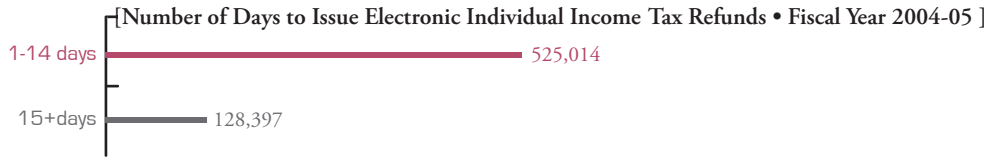


Processing Services

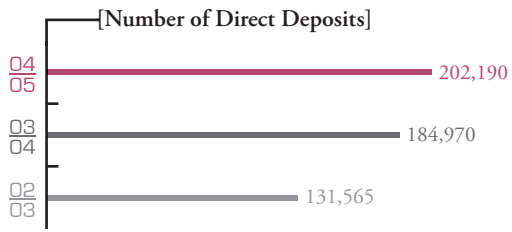
Of course, filing electronically remains the fastest, most accurate, and most convenient way to file! That being said, it should come as no surprise that the number of taxpayers taking advantage of electronic filing options has grown steadily.

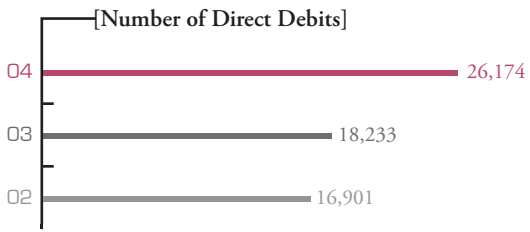


This number has grown with good reason; filing electronically is simply a faster process and provides 24/7 access. The chart below illustrates that 80% of the refunds were issued within 14 days of filing.

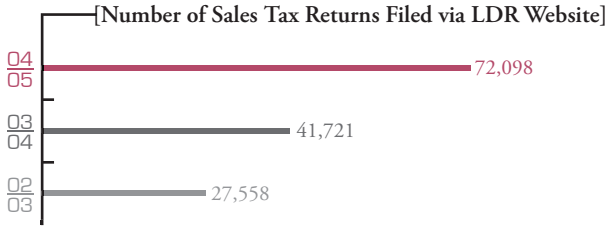


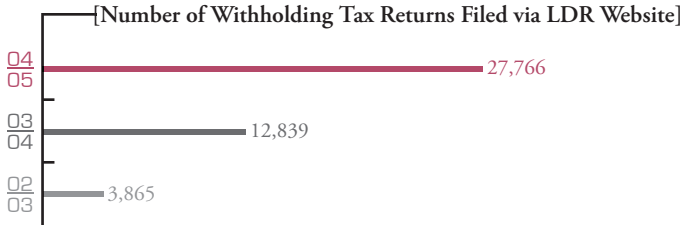
Electronic Income Tax Refunds and Payments





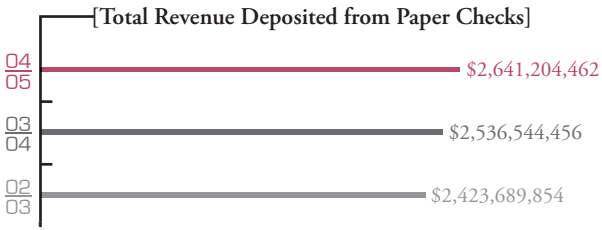
Processing Services

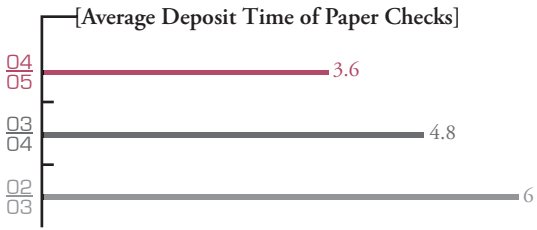




Processing Services

An important aspect of the work done by Revenue Processing Center is making bank deposits. This represents another area of improvement for our team.





Processing Services

ELECTRONIC FUNDS TRANSFER (EFT)
for FY 04-05

Act 172 of the 1992 Regular Session of the Louisiana Legislature (Revised Statute 47:1519) authorizes the Louisiana Department of Revenue to require electronic payments from taxpayers whose individual payments exceed $20,000. Act 112 of the 2003 Regular Legislative Session amended R.S. 47:1519 to reduce the $20,000 average payment amount. Starting with any taxable filing period that begins January 1, 2004 through December 31, 2005, the average payment threshold is reduced to $15,000. For filing periods that begin January 1, 2006 through December 31, 2007, the average payment threshold is reduced again to $10,000. And finally, for filing periods that begin on or after January 1, 2008, the average payment threshold is reduced to $5,000.

The Electronic Funds Transfer (EFT) payment is a requirement under any of the following circumstances:

a) The tax due in connection with the filing of any return, report or other document exceeds the mandatory EFT threshold amount for the taxable period.

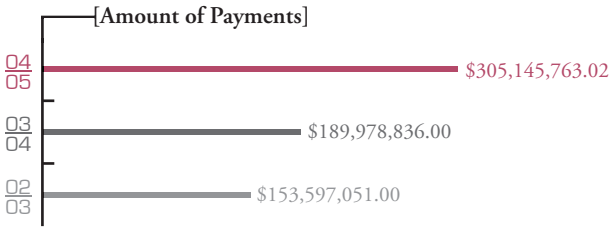
b) A taxpayer files tax returns more frequently than monthly, and during the preceding 12-month period, the average total payment exceeds the mandatory EFT threshold amount.

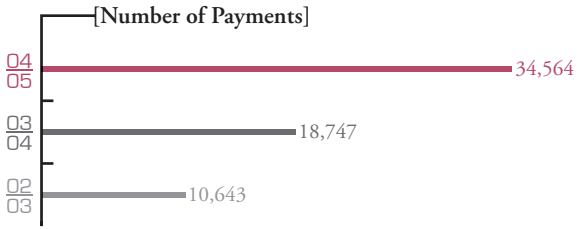
c) A company files withholding tax returns and payments on behalf of other taxpayers during the preceding 12-month period, the average total payments for all tax returns filed exceed the mandatory EFT threshold amount(s) for the taxable period.

Tax	Number of Filers	Number of EFT Filers	Percentage of EFT Filers to Filers
Alcoholic Beverage Tax	161	107	66%
Beer Tax	58	38	66%
Gasoline Tax	287	125	44%
Hazardous Waste Tax	301	14	5%
Inspection and Supervision Fee	1,629	39	2%
Sales Tax	204,662	3,856	2%
Special Fuels Tax	14,396	113	1%
Tobacco Tax	173	10	6%
Transportation & Comm. Utilities Tax	487	11	2%
Automobile Rental Tax	249	41	16%
Withholding Tax	110,415	20,985	19%
Severance Tax	1,910	327	17%
Corporation Income & Franchise Taxes	182,616	4,535	2%

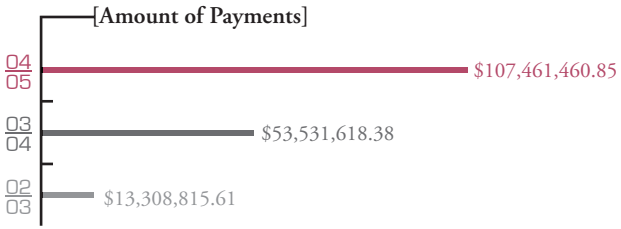
Tax (In Millions)	EFT Deposits	Manual Deposits	Total Deposits	Ratio of EFT Deposits to Total Deposits
Sales Tax	$ 1,741	$ 704	$ 2,445	71%
Withholding Tax	1,446	500	1,946	74%
Corporation Income and Franchise Tax	536	370	906	59%
Gasoline Tax	457	12	469	97%
Severance Tax	634	48	682	93%
Other Taxes	249	215	464	54%
Totals	**$ 5,063**	**$ 1,849**	**$ 6,912**	**73%**

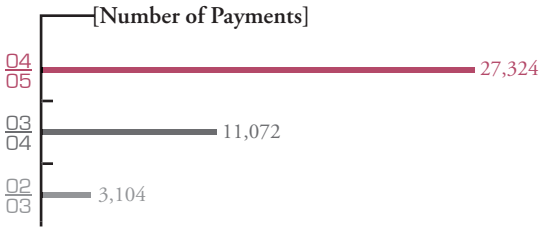
Sales Tax Payments Submitted via LDR Website





Withholding Tax Payments Submitted via LDR Website





Compliance / Enforcement

COMPLIANCE / ENFORCEMENT

compliance / enforcement

com•pli•ance & en•force•ment

This function includes the discovery and generation of revenues that would otherwise go unreported and uncollected by conducting civil and criminal tax audits, the pursuit of delinquent debts, and litigation.

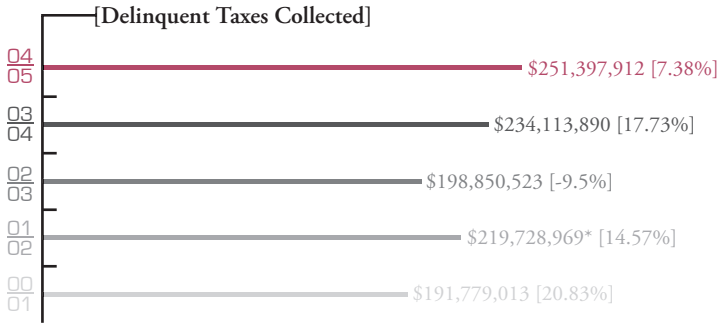
Delinquent taxes are any taxes not filed and paid by the statutory due date.

95% of our customers meet their responsibilities to the State of Louisiana. Unfortunately, there are those who choose to avoid their obligations. The Department makes every effort to work with those who are having legitimate difficulties in making payments but we are always prepared to aggressively pursue those who refuse to work with us.

Our delinquent collections have continued to improve. Each year we see significant progress in our effort to eradicate the outstanding liabilities owed by individuals and businesses. The graphic below shows the result of our efforts.

Delinquent Tax Collection	FY 2000-01	FY 2001-02*	FY 2002-03	FY 2003-04	FY 2004-05
Collection Division	$ 121,932,355	$ 149,699,755	$ 132,168,450	$ 166,975,571	$ 194,176,523
Contracted Collection Agencies	1,062,169	348,957	534,846	1,659,567	918,597
Regional Offices					
Alexandria	4,356,334	4,023,888	2,618,461	2,765,793	2,325,205
Baton Rouge	11,602,689	10,856,008	7,162,394	5,063,153	4,931,823
Lafayette	7,478,289	6,484,573	4,403,315	3,927,867	2,558,444
Lake Charles	4,938,114	3,950,440	2,817,096	3,470,365	5,259,672
Monroe	4,706,789	5,465,560	3,124,946	2,950,567	2,811,291
New Orleans	24,357,221	26,964,107	27,578,671	32,691,157	28,921,674
Shreveport	4,613,704	5,490,132	4,513,795	4,500,097	4,256,629
Thibodaux	6,731,349	6,445,549	13,928,549	10,109,753	5,238,054
Subtotal for Regions	68,784,489	69,680,257	66,147,227	65,478,752	56,302,792
Total	**$ 191,779,013**	**$ 219,728,969**	**$ 198,850,523**	**$ 234,113,890**	**$ 251,397,912**

* Increase due to Tax Amnesty Program.



* This reflects the Tax Amnesty Program offered in FY 2001-02.
(The numbers in brackets represent percent change.)

The legislature has provided us with a number of tools to aid in the collection process. Unfortunately, some of our customers simply refuse to pay their liabilities and it requires that we use innovative methods to get the money due to Louisiana.

The Department of Revenue participates in the federal offset program, whereby the Internal Revenue Service will garnish a federal individual income tax refund in order to satisfy a State tax claim.

As we continue to educate our taxpayers, the collection task will become easier. It is our belief that when people understand their obligations, then they will do what is expected of them.

OFFERS OF COMPROMISE
for FY 04-05

Louisiana Revised Statute 47:1578, as amended by Act 1383 of the 1997 Regular Session of the Louisiana Legislature, authorizes the Secretary of Revenue, under certain conditions, to compromise a judgment for taxes and cancel or release a lien, privilege, mortgage, or other encumbrance.

Under this authority, the Secretary can accept less than full payment as a final settlement for a state tax liability. The statutory conditions for such a settlement are "serious doubt" as to collectibility of the tax due or the taxpayer's liability for the tax, and a higher collection cost than the outstanding liability. The judgment for taxes compromised must be $500,000 or less, excluding interest and penalty.

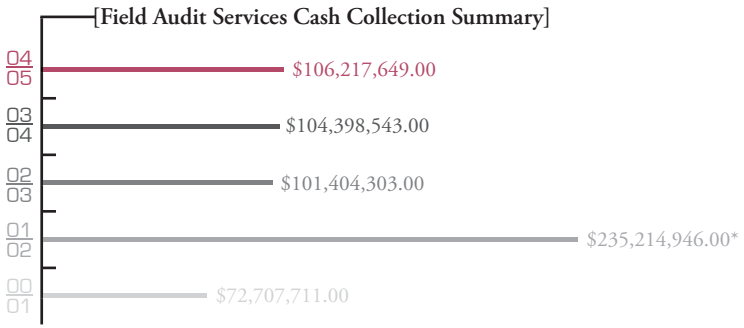
Name	Type of Tax	Total Tax, Interest, Penalties & Fees	Amount Abated/ Compromised	Amount Paid in Compromise
Baker, Thomas A. & Ellen M.	Individual Income	$ 4,654.16	$ 2,599.16	$ 2,055.00
Clark, Harry & Wrethia	Withholding	49,010.20	32,572.95	16,437.25
Collins, Charles & Shirley	Individual Income	14,343.82	220.47	14,123.35
Duke, Donald Sr.	Individual Income	7,636.99	5,136.99	2,500.00
Gaither, Alfred & Mary	Sales & Withholding	34,168.45	17,550.50	16,617.95
Givens, Kenneth L. (Deceased) & JoAnn	Individual Income	3,075.32	2,675.32	400.00
Harmonson, John L.	Individual Income	27,195.83	12,577.83	14,618.00
Kirchem, Dorothy F.	Individual Income	19,055.60	8,570.60	10,485.00
McArthur, Robert L. & Judith L.	Individual Income	6,535.67	3,905.67	2,630.00
Recile, Barbara	Individual Income	16,158.20	12,456.20	3,702.00
Schutte, David M.	Individual Income	22,169.40	7,075.40	15,094.00
Segura, Tami E.	Individual Income	4,057.21	1,415.21	2,642.00
Self, Brenda	Individual Income	6,694.34	3,959.34	2,735.00
Triche, Daniel	Individual Income	2,437.43	1,370.60	1,066.83
Walker, Berner Leon	Individual Income	$ 3,598.19	$ 2,281.19	$ 1,317.00

FIELD AUDIT SERVICES

Cash Collection Summary for FY 04-05

Another aspect of our effort has been our Field Audit Program. As the economy has grown more complex, individuals and businesses are engaging in transactions consistent with that complexity. LDR has played an important role in economic development and we are excited about the activity in the economy in 2005. We do however need to spend time with some of our customers, making certain that they have not remitted too little or even too much tax. To that end, our auditors have done an excellent job on behalf of the people of this State.

Fiscal Year	Amount Collected	% Change
2004-05	**$ 106,217,649.00**	**1.74**
2003-04	$ 104,398,543.00	2.95
2002-03	$ 101,404,303.00	-56.89
2001-02	$ 235,214,946.00*	223.51
2000-01	$ 72,707,711.00	-24.51



* $126,904,967.00 of this figure was the result of the 2001 Tax Amnesty Program.

FIELD AUDIT SERVICES

Cash Collection Summary for FY 04-05

Audit Collections by Tax	Collections
Corporation Franchise Tax	$ 51,627,144
Corporation Income Tax	$ 19,975,848
Sales Tax	$ 32,159,977
Severance Tax	$ 1,745,947
Withholding Tax	$ 21,388
Other	$ 688,345
Total	**$ 106,217,649**

In State Audit Activity	Collections
Alexandria	$ 2,156,180
Baton Rouge	$ 5,935,710
Lafayette	$ 5,887,866
Lake Charles	$ 2,263,388
Monroe	$ 2,922,749
New Orleans	$ 5,242,107
Shreveport	$ 5,416,261
Thibodaux	$ 2,146,340
Other	$ 415,001
Total	**$ 32,352,602**

Out-of-State Activity	Collections
Dallas	$ 26,504,203
Houston	$ 25,404,142
Other Out-of-State Locations	$ 21,956,545
Total	**$ 73,864,890**

DISCOVERY
for FY 04-05

The Discovery Program was established to develop methods for minimizing the tax gap resulting from non-filers, under reporters, and fraud for all taxes administered by the department. This is accomplished through computerized applications utilizing third party data to assist in analyzing taxpayer information. The Discovery Unit plans to coordinate joint discovery projects with other Taxing Authorities (IRS, SEATA, FTA, etc.) and the other office and field audit programs.

Assessments	Collections	Refunds/Rebates Processed	Total Amount of Deductions/Denials
$6,019,520	$1,972,147	4,581	$10,672,362

This is primarily the result of the automation of IRS RARs and utilization of data from the IRS CP2000 programs as well as reviews of refund and rebate claims.

Another business unit that has been a critical part of this effort has been the Legal Division. Unfortunately, some taxpayers leave us with no recourse, but to turn to the legal system for a resolution of state tax matters. Our goal is to resolve issues in the most expedient and cost effective manner. Our Legal Division has continued to make progress in resolving cases and making certain that the people of Louisiana receive the tax dollars that are due to them. The chart below reflects the number of cases resolved by this Division.

Types of Cases	Number of Cases Resolved	Amount in Dispute	Amount Recovered/ Retained by LDR	% Recovered/ Retained by LDR	Amount Refunded to/ Retained by Taxpayer
Bankruptcy	202	$ 25,806,205.35	$ 15,512,550.47	60.11	$ 2,101,238.26
BTA Appeal of an Assessment	122	37,026,049.51	11,392,696.83	30.77	3,837,369.12
BTA Appeal of a Refund	165	186,943,995.13	57,396,410.30	30.70	9,361,970.31
Civil Service	0	0.00	0.00	0.00	0.00
Cease and Desist	16	255,161.99	211,343.92	82.83	9,179.35
LDR is the Defendant	35	41,406,666.30	22,934,040.56	55.39	6,937,044.49
Challenge to Tax Legality	1	2,434,526.00	0.00	0.00	2,551,643.00
Disputed Funds are Held in Escrow	86	142,422,187.72	36,334,920.73	25.51	60,827,000.03
Installment Default	0	0.00	0.00	0.00	0.00
Officer Liability	97	4,603,359.20	1,433,141.53	31.13	2,710,777.71
Miscellaneus	26	261,288.30	161,987.92	62.00	10,878.52
New Orleans Exhibition Hall Tax	2	15,849.47	0.00	0.00	0.00
LDR is the Plaintiff	61	96,809,268.79	28,253,032.50	29.18	7,987,831.14
Total	**813**	**$ 537,984,557.76**	**$ 173,630,124.76**	**32.27**	**$ 96,334,931.93**

MEDIATIONS

Case	Total Amount in Dispute	Total amount Recovered	Rate of Recovery
1	$ 14,662.94	$ 7,331.45	50.0%
2	26,769.13	16,500.00	61.6%
3	16,138.70	unresolved	unresolved
4	37,698.00	unresolved	unresolved
5	223,335.42	unresolved	unresolved
6	120,984.80	14,924.58	12.3%
7	313,479.07	17,500.00	5.6%
8	176,085.99	88,042.00	50.0%
9	666,631.11	333,316.00	50.0%
10	12,330.46	5,800.00	47.0%
11	10,654.35	2,400.00	22.5%
12	12,580.10	3,500.00	27.8%
13	126,098.41	unresolved	unresolved
14	1,500,000.00	unresolved	unresolved
15	28,513.67	10,000.00	35.1%
16	24,906.54	10,000.00	40.2%
17	13,499.10	5,000.00	37.0%
18	19,658.87	4,045.80	20.6%
19	164,209.09	unresolved	unresolved
20	143,393.51	23,496.72	16.4%
Total	**$ 3,651,629.26**	**$ 541,856.55**	**14.8%**

Louisiana Revised Statute 47:1522 authorizes the Department of Revenue to use Alternative Dispute Resolution (ADR) to assist in the collection of taxes, penalties, or interest. The Department may use arbitration or mediation to resolve any issue regarding the collection of taxes. Alternative Dispute Resolution will provide a voluntary, confidential, and cooperative means of resolving tax disputes, which will reduce the costs and risks of litigation for the taxpayer and the Department. Alternative Dispute Resolution will also expedite the tax collection and refund process.

The Louisiana Department of Revenue mediated 20 cases during the FY 2004-2005.

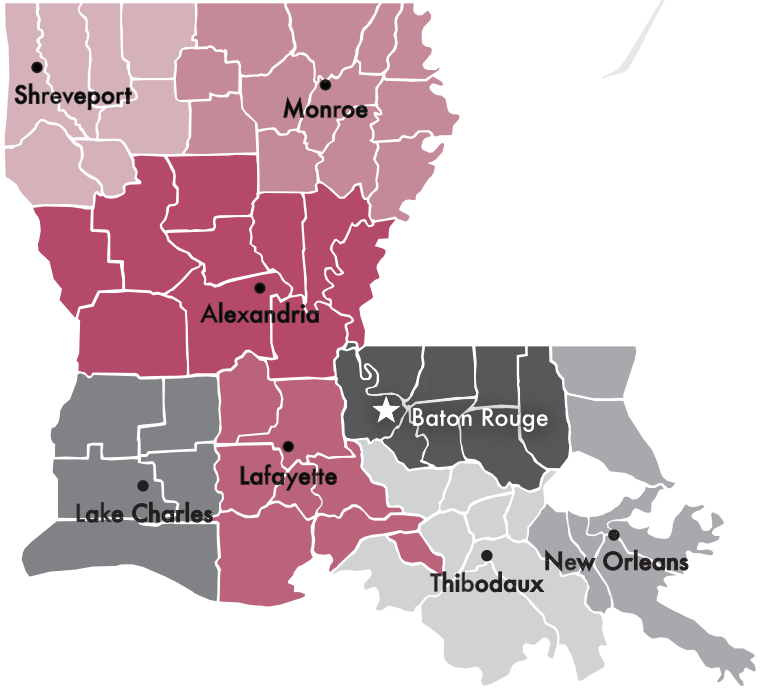
STATE REFUND GARNISHMENT PROGRAM

Revised Statute 47:299 authorizes state and local government entities to file an offset claim for monies owed to them by individuals. Under this statute, the Department of Revenue is given the authority to collect the offset claim by garnishing the individual's state individual income tax refund.

The Department also garnishes Louisiana tax refunds on behalf of other state agencies in the settlement of debts. See chart below for the results of this activity.

State Refund Garnishment Program	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Civil & Criminal Court	$ 75,178.99	$ 127,603.30	$ 142,686.07	$ 169,915.78	$ 120,448.58
Corrections/Public Safety Garnishments	70,491.12	63,173.82	67,804.77	106,636.90	117,168.75
Corrections/Probation-Parole	0.00	61,440.67	105,841.87	348,021.27	393,011.61
DHH Health Services Garnishments	4,253.61	3,206.37	2,574.00	4,360.86	2,588.73
DOJ Student/Teacher Garnishments	80,045.93	73,543.89	48,203.28	88,969.02	49,621.11
DOL Unemployment Insurance Garnishments	566,075.30	609,864.49	596,601.07	841,876.60	740,456.29
DDS Child Support Garnishments	1,061,993.52	1,232,450.80	1,090,706.28	1,423,424.59	1,481,077.61
DSS Recovery Section Garnishments	2,645.00	5,344.98	4,290.80	4,969.93	5,291.29
LA Student Financial Assistance Commission	282,278.36	255,670.95	207,951.00	238,348.99	269,777.26
Dept of Wildlife & Fisheries	0.00	0.00	1,772.00	21,821.53	24,110.02
Dept of Agriculture & Forrestry	0.00	0.00	352.00	406.00	858.00
Garnishments-Parish & Municipalities	0.00	0.00	0.00	1,434.60	112.00
Totals	**$ 2,142,961.83**	**$ 2,432,299.27**	**$ 2,268,783.14**	**$ 3,250,186.07**	**$ 3,204,521.25**

REGIONAL OFFICES



Region	Contact Information
Alexandria	900 Murray St. Room B-100 Alexandria, LA 71301 (318) 487-5333
Baton Rouge	8549 United Plaza , Suite 200 Baton Rouge, LA 70809 (225) 922-2300
Lafayette	825 Kaliste Saloom Rd. Brandywine III, Suite 150 Lafayette, LA 70508 (337) 262-5455
Lake Charles	One Lakeshore Drive, Suite 1550 Lake Charles, LA 70629 (337) 491-2504

Region	Contact Information
Monroe	122 St. John St., Room 105 Monroe, LA 71201 (318) 362-3151
New Orleans	1555 Poydras St., Suite 900 New Orleans, LA 70112 (504) 568-5233
Shreveport	1525 Fairfield Ave. Shreveport, LA 71101 (318) 676-7505
Thibodaux	1418 Tiger Dr. Thibodaux, LA 70301 (985) 447-0976

SUPPORT

support

sup•port

This function supplies the services needed to support the organization, such as human resources, information technology, internal controls and fiscal matters.

Support

The Tax Collection Program is supported by a number of business units including Support Services, Human Resources, Controllers, Information Technology, Communications, and Organizational Learning. The Policy Services Division in particular demonstrated progress during the 2004-2005 year.

The Policy Services Division has been a tremendous asset to the department and an important means of clarification of law in the area of taxation. The professionals in this division promulgate rules, which makes it possible for laws passed by the Legislature to be executed.

In addition, this group also issues Private Letter Rulings. Often taxpayers have questions about whether a particular transaction is taxable. We are willing to offer a Private Letter Ruling, which the department will honor if that taxpayer is ever part of an audit. The number of Private Letter Rulings has increased over the years.

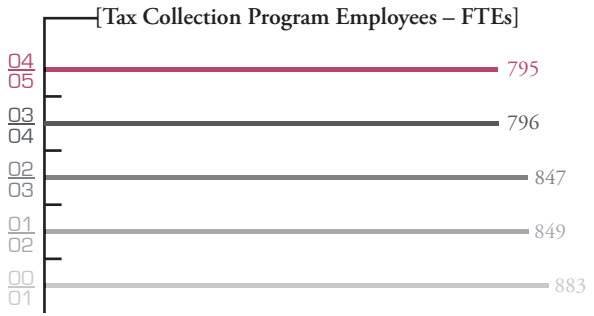
	FY 2003-04	FY 2004-05
Policy Statements*	54	100
Rules	17	37

* Policy statements include Revenue Rulings, Private Letter Rulings, Revenue Information Bulletins, and Statements of Acquiescence

TAX COLLECTION PROGRAM

Category	FY 03-04	FY 04-05	% Change
Salaries and Related Benefits	$ 43,170,539	$ 45,152,488	4.6
Travel	988,437	1,028,363	4.0
Operating Services	10,157,290	10,358,505	2.0
Operating Supplies	461,257	567,932	23.1
Professional Services	839,085	1,394,562	66.2
Interagency Transfers	8,783,454	9,556,117	8.8
Capital Outlay	1,146,740	2,343,202	104.2
Subtotal	$ 65,576,803	$ 70,401,169	7.4
Tax Reengineering	5,983,403	5,161,054	-13.7
Total Expenditures	**$ 71,560,206**	**$ 75,562,223**	**5.6**
Total Net Revenues	**$6,230,533,515**	**$6,989,087,528**	**12.2**
Allocated Operating costs per $100 tax collected*	**$ 1.01**	**$ 1.01**	**-0.3**

* To more accurately reflect the true operating costs of the Tax Collection Program for the purpose of this calculation, the total expenditures listed above were adjusted to spread the cost of major acquisitions over the depreciable life spans and to exclude non-recurring extraordinary expenses.



ALCOHOL & TOBACCO CONTROL

al·co·hol & to·bac·co con·trol

In Fiscal Year 2004-2005, the Louisiana Office of Alcohol and Tobacco Control (ATC) achieved over a 91 percent compliance rate after conducting more than 1,300 compliance checks. In addition, the agency implemented a new program the same year, conducting 460 checks of alcohol beverage outlets to ensure brand integrity and to detect and reduce incidents in which another brand was substituted for the brand ordered.

ATC is one of only two agencies in the state that provides pipers for memorial services and other law enforcement activities.

About the NLLEA

The National Liquor Law Enforcement Association (NLLEA) is a non-profit association of law enforcement personnel dedicated to the enforcement of liquor laws and regulations. The NLLEA has a membership structure that is open to all levels of persons involved in enforcing liquor laws in the United States and Canada.

The NLLEA is committed to improving the standards and practices of liquor law enforcement, to the professional development of its members, and to public recognition of the role and achievements of liquor law enforcement in protecting and promoting public safety. The NLLEA actively collaborates with other national law enforcement organizations and with state and local law enforcement organizations to enhance understanding of the overall importance of liquor law enforcement in preventing crime and community problems. In addition, the NLLEA fosters a cooperative and mutually beneficial working relationship with alcohol research and public health organizations and with responsible members of the liquor industry. We consider these groups to be amongst our closest allies in ensuring that alcoholic beverages are promoted, distributed, and consumed in a legal fashion.

OPERATING EXPENSES

Category	FY 03-04	FY 04-05	% Change
Salaries and Related Benefits	$ 3,667,063	$ 3,988,874	8.8
Travel	99,588	101,374	1.8
Operating Services	636,627	608,101	-4.5
Operating Supplies	48,528	51,203	5.5
Professional Services	157,251	190,518	21.2
Interagency Transfers	165,091	169,846	2.9
Capital Outlay	581,569	287,674	-50.5
Total Expenditures	**$ 5,355,717**	**$ 5,397,590**	**0.8**
Total Net Revenues	**$ 5,048,121**	**$ 4,963,776**	**-1.7**

OFFICE OF CHARITABLE GAMING

char•i•ta•ble gam•ing

Charitable Gaming

The Office of Charitable Gaming is responsible for overseeing the charitable gaming activities within the State of Louisiana, which includes bingo, raffles, pull tabs, casino nights, and video bingo devices. Some of the responsibilities include issuing and renewing annual state licenses, monitoring those licenses for compliance with gaming laws and regulations (through audits and inspections) and training gaming organizations in the proper use of the Uniform Accounting System.

Some of the key goals of the Office of Charitable Gaming are:

1. To decrease the potential for fraud in the conducting of the games of chance,
2. To guarantee that organizations benefit from conducting games of chance, and
3. To ensure that net proceeds are contributed to bona fide and allowable charitable causes.

Along with monitoring licensees for compliance, criminal activity is occasionally discovered by this Office. These cases are initiated either by review of reports within the Office, findings from a field audit, or complaints received by the Office. By law, the Office is required to refer all cases with any indication of the commission of a crime to the Department of Public Safety, Office of State Police, for investigation and disposition.

Working along with Louisiana State Police and other law enforcement agencies we have been able to resolve most cases and recover all or portions of missing monies. Most of these monies that were missing from organization's funds were derived from legal sources but obtained illegally by individuals closely involved with charitable gaming activities. The Office has investigated over 35 cases since 2000 involving nearly $900,000. Of the cases that have been settled, there have been 18 arrests and over $400,000 has been recovered (in the form of restitution) and returned to the organizations. Several other cases are still pending final disposition.

Charitable Gaming

A gross wager review since inception of Charitable Gaming reflects the effects of other forms of gaming in the State of Louisiana. Charitable gaming gross wagers peaked in 1992 and 1993 and has reflected a decrease of over 50 percent since that time frame.

A review of the organizations' quarterly reports for the past five fiscal years indicates that there have been nearly 500 organizations licensed to conduct charitable gaming as a regular fund raising activity. Last fiscal year 2004/2005, these organizations collected nearly $195 million in gross wagers and paid out over $147 million in prizes to the players. The amount contributed to bona-fide charitable causes has remained in excess of $18.5 million.

In reference to the video bingo devices, the gross proceeds recognized by organizations from these devices in fiscal year 2005 represent less than four percent of net proceeds reflected statewide. At the end of fiscal year 2005, there were approximately 330 electronic video bingo devices statewide at fifteen different locations.

Fiscal year 2005 data indicates over a 100% increase in electronic video bingo machine revenues received by the organizations. In fiscal year 2004/2005, organizations reported over $1.6 million in gross proceeds from these machines as compared to slightly under $800,000 for the entire previous year.

Also noteworthy, recently the Office has seen an increase in applications for casino nights. Casino nights are fund raising events provided by charitable organizations where players are allowed to participate in such games as blackjack, roulette, poker games, etc. During these activities, organizations are not allowed to award cash prizes; only merchandise and gift certificates can be awarded. Organizations must report all proceeds, expenses, and contributions to the Office on a quarterly basis. The effects of these types of activities on the organizations' revenues are incomplete at this time.

SUMMARY OF CHARITABLE GAMING ACTIVITIES

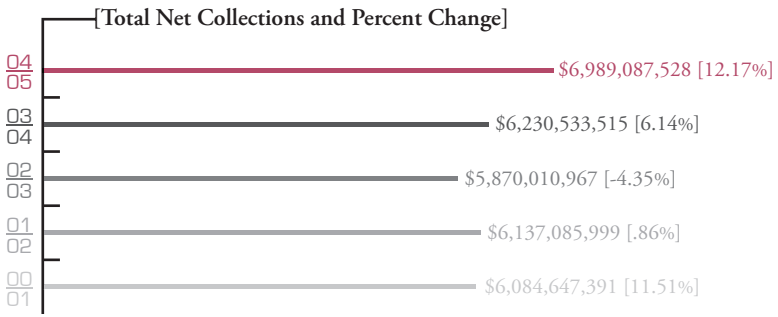
Charitable Gaming Activities	FY 04-05
Average Number of Organizations	480
Attendance-All Sessions	4,119,682
Number of Sessions Held	27,824
Number of Pull Tabs Sold	104,277,421
Total Gross Wagers	194,587,519
Total Prizes	147,426,917
Adjusted Total Wagers	47,160,602
Total Expenses	28,140,711
Net Total Wagers	19,019,891
Total Contributions	18,496,220
Gross Bingo	111,401,306
Bingo & Door Prizes	87,509,474
Gross Pull Tab	77,197,578
Pull Tab Prizes	58,675,345
Gross Raffles	3,076,872
Raffle Prizes	1,242,098
Electronic Video Bingo	1,651,307

OPERATING EXPENSES

Category	FY 03-04	FY 04-05	% Change
Salaries and Related Benefits	$ 833,155	$ 890,579	6.9
Travel	27,020	33,905	25.5
Operating Services	134,859	153,993	14.2
Operating Supplies	4,043	5,997	48.3
Professional Services	95,457	67,421	-29.4
Interagency Transfers	9,977	13,049	30.8
Capital Outlay	4,292	32,846	665.3
Total Expenditures	**$ 1,108,803**	**$ 1,252,541**	**8.0**
Total Net Revenues	**$ 1,136,460**	**$ 1,197,791**	**10.2**

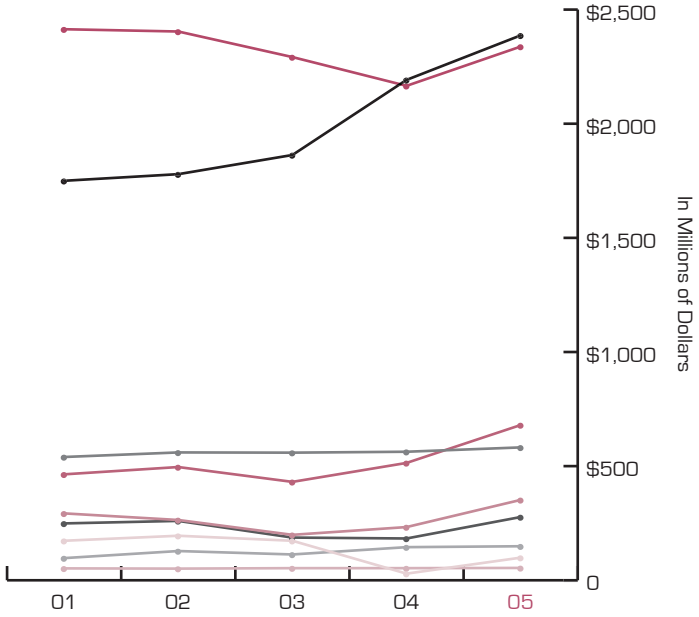
TAX COLLECTION DATA / APPENDIX

tax•col•lec•tion da•ta / ap•pen•dix


[Total Net Collections and Percent Change]
04 05
$6,989,087,528 [12.17%]
03 04
$6,230,533,515 [6.14%]
02 03
$5,870,010,967 [-4.35%]
01 02
$6,137,085,999 [.86%]
00 01
$6,084,647,391 [11.51%]

NET COLLECTIONS

Collections (In Millions)	FY 01	FY 02	FY 03	FY 04	FY 05
Sales	$ 2,414	$ 2,404	$ 2,292	$ 2,166	$ 2,338
Individual Income	$ 1,750	$ 1,779	$ 1,863	$ 2,192	$ 2,380
Severance	$ 464	$ 496	$ 431	$ 514	$ 680
Corporation Franchise	$ 249	$ 260	$ 187	$ 183	$ 290
Corporation Income	$ 293	$ 264	$ 199	$ 233	$ 375
Petroleum Products	$ 540	$ 560	$ 559	$ 563	$ 582
Liquor/Alcohol	$ 52	$ 51	$ 53	$ 53	$ 54
Tobacco	$ 97	$ 128	$ 113	$ 145	$ 149
Other	$ 173	$ 195	$ 173	$ 29	$ 99



Tax Collections	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Major State Taxes					
Corporation					
Franchise Tax	$ 248,546,215.78	$ 260,339,632.62	$ 187,447,317.26	$ 260,339,632.62	$ 289,941,898.86
Income Tax	293,056,052.83	264,419,332.09	198,715,818.42	181,0843,782.70	374,580,259.04
General Sales Tax	2,448,203,788.26	2,403,580,261.60	2,276,134,966.80	2,165,955,436.94	2,337,997,706.32
Individual Income Tax	1,750,261,234.94	1,779,506,088.56	1,862,674,655.11	2,187,001,965.41	2,380,284,221.88
Petroleum Products					
Gasoline Tax	423,843,234.12	442,408,356.03	440,838,750.42	438,758,492.89	447,581,840.05
Inspection Fee	830,052.25	883,088.60	824,987.41	5,227,800.46	4,834,396.81
Special Fuels Tax	114,966,765.22	116,483,538.36	117,697,599.09	122,010,473.28	129,443,316.56
Severance Tax	445,003,934.26	496,498,111.26	430,927,943.61	527,115,401.81	680,302,265.58
Miscellaneous State Taxes and Fees	274,649,264.46	289,568,296.24	310,522,307.98	279,147,040.45	233,135,094.65
Other Taxes	85,286,849.37	83,399,293.73	84,546,620.41	89,491,698.53	99,037,884.75
Total	**$ 6,084,647,391.59**	**$ 6,137,085,999.09**	**$ 5,910,330,966.51**	**$ 6,164,210,850.30**	**$ 6,906,568,335.02**

MONTHLY NET CASH COLLECTIONS RECORD

Tax	July 04	Aug 04	Sept 04	Oct 04	Nov 04	Dec 04
Corporation Franchise	$ 371,333.97	$ 2,163,905.73	$ 16,339,506.70	$ 5,805,917.83	$ 6,667,856.98	$ 13,683,313.40
Gift Tax	127,512.76	112,702.03	34,347.74	68,428.45	30,018.50	30,981.00
Hazardous Waste Disposal Tax	1,157,438.63	5,788.60	(8,444.50)	1,190,930.47	274,311.56	3,445.46
Income						
Corporation	1,459,574.99	(8,036,496.58)	68,093,079.70	17,417,753.51	33,838,895.18	41,049,940.20
Fiduciary	266,722.85	(143,645.58)	206,201.10	211,686.50	220,619.04	51,090.24
Individual	135,364,560.09	193,911,868.65	198,632,951.59	157,624,994.73	193,588,809.43	161,791,276.06
Inheritance & Estate Transfer Tax	3,261,176.35	2,378,845.27	2,072,912.26	2,115,172.86	3,302,464.26	2,743,894.50
Liquor-Alcoholic Beverage Taxes						
High Alcoholic Content: (Liquor/Wine)	1,446,162.91	1,178,327.79	1,352,684.61	1,285,142.43	1,414,959.37	1,646,318.56
Out-of-State Shippers	7,845.14	1,916.57	1,234.58	801.07	953.01	516.96
Low Alcoholic Content: (Beer)	3,562,526.92	2,946,930.29	3,479,861.77	3,206,756.61	2,933,341.71	2,622,711.28
Natural Resources-Severance Tax	47,569,327.66	44,392,166.81	54,100,505.53	63,712,887.78	51,465,991.93	57,018,324.51
Petroleum Products						
Gasoline Tax and Inspection Fee	38,784,114.07	38,715,611.57	38,598,890.31	36,931,601.92	39,094,234.98	36,481,457.46
Special Fuels Tax	12,599,343.91	10,889,113.32	10,369,094.59	10,503,103.38	11,368,024.35	10,433,782.58
Public Utilities and Carriers						
Inspection and Supervision Fee	263,320.12	93,449.82	668,456.54	366,687.09	137,198.09	1,077,881.14
Natural Gas Franchise Tax	955,757.63	213,386.41	0.00	1,242,525.82	15,317.32	3,496,690.91
Trans. and Communication Utilities Tax	351,105.43	316,657.49	103,649.65	220,784.74	348,221.11	200,019.99
Sales Tax	185,186,947.85	176,187,938.95	170,018,779.79	184,336,714.01	178,924,032.00	182,903,041.38
Tobacco Tax	13,084,503.80	11,555,093.78	11,998,238.18	11,576,429.79	12,099,315.41	12,731,568.78
Total State Taxes	445,819,275.08	476,883,560.92	576,061,950.14	497,818,318.99	535,724,564.23	527,966,254.41
Other Taxes	7,571,563.76	8,406,120.25	7,901,341.94	7,162,201.37	9,943,729.01	5,802,892.30
Total Cash Collections	**$ 453,390,838.84**	**$ 485,289,681.17**	**$ 583,963,292.08**	**$ 504,980,520.36**	**$ 545,668,293.24**	**$ 533,769,146.71**

Tax	Jan 05	Feb 05	March 05	April 05	May 05	June 05
Corporation Franchise	$ (1,968,334.90)	$ (9,893,786.10)	$ 7,241,645.85	$ 216,758,334.16	$ 4,094,365.80	$ 28,677,839.44
Gift Tax	91,648.50	58,244.34	176,401.00	2,061,007.24	516,691.79	212,055.62
Hazardous Waste Disposal Tax	1,415,934.77	(17,338.11)	8,373.60	1,112,348.82	18,192.85	5,162.93
Income						
Corporation	(2,399,199.64)	(29,681,358.30)	22,735,121.43	184,645,988.36	(40,573,633.00)	86,030,593.19
Fiduciary	1,470,826.85	(195,959.66)	161,695.33	8,221,588.29	1,972,793.71	634,753.26
Individual	291,924,264.01	108,116,452.10	133,651,015.61	258,429,201.76	314,107,073.05	233,039,845.80
Inheritance & Estate Transfer Tax	2,847,321.52	2,551,701.50	1,372,395.37	2,031,909.23	1,927,209.95	1,317,393.08
Liquor-Alcoholic Beverage Taxes						
High Alcoholic Content: (Liquor/Wine)	2,107,094.84	1,145,523.45	1,230,339.64	1,485,199.55	1,373,993.29	1,418,237.35
Out-of-State Shippers	7,867.12	343.05	851.75	710.36	760.93	14,784.39
Low Alcoholic Content: (Beer)	3,088,082.55	2,195,295.80	2,756,813.78	3,410,620.87	3,244,123.74	3,121,678.47
Natural Resources-Severance Tax	51,231,861.42	54,838,932.53	57,152,784.77	56,508,852.87	66,029,853.07	60,325,771.36
Petroleum Products						
Gasoline Tax and Inspection Fee	38,992,285.54	32,983,959.35	34,632,556.52	38,345,267.81	39,282,104.17	37,898,902.62
Special Fuels Tax	11,385,123.64	10,564,993.27	8,275,137.07	11,309,795.68	12,276,318.30	11,128,952.45
Public Utilities and Carriers						
Inspection and Supervision Fee	198,263.72	102,696.09	702,292.13	261,749.98	146,842.24	651,479.36
Natural Gas Franchise Tax	1,326,937.81	(289,758.33)	(126,217.74)	1,100,616.56	3,384,803.18	(3,541,218.61)
Trans. and Communication Utilities Tax	339,376.06	263,649.73	88,648.44	195,537.25	431,002.73	234,606.96
Sales Tax	233,539,995.25	176,539,820.85	175,938,897.94	192,521,033.23	184,323,463.41	204,546,185.82
Tobacco Tax	11,935,048.50	9,936,412.23	13,192,428.01	14,946,206.64	17,461,692.80	14,698,243.31
Total State Taxes	647,534,397.56	359,219,823.79	459,191,180.50	993,345,968.66	610,017,652.01	680,415,266.80
Other Taxes	6,479,123.36	8,751,504.87	6,234,008.31	8,343,704.33	10,726,263.19	8,196,642.17
Total Cash Collections	**$ 654,013,520.92**	**$ 367,971,328.66**	**$ 465,425,188.81**	**$ 1,001,689,672.99**	**$ 620,743,915.20**	**$ 688,611,908.97**

15-YEAR COLLECTION RECORD

In Millions of Dollars	90-91	91-92	92-93	93-94	94-95	95-96	96-97
Corporation Franchise Tax	$ 244.01	$ 262.40	$ 263.43	$ 257.64	$ 267.80	$ 233.52	$ 243.97
Gift Tax	2.82	2.21	6.96	4.01	3.27	3.50	3.83
Hazardous Waste Disposal Tax	5.48	4.65	27.93	5.25	7.49	4.79	5.53
Income Taxes							
Corporation	326.66	231.21	245.27	219.19	283.08	327.54	380.16
Fiduciary	2.80	2.61	3.81	3.28	3.85	4.82	13.15
Individual	800.58	867.48	930.09	977.51	1,061.61	1,160.36	1,260.05
Inheritance and Estate Transfer Tax	39.36	43.95	43.54	48.57	57.97	54.80	73.90
Liquors-Alcoholic Beverages Taxes							
High Alcoholic Content (Liquor/Wine)	15.83	15.94	15.72	15.49	16.20	16.01	15.62
Low Alcoholic Content (Beer)	26.58	45.65	33.12	34.54	37.59	36.93	34.41
Natural Resources – Severance Tax	578.14	484.20	437.48	364.41	377.74	349.07	419.42
Other Taxes and Fees	41.72	52.40	56.82	50.86	55.23	56.11	62.80
Petroleum Products Taxes							
Gasoline	373.23	377.41	394.43	387.63	394.67	405.56	397.55
Special Fuels	70.61	73.92	77.57	79.28	94.26	96.75	97.06
Public Utilities							
Inspection and Supervision Fee	3.50	3.48	3.45	3.61	3.95	3.92	4.27
Natural Gas Franchise Tax	6.12	16.86	6.80	7.41	7.45	7.59	6.31
Transportation and Communication Utilities Tax	5.66	4.96	13.41	7.56	5.89	6.76	2.63
Sales Taxes	1,494.88	1,473.16	1,545.00	1,716.47	1,788.67	1,958.88	1,999.58
Soft Drinks Tax	11.64	12.72	11.99	13.21	6.80	7.60	4.74
Tobacco Tax	84.20	86.78	84.79	81.90	88.85	87.94	88.25
Unclaimed Property	7.86	9.26	11.27	9.07	9.71	11.44	10.49
Totals	**$ 4,141.68**	**$ 4,071.25**	**$ 4,212.88**	**$ 4,286.89**	**$ 4,572.08**	**$ 4,833.89**	**$ 5,123.72**

15-YEAR COLLECTION RECORD

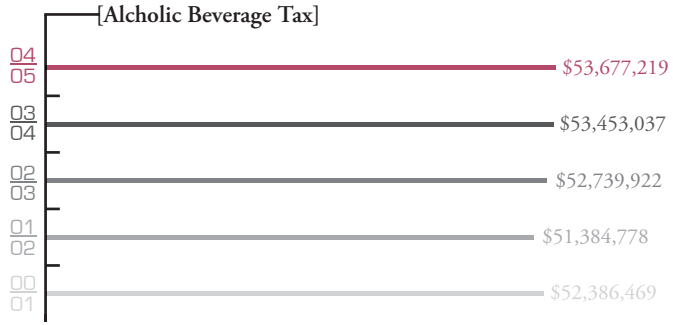
In Millions of Dollars	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Corporation Franchise Tax	$ 251.17	$ 296.49	$ 269.38	$ 248.55	$ 260.34	$ 187.44	$ 182.77	$ 289.94
Gift Tax	5.27	9.25	5.14	4.57	4.32	5.57	3.86	3.46
Hazardous Waste Disposal Tax	4.41	4.31	3.67	4.82	4.43	4.48	4.86	5.63
Income Taxes								
Corporation	359.51	286.32	222.01	293.06	264.42	198.72	232.62	374.58
Fiduciary	8.76	13.11	12.67	12.97	9.23	4.47	4.44	13.32
Individual	1,450.81	1,522.54	1,582.13	1,750.26	1,779.51	1,862.67	2,191.54	2,380.28
Inheritance and Estate Transfer Tax	84.51	86.73	90.44	78.36	64.68	53.52	43.94	26.94
Liquors-Alcoholic Beverages Taxes								
High Alcoholic Content (Liquor/Wine)	16.13	13.67	16.43	15.85	16.29	16.28	16.85	17.23
Low Alcoholic Content (Beer)	36.17	36.48	38.49	36.52	35.07	36.43	36.10	36.44
Natural Resources – Severance Tax	352.11	261.25	405.50	445.00	496.50	430.93	514.49	680.30
Other Taxes and Fees	66.66	73.93	67.11	96.73	98.39	102.76	28.86	99.04
Petroleum Products Taxes								
Gasoline	423.72	427.31	434.42	423.84	442.41	440.84	440.28	447.58
Special Fuels	107.23	109.27	115.51	114.97	116.48	117.70	122.70	129.44
Public Utilities								
Inspection and Supervision Fee	4.12	4.15	4.76	5.30	5.37	4.98	5.58	(216.43)
Natural Gas Franchise Tax	7.61	7.69	10.02	6.44	4.73	15.25	3.31	7.72
Transportation and Communication Utilities Tax	2.67	6.14	2.28	2.63	2.82	(.92)	8.58	3.06
Sales Taxes	2,037.05	2,057.54	2,073.69	2,448.20	2,403.58	2,276.13	2,166.22	2,338.00
Soft Drinks Tax	-0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Tobacco Tax	87.20	85.44	89.64	96.58	128.52	112.75	144.57	149.13
Unclaimed Property	9.64	12.16	13.06	0.00*	0.00	0.00	0.00	0.00
Totals	**$ 5,314.74**	**$ 5,313.78**	**$ 5,456.35**	**$ 6,084.65**	**$ 6,137.09**	**$ 5,870.01**	**$ 6,151.67**	**$ 7,190.12**

ALCOHOLIC BEVERAGE TAX

The tax levies are $10 per 31-gallon barrel of beer. Rates are: liquor – 66¢ per liter; sparkling wine – 42¢ per liter; still and native wine (alcoholic content 14% and under) – 3¢ per liter; still and native wine (alcoholic content over 14%, but not over 24%) – 6¢ per liter.

The alcoholic beverage taxes are levied on beer, liquor, and wine, including wine from out-of-state shippers.

Fiscal Year	Low Alcoholic Content	High Alcoholic Content (Includes out-of-state shippers)	Total	% Change
2004-05	$ 36,443,767	$ 17,233,452	$ 53,677,219	0.42
2003-04	$ 36,583,568	$ 16,869,469	$ 53,453,037	1.35
2002-03	$ 36,430,945	$ 16,308,977	$ 52,739,922	2.64
2001-02	$ 35,074,129	$ 16,310,649	$ 51,384,778	-1.91
2000-01	$ 36,522,573	$ 15,863,896	$ 52,386,469	-4.66



The corporation franchise tax is levied on any corporation doing business or qualified to do business in Louisiana, unless specifically exempt by statute.

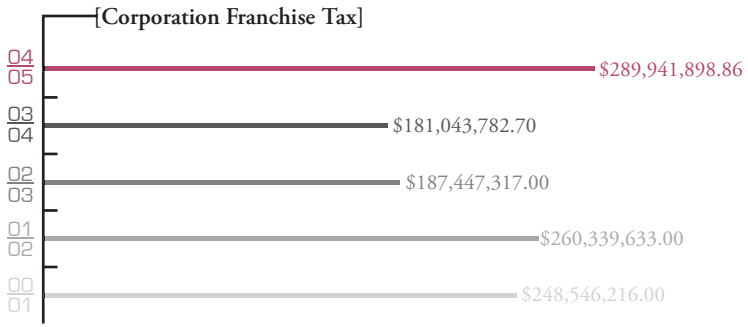
The total taxable base consists of the corporation's capital stock, surplus, undivided profits, and borrowed capital. The tax is computed on the basis of the portion of the total taxable base employed in Louisiana.

The corporation franchise tax rate is as follows:

- $1.50 per each $1,000 of taxable base up to $300,000;
- $3.00 per each $1,000 of taxable base over $300,000

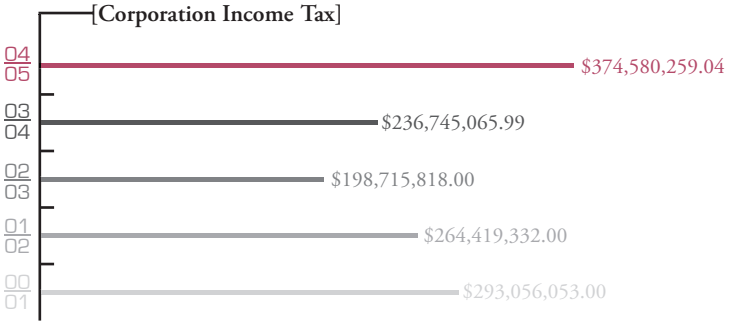
There is a minimum $10 corporation franchise tax.

Fiscal Year	Amount Collected	% Change
2004-05	**$ 289,941,898.86**	**58.64**
2003-04	$ 181,043,782.70	-3.42
2002-03	$ 187,447,317.00	-28.00
2001-02	$ 260,339,633.00	4.74
2000-01	$ 248,546,216.00	-7.73



CORPORATION INCOME TAX

Fiscal Year	Amount Collected	% Change
2004-05	$ 374,580,259.04	61.03
2003-04	$ 236,745,065.99	19.14
2002-03	$ 198,715,818.00	-24.85
2001-02	$ 264,419,332.00	-9.77
2000-01	$ 293,056,053.00	32.00



Louisiana individual income tax is based on federal tax laws for simplification, although Louisiana's tax is not a true "piggyback" system. The starting point for the computation of the tax is the federal adjusted gross income. A deduction is also allowed for the amount of federal income taxes paid.

The Louisiana individual income tax rates are as follows:

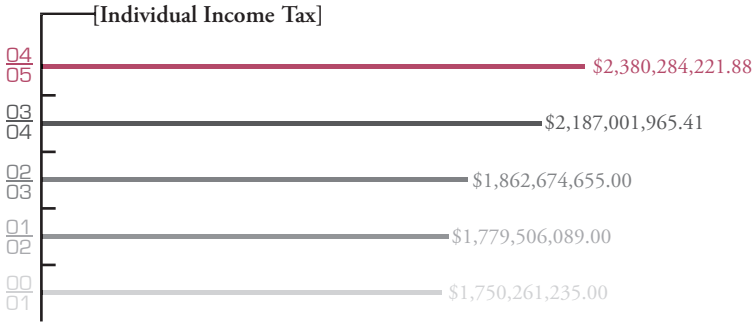
A taxpayer filing single, as married filing separately, or as head of household:

- 2% of the first $12,500 of taxable income;
- 4% of the next $12,500;
- 6% of the taxable income over $25,000.

A qualified widow(er) or married persons filing jointly:

- 2% of the first $25,000 of taxable income;
- 4% of the next $25,000;
- 6% of the taxable income over $50,000.

Fiscal Year	Amount Collected	% Change
2004-05	$ 2,380,284,221.88	8.61
2003-04	$ 2,187,001,965.41	17.41
2002-03	$ 1,862,674,655.00	4.67
2001-02	$ 1,779,506,089.00	1.67
2000-01	$ 1,750,261,235.00	10.63



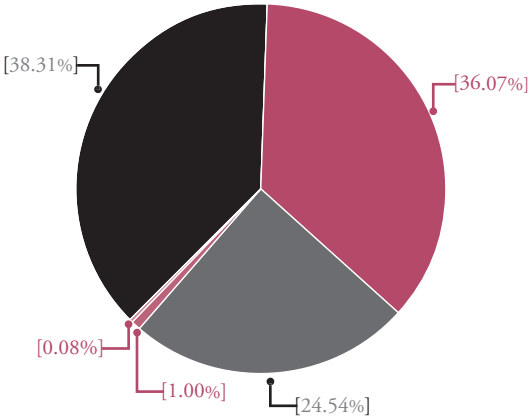
INDIVIDUAL INCOME TAX

Number of Returns by Income: *Brackets for 2004 Tax Year*

Federal Adjusted Gross Income Brackets (≥ - <)	Total Federal Adjusted Gross Income (Line 7)	Number of Returns Filed
Less than $0	$ -81,645,909	6728
0	0	59,444
0-6,000	638,993,896	201,630
6,001-8,000	541,231,979	76,936
8,001-10,000	685,552,526	76,206
10,001-12,000	951,909,131	86,538
12,001-15,000	1,596,497,113	118,444
15,001-20,000	2,936,035,652	168,589
20,001-25,000	3,052,022,471	136,215
25,001-30,000	3,023,369,518	110,219
30,001-35,000	2,947,663,834	90,923
35,001-40,000	2,869,834,772	76,676
40,001-45,000	2,795,149,868	65,867
45,001-50,000	2,714,018,332	57,200
50,001-60,000	5,193,898,706	94,750
60,001-70,000	4,932,883,436	76,111
70,001-80,000	4,511,758,284	60,323
80,001-90,000	3,956,780,938	46,688
90,001-100,000	3,258,617,010	34,392
100,001-150,000	8,825,044,701	74,134
150,001-250,000	5,844,730,658	31,255
250,001-500,000	5,231,221,451	15,362
500,001-1,000,000	4,121,979,593	5,982
Over $1,000,000	33,511,470,837	5,137
Total	**$ 104,059,018,797**	**1,775,749**

Individual Income Tax Returns
by Filing Status for 2004 Tax Year

Filing Status	Number of Returns	% of Total
Single	640,529	36.07
Married Filing Jointly	680,315	38.31
Married Filing Separately	17,761	1.00
Head of Household	435,747	24.54
Qualifying Widow(er)	1,397	0.08
Total Returns Filed	**1,775,749**	**100.00**



Louisiana Income Tax
after Credits for 2004 Tax Year

Brackets of Louisiana Income Tax after Credits	Number of Returns Filed	Total Adjusted Louisiana Tax (Line 13A)
$ 0	347,788	$ 0
1-10	29,722	163,589
11-20	29,508	458,882
21-40	54,305	1,630,720
41-60	45,436	2,274,486
61-100	81,899	6,556,471
101-200	153,966	22,421,639
201-300	111,359	27,681,393
301-400	87,424	30,489,838
401-600	138,610	68,413,700
601-1,000	172,769	136,073,187
1,001-1,600	174,392	221,453,130
1,601-2,200	103,497	194,871,383
2,201-4,000	158,094	463,402,853
4,001-6,000	47,937	229,186,663
6,001-10,000	23,125	173,826,736
Over 10,000	15,918	369,966,258
Total	**1,775,749**	**$ 1,948,870,928**

NATURAL RESOURCES
Severance Tax

Cash Collection
by Parish FY 04-05

Parish	Oil/Condensate	Gas	Timber/Pulpwood	Minerals	Total Tax Collected
Acadia	$ 8,038,959.01	$ 2,299,776.45	$ 24,919.89	$ 5,723.23	$ 10,369,378.58
Allen	3,888,492.11	1,471,379.58	720,310.48	8,538.19	6,088,720.36
Ascension	702,140.01	215,708.04	48,292.91		966,140.96
Assumption	4,318,579.35	2,731,050.27	746.55	38,157.72	7,088,533.89
Avoyelles	480,910.15	55,950.38	78,993.51		615,854.04
Beauregard	6,921,255.76	496,265.86	857,289.52		8,274,811.14
Bienville	1,221,164.60	9,235,789.86	980,309.65	39.55	11,437,303.66
Bossier	4,497,127.12	18,558,529.18	348,921.34	1,516.80	23,406,094.44
Caddo	4,233,725.77	4,004,784.66	265,974.24		8,504,484.67
Calcasieu	17,456,342.35	4,425,035.62	245,640.76	11,727.87	22,138,746.60
Caldwell	10,844.70	663,793.30	327,091.15		1,001,729.15
Cameron	18,210,042.90	14,039,862.77	7,501.48	436.35	32,257,843.50
Catahoula	1,201,373.15	91,515.31	191,973.40		1,484,861.86
Caliborne	7,662,363.72	3,636,936.35	719,913.11		12,019,213.18
Concordia	1,504,646.23	131,720.09	67,340.11	935.34	1,704,641.77
DeSoto	2,318,103.14	12,068,775.12	543,857.65	440,788.97	15,371,524.88
East Baton Rouge	8,766,863.89	3,242,090.03	51,078.97	12,947.58	12,072,980.47
East Carroll	266,335.34	1,280.24	26,432.71		294,048.29
East Feliciana	21,740.51	28,369.42	280,637.71	10,959.03	341,706.67
Evangeline	7,295,394.85	1,550,302.05	288,907.63		9,134,604.53
Franklin	794,065.20	164,379.18	8,901.96		967,346.34
Grant	942,598.95	1,021.86	297,744.36		1,241,365.17
Iberia	21,938,392.44	2,741,688.90	593.71	266,924.45	24,947,599.50
Iberville	5,331,896.58	339,503.42	62,485.79		5,733,885.79
Jackson	108,049.60	22,319,676.10	870,857.40		23,298,583.10

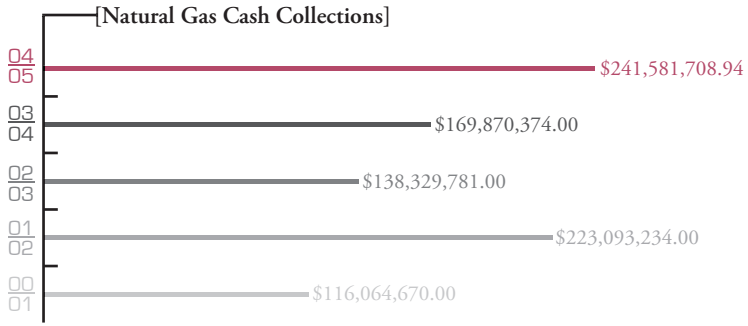
General severance tax is collected on natural resources severed from Louisiana soil and water. Most notable of these is oil and gas.

Parish	Oil/Condensate	Gas	Timber/Pulpwood	Minerals	Total Tax Collected
Jefferson	$ 9,944,551.15	$ 2,723,619.18	$ 39,438.49	$ 115,921.45	$ 12,823,530.27
Jefferson Davis	9,531,126.68	4,631,044.99	29,885.84	58,788.35	14,250,845.86
Lafayette	4,920,945.54	4,601,432.34	1,657.89	172.88	9,524,208.65
Lafourche	53,691,424.57	7,867,925.69	2,775.16	5,278.96	61,567,404.38
LaSalle	11,854,646.26	69,106.16	469,064.45	8,843.64	12,401,660.51
Lincoln	1,096,118.13	2,172,541.83	451,691.23	199.01	3,720,550.20
Livingston	879,823.81	392,954.45	333,008.19	39,118.96	1,644,905.41
Madison	459.81	1,489.64	13,096.94		15,046.39
Morehouse	-545.41	10,901.63	194,959.75	4,486.04	209,802.01
Natchitoches	262,032.49	221,562.94	688,304.80		1,171,900.23
Orleans	739,605.44	41,943.72	5,938.94		787,488.10
Ouachita	244,553.96	767,852.08	260,411.30	18,933.80	1,291,751.14
Plaquemines	109,685,057.78	18,152,712.27	180.53	18,652.79	127,856,603.37
Pointe Coupee	3,020,337.30	9,656,872.55	60,241.43		12,737,451.28
Rapides	3,373,426.27	500,031.09	547,027.31	21,689.44	4,442,174.11
Red River	92,420.51	401,300.34	154,749.87	71,358.24	719,828.96
Richland	495,473.04	198.57	16,208.46		511,880.07
Sabine	122,098.94	523,774.21	1,068,960.76	20.66	1,714,854.57
Saint Bernard	2,704,181.77	11,939,800.39	364.13	23,678.53	14,668,024.82
Saint Charles	4,027,710.81	512,942.03	7,978.38	41,847.80	4,590,479.02
Saint Helena	1,958,222.97	7,664.28	258,986.95	93,630.87	2,318,505.07
Saint James	699,392.47	665,013.69	5,581.74	16,992.51	1,386,980.41
Saint John the Baptist	247,760.53	28,280.08	3,809.12		279,849.73
Saint Landry	1,895,061.45	464,539.47	61,455.32		2,421,056.24
Saint Martin	7,598,405.03	1,390,218.02	5,343.32	35,112.31	9,029,078.68

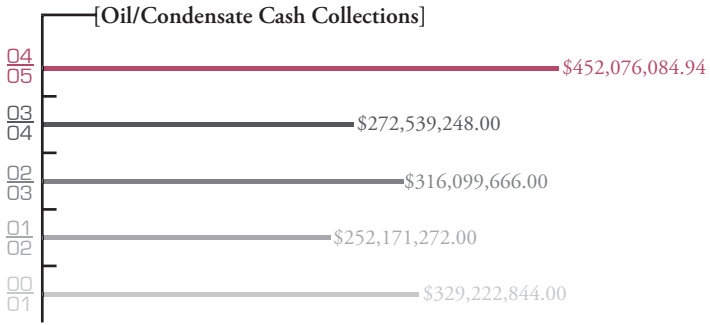
NATURAL RESOURCES
Severance Tax

Parish	Oil/Condensate	Gas	Timber/Pulpwood	Minerals	Total Tax Collected
Saint Mary	$ 14,445,665.35	$ 10,620,667.72	$ 1,116.14	$ 175,477.91	$ 25,242,927.12
Saint Tammany		3,243.91	212,210.50	106,642.67	322,097.08
Tangipahoa	569,860.09	-126,000.00	382,634.43	9,900.70	836,395.22
Tensas	611,482.88	66,456.17	22,629.36		700,568.41
Terrebonne	50,808,563.45	25,218,218.65	5,445.37		76,032,227.47
Union	565,042.11	229,659.80	803,854.95		1,598,556.86
Vermillion	20,288,221.47	24,395,402.26	8,402.37		44,692,026.10
Vernon	2,554,588.92	404,834.31	1,018,322.05	25,130.20	4,002,875.48
Washington	16,805.45	24,588.08	618,507.78	39,680.24	699,581.55
Webster	4,246,059.11	8,381,703.98	370,876.69	32,121.16	13,030,760.94
West Baton Rouge	97,465.50	25,622.63	9,320.64		132,408.77
West Carroll		8,148.59	13,985.50		22,134.09
West Feliciana	59,170.83	713.38	92,190.73	3,894.00	155,968.94
Winn	597,461.05	67,543.78	895,330.73	5,395.38	1,565,730.94
Totals	**$ 452,076,084.94**	**$ 241,581,708.94**	**$ 16,452,663.53**	**$ 1,771,663.58**	**$ 711,882,120.99**

Fiscal Year	Amount Collected	Production (in MCFs)
2004-05	**$ 241,581,708.94**	**1,280,799,465**
2003-04	$ 169,870,374.00	1,209,555,153
2002-03	$ 138,329,781.00	1,168,898,013
2001-02	$ 223,093,234.00	1,378,641,193
2000-01	$ 116,064,670.00	1,276,685,808



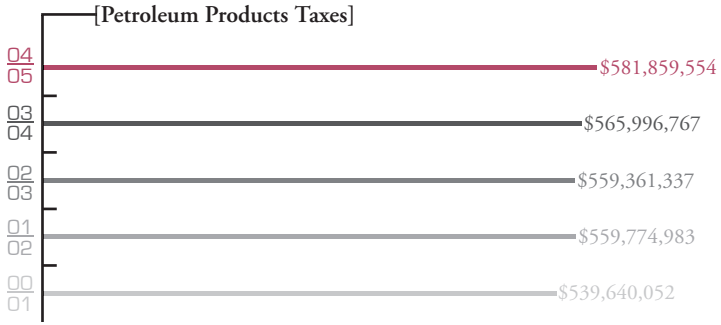
Fiscal Year	Amount Collected	Production (in MCFs)
2004-05	**$ 452,076,084.94**	**101,956,365**
2003-04	$ 272,539,248.00	81,808,892
2002-03	$ 316,099,666.00	82,146,549
2001-02	$ 252,171,272.00	92,252,182
2000-01	$ 329,222,844.00	92,632,258



PETROLEUM PRODUCTS TAXES

The State of Louisiana levies a tax on gasoline used or consumed in the state and on special fuels used to propel vehicles on Louisiana roads. The current tax rate, 20¢ per gallon for gasoline and diesel fuel, became effective January 1, 1990.

Fiscal Year	Amount Collected	% Change
2004-05	**$ 581,859,554**	**3.35**
2003-04	$ 565,996,767	.65
2002-03	$ 559,361,337	-.07
2001-02	$ 559,774,983	3.73
2000-01	$ 539,640,052	-2.00



Resource	03-04	04-05	% Change
Gross Gallons Taxed:			
Gasoline	2,424,819,315	2,336,694,301	-3.63
Highway Diesel	669,622,313	711,576,319	6.27
Gasohol	1,793,420	0	-100.00
Totals	**3,096,235,048**	**3,048,270,620**	**-1.55**
Gallons Refunded	**243,315,044**	**140,883,526**	**-42.10**
Net Gallons Taxed:			
Gasoline	2,203,904,253	2,241,945,518	1.73
Highway Diesel	647,222,331	665,441,576	2.81
Gasohol	1,793,420	0	-100.00
Totals	**2,852,920,004**	**2,907,387,094**	**1.91**

PETROLEUM PRODUCTS TAXES

Fiscal Year	Gasoline Tax	% Change
2004-05	$ 447,581,840	2.01
2003-04	$ 438,758,493	-0.47
2002-03	$ 440,838,750	-0.35
2001-02	$ 442,408,356	4.38
2000-01	$ 423,843,234	-2.43

Fiscal Year	Special Fuels & IFTA	% Change
2004-05	$ 129,443,317	6.09
2003-04	$ 122,010,473	3.66
2002-03	$ 117,697,599	1.04
2001-02	$ 116,483,538	1.32
2000-01	$ 114,967,870	-0.47

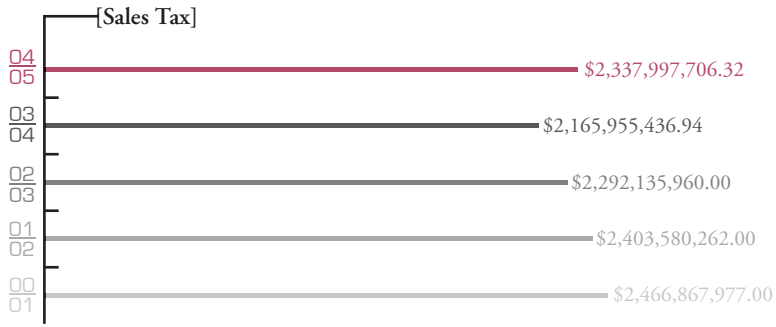
Fiscal Year	Inspection Fee	% Change
2004-05	$ 4,834,397	-7.53
2003-04	$ 5,227,800	533.68*
2002-03	$ 824,987	-6.58
2001-02	$ 883,089	6.39
2000-01	$ 830,052	15.99

* These are both Gasoline and Special Fuels Inspection fees. FY 2003-04 was the first year that LDR collected Inspection Fees for Special Fuels.

The 4% state sales tax rate is composed of 3.97% general sales tax and .03% Louisiana Tourism Promotion District sales tax. The tax is levied on retail sales of tangible personal property, goods used or stored for use in Louisiana, leases and rentals of tangible personal property, and sales of certain services.

Although many exemptions are provided by statute, many of these exemptions have been temporarily suspended from the levy of portions of the sales tax since 1986.

Fiscal Year	Amount Collected	% Change
2004-05	**$ 2,337,997,706**	**7.94**
2003-04	$ 2,165,955,436	-5.5
2002-03	$ 2,292,135,960	-4.64
2001-02	$ 2,403,580,262*	-2.57
2000-01	$ 2,466,867,977	18.96



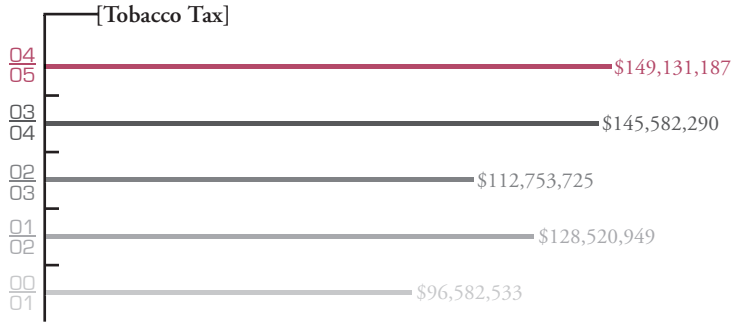
TOBACCO TAX

The tobacco tax is collected from the first dealer handling the tobacco product in the state.

Tax rates on tobacco products are as follows:

36¢ per pack of 20 cigarettes; cigars (up to $120 per thousand), 8% of invoice price; cigars (over $120 per thousand), 20% of invoice price; smokeless tobacco, 20% of the invoice price; and smoking tobacco, 33% of invoice price to wholesaler.

Fiscal Year	Amount Collected	% Change
2004-05	**$ 149,131,187**	**2.44**
2003-04	$ 145,582,290	29.12
2002-03	$ 112,753,725	-12.27
2001-02	$ 128,520,949	33.07
2000-01	$ 96,582,533	7.74



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04/05 ANNUAL REPORT

04·05 ANNUAL REPORT LDR:DEFINED
04-05 annual report LDR:defined
AnnualReport LDR : Defined 2004·2005
04·05 Annual Report LDR : defined
annual report 04·05 LDR:Defined
LDR : DEFINED
LDR : annual report defined 2005