

2001 REGULAR SESSION HIGHLIGHTED BY THE LACK OF CONTROVERSY AND PASSAGE OF THE LARGEST BUDGET IN STATE'S HISTORY

The 2001 Regular Session of the Louisiana Legislature which ended June 18th was one of the least controversial session in recent years. After the March Special Session dealing with gambling everyone appeared ready to avoid high profile issues. Even the number of bills filed (less than 3400) was far fewer than normal.

The most controversial issues involved (1) regulating the use of ground water and (2) legislation to keep the New Orleans Saints. The issue of regulating ground water use has become a serious one in Louisiana. Senator James David Cain championed legislation that would have immediately started the process of regulating new wells. In the end Senate Bill 965 authored by Senator Fred Hoyt and Representative William Daniel and supported by the Administration was passed as new law. The act creates the Ground Water Management Commission and the Ground Water Management Advisory Task Force. The Commission is mandated to develop proposal rules and regulations which will be presented to the legislature in 2003 for its approval. The act also requires that in the case of all new water wells certain information must be provided to the Commission at least 60 days prior to drilling. Anyone who is a large user of ground water should follow the developments of the new Commission carefully.

Another major piece of legislation that was passed is a revision of the Uniform Commercial Code based on the new model UCC which has been adopted by most states. The act was effective July 1, 2001. The act does make some major changes as to where UCC1 Financing Statements must be filed to perfect a security interest. There are some transition rules which affect security interests which have already been filed. In some cases a re-filing may be required by June 30, 2002. Any secured party should check on the status of their filings as soon as possible.

The 2001-2002 budget was truly the big story of the Session. Due to rising oil and gas revenues and the new money being raised with higher taxes on riverboat gambling the State went from a bleak revenue outlook only 6 months ago to an abundance of money. The result was a \$15.3 million budget, the largest in the State's history and a 9% increase over the fiscal year that just ended. The budget includes some good things like substantial raises for elementary, secondary and college teachers and a much needed cash infusion into

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the State Employees Group Benefits Program to get it on a more sound financial footing. However, the sheer size of the budget and the fact that over \$550 million in state sales tax expires on June 30, 2002, means that next year the State will face some serious financial challenges.

The Governor is already talking about a special session to address “tax reform”. Certain legislators have made it clear they will introduce legislation again to impose a processing tax on hydrocarbons as a way to reduce the State’s dependence on sales taxes and to raise new revenue. Everything is pointing to a much more interesting and controversial legislative outlook for next year.

Remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues, contact:

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