

Economic Outlook

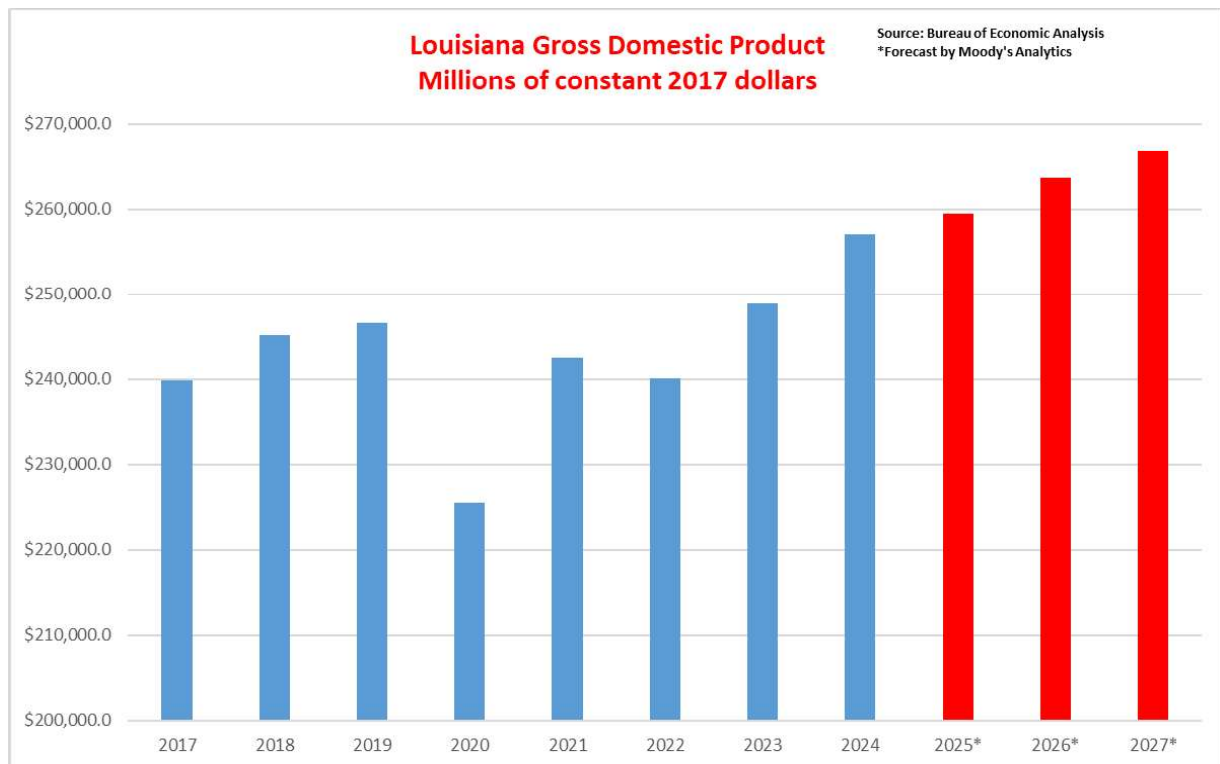
Louisiana Production & Income

Louisiana Gross Domestic Product

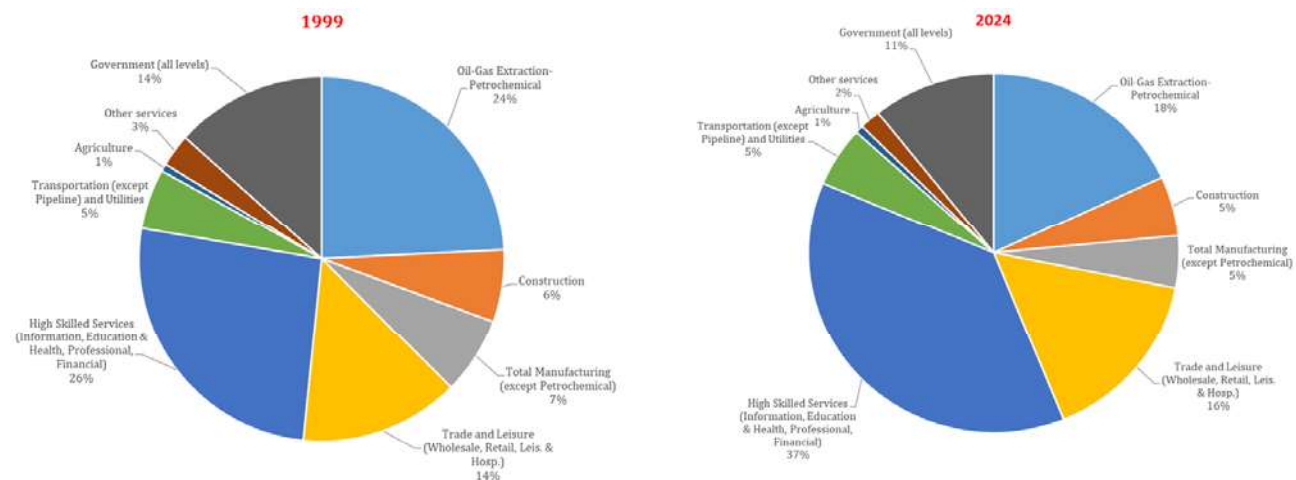
In millions of constant 2017 dollars	2022	2023	2024	Forecast		
				2025*	2026*	2027*
Louisiana Real GDP	\$240,043.0	\$248,949.4	\$257,055.90	\$259,542.59	\$263,677.17	\$266,860.92
Growth rate	-1.0%	3.7%	3.3%	1.0%	1.6%	1.2%
*Forecast by Moody's Analytics						

Louisiana Real Gross Domestic Product (GDP) (as measured in constant 2017 dollars) reached \$257.1 billion in 2024, which is a significant increase in real terms from the previous year (3.3%). This increase comes on the heels of a growth rate of 3.7% for the year 2023.

The biggest contributors to the growth rate in 2024 were the Construction, Manufacturing and Retail Trade sectors. After a small slump in 2023, the Construction sector rebounded, with a strong increase of 11.2%. In Manufacturing, the Non-durable Goods subsector (this is the area that produces foods, textiles and petrochemicals) stands out, with a growth rate of 11.9%. The Retail sector showed an expansion of 8.9%.



Louisiana Gross Domestic Product Composition

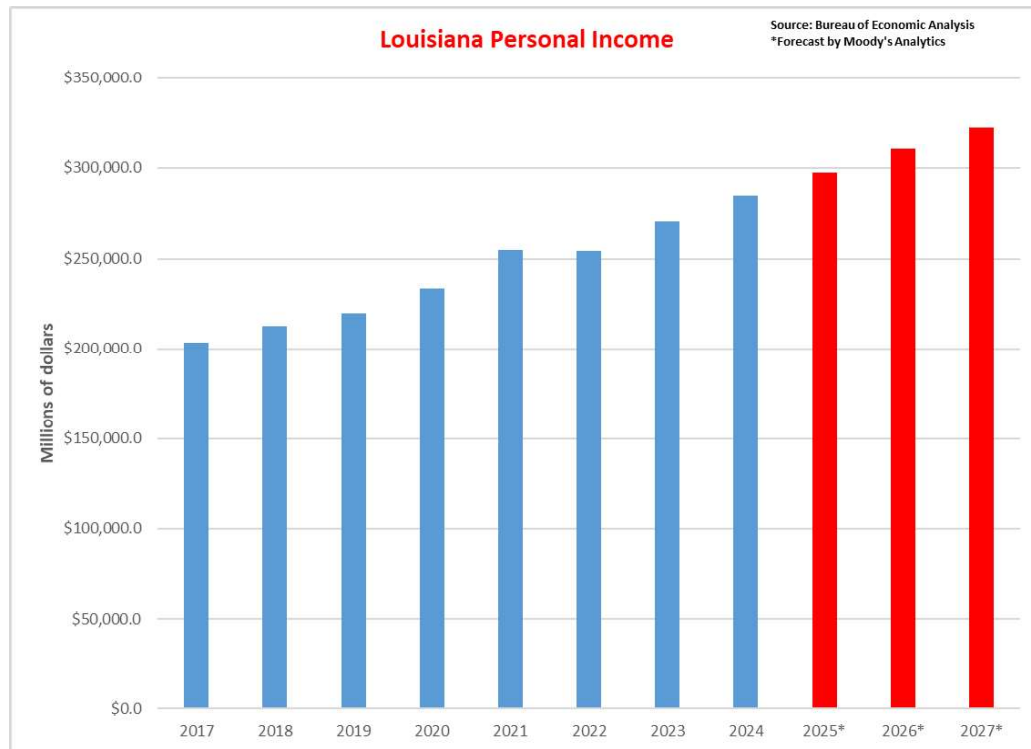


The above pie charts show the evolution of Louisiana Real Gross Domestic Product (GDP) over the span of about twenty-five years. The detailed data on Louisiana GDP for 2025 are not available at the time of this publication. What stands out is the contraction of the Oil/Gas/Petrochemical sector. In 1999, this sector covered about one-fourth of Louisiana's Gross Domestic Product. In 2024, the last full year of data available, this share represents less than one-fifth. The sector with the most expansion is the "high skilled" sector – encompassing Education & Health, Professional Services, Information, and the Financial sectors. In 1999 the share of this super-sector was about 26% of GDP compared to 37% in 2024. The Trade & Leisure super-sector (Wholesale and Retail Trade, and Leisure & Hospitality sectors) also expanded, from 14% to 16% of overall GDP.

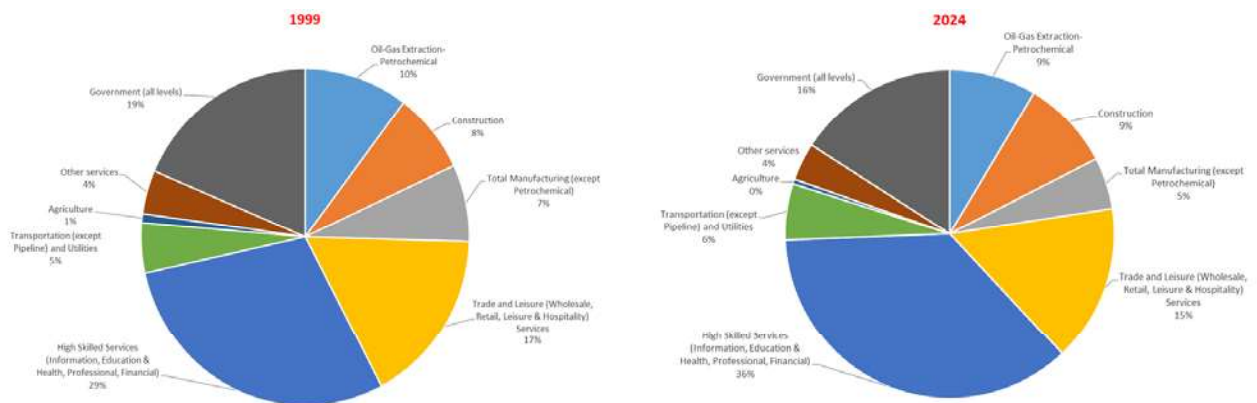
Louisiana Personal Income

In millions of dollars	2022	2023	2024	Forecast -----		
				2025*	2026*	2027*
Louisiana Personal Income	\$254,415.5	\$270,677.4	\$284,587.2	\$297,330.6	\$310,297.5	\$322,566.0
Growth rate	-0.3%	6.4%	5.1%	4.5%	4.4%	4.0%
*Forecast by Moody's Analytics						

The latest data on Louisiana Personal Income (current dollars) show that it increased by 5.1% over calendar year 2024. (Data for calendar year 2025 are not currently available.) This follows an expansion of 6.4% in the previous year. Moody's Analytics projects a continuation of this performance, with increases of 4.5% in 2025, 4.4% in 2026 and 4% in 2027.



Louisiana Personal Income Composition



In 1999, the Oil/Gas/Petrochemical sector covered a share of about 10% of Personal Income as compared to 9% in 2024. Detailed data for 2025 are not available at the time of this publication. The “high skilled” super-sector (Education & Health, Professional, Information and Financial) expanded from 29% to 36%. The Government sector (at all levels) reduced its share by 3 percentage points, from 19% to 16%.

US Real GDP

In billions of constant 2017 dollars			Forecast -----			
	2022	2023	2024	2025*	2026*	2027*
US Real GDP	\$22,075.9	\$22,723.7	\$23,358.4	\$23,809.6	\$24,306.2	\$24,758.9
Growth rate	2.5%	2.9%	2.8%	1.9%	2.1%	1.9%
*Forecast by Moody's Analytics						

Over the last three years, US real GDP has been growing at respectable rates, 2.5% in 2022, 2.9% in 2023 and 2.8% in 2024. Moody's Analytics forecasts a slowdown in these growth rates. For the next three years, the projection is that they will waver around 2%.



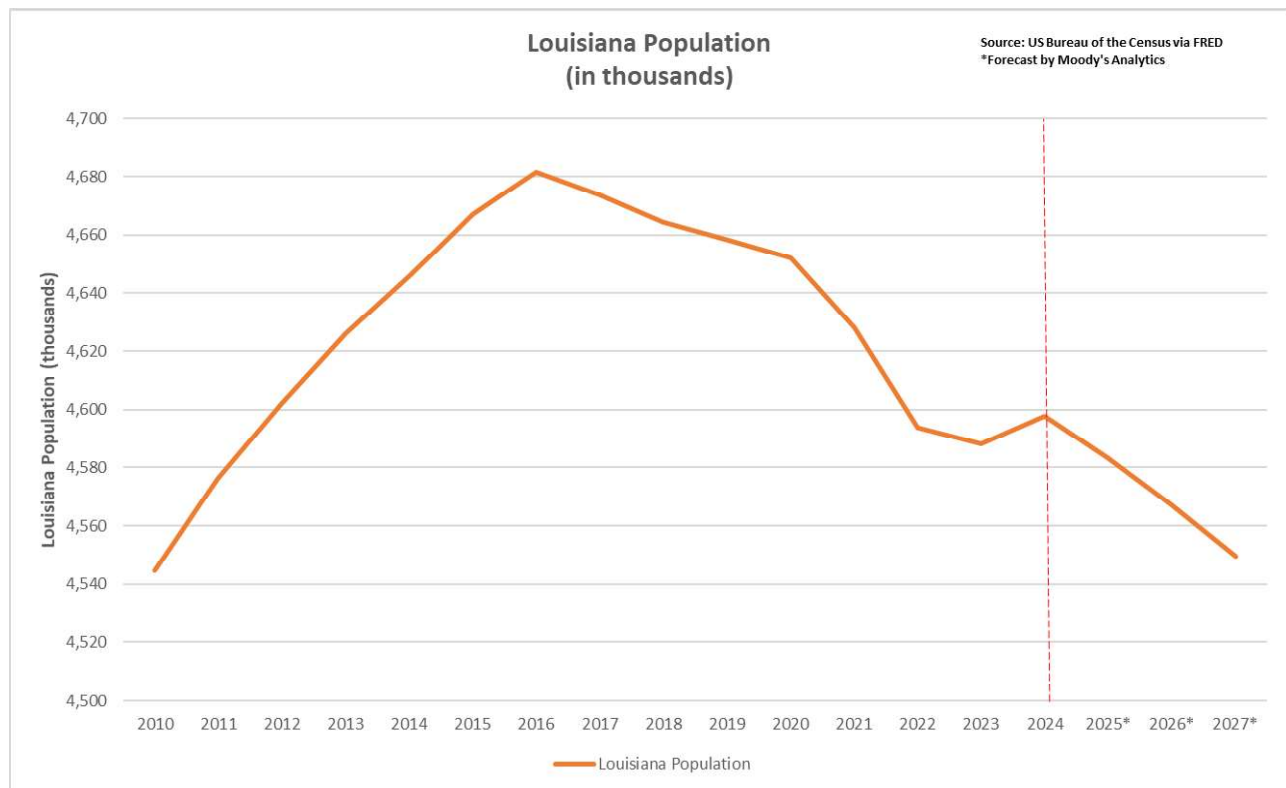
Population, Labor Force and Employment

Louisiana Population

	2022	2023	2024	Forecast -----		
				2025*	2026*	2027*
Louisiana Population	4,593,687	4,588,071	4,597,740	4,583,269	4,567,266	4,549,591
Growth rate	-0.7%	-0.1%	0.2%	-0.3%	-0.3%	-0.4%

*Forecast by Moody's Analytics

Louisiana population had been increasing steadily in the years after Hurricane Katrina, reaching a peak of almost 4.7 million in 2016. In the years after, it started to decrease on average between 0.2% and 0.3% per year. The latest data available from the US Bureau of the Census (as of July 1, 2024) reports the total state population at right under 4.6 million. Moody's Analytics forecasts small population decreases for the following three years.



Louisiana Civilian Labor Force

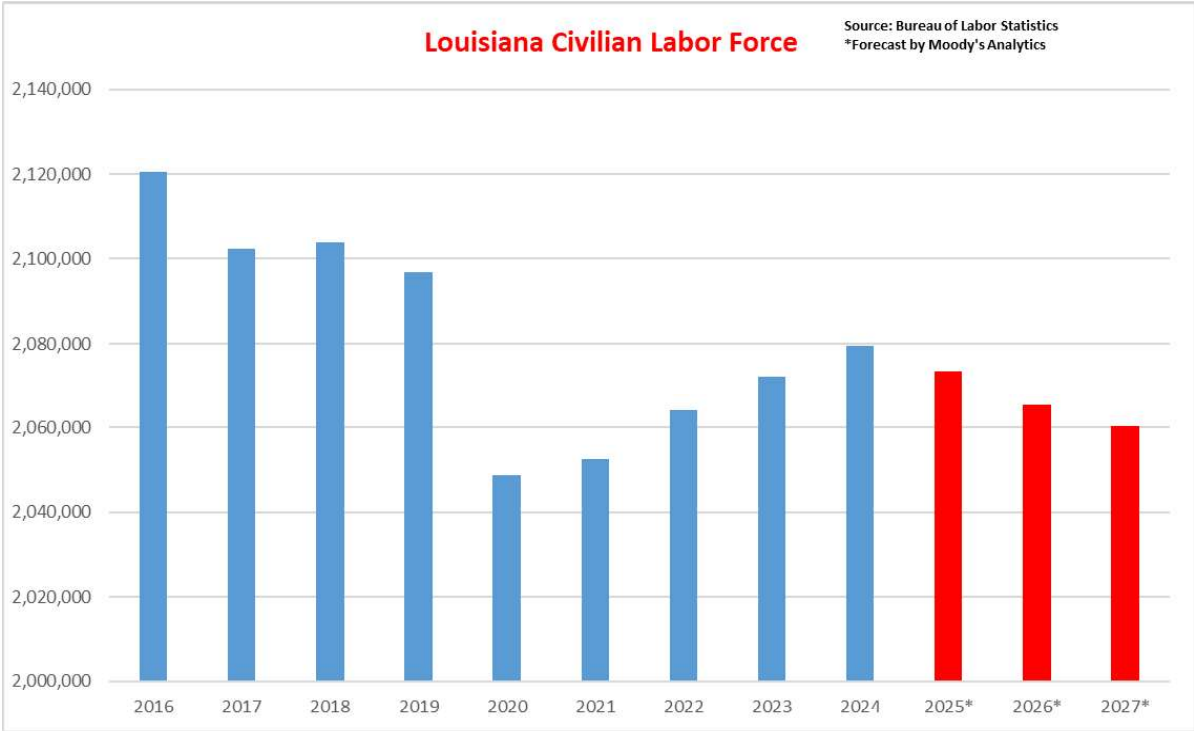
	2022	2023	2024	Forecast -----		
				2025*	2026*	2027*
Louisiana Labor Force	2,064,009	2,072,350	2,079,561	2,073,624	2,065,323	2,060,260
Growth rate	0.5%	0.4%	0.3%	-0.3%	-0.4%	-0.2%

*Forecast by Moody's Analytics

The labor force includes all people aged 16 and older who are classified as either employed or



unemployed. Conceptually, the labor force level is the number of people who are either working or actively looking for work. In the years after Hurricane Katrina, the labor force in Louisiana hovered around 2.1 million people. It reached a peak in 2015, with 2.16 million, and in the years since, it returned to its norm of 2.1 million. The global 2020 pandemic caused the labor force to fall to about 2.06 million. The last year of full data, 2024, the labor force increased to almost 2.08 million. Moody’s Analytics forecasts small reductions over the next three years.

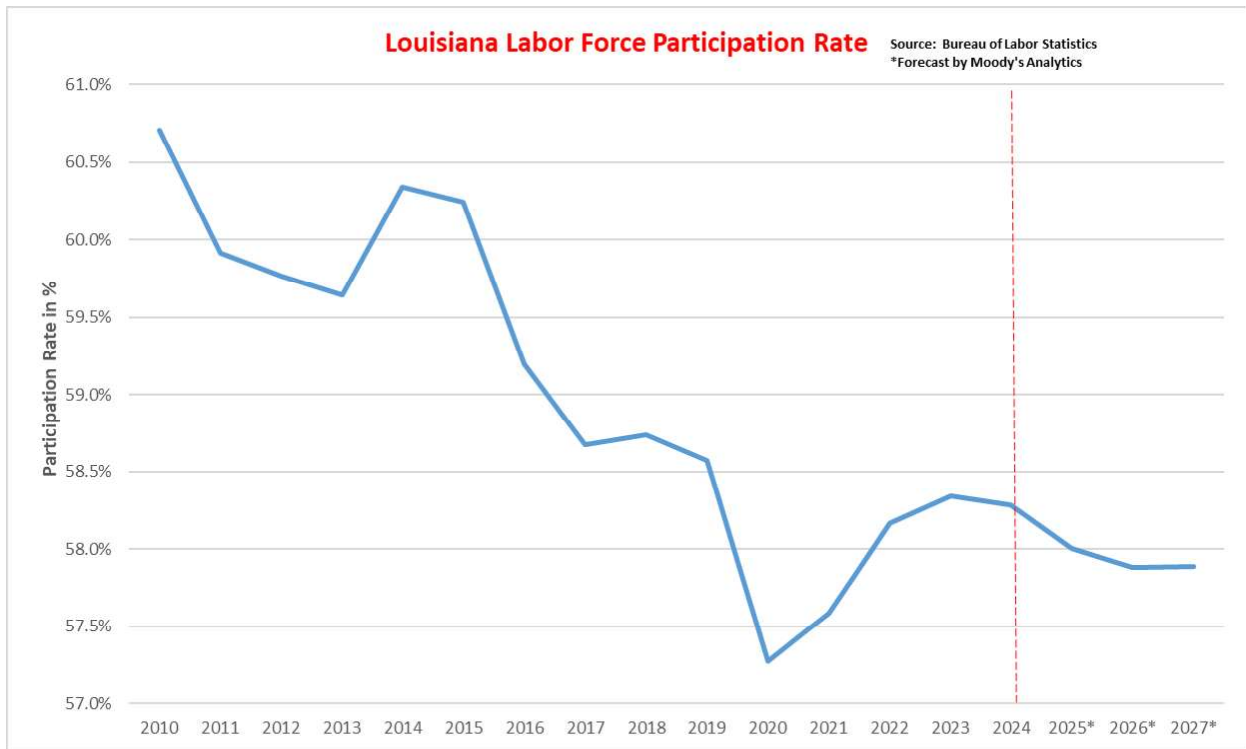


Labor Force Participation Rate

LA Labor Participation Rate	2022	2023	2024	Forecast -----		
	2022	2023	2024	2025*	2026*	2027*
*Forecast by Moody's Analytics	58.2%	58.3%	58.3%	58.0%	57.9%	57.9%

The labor force participation rate represents the number of people in the labor force as a percentage of the civilian non-institutional population. [The civilian non-institutional population age 16 and older is the base population group considered by the Bureau of Labor Statistics. It excludes people in the Armed Forces, people in jail and in residential care facilities.]

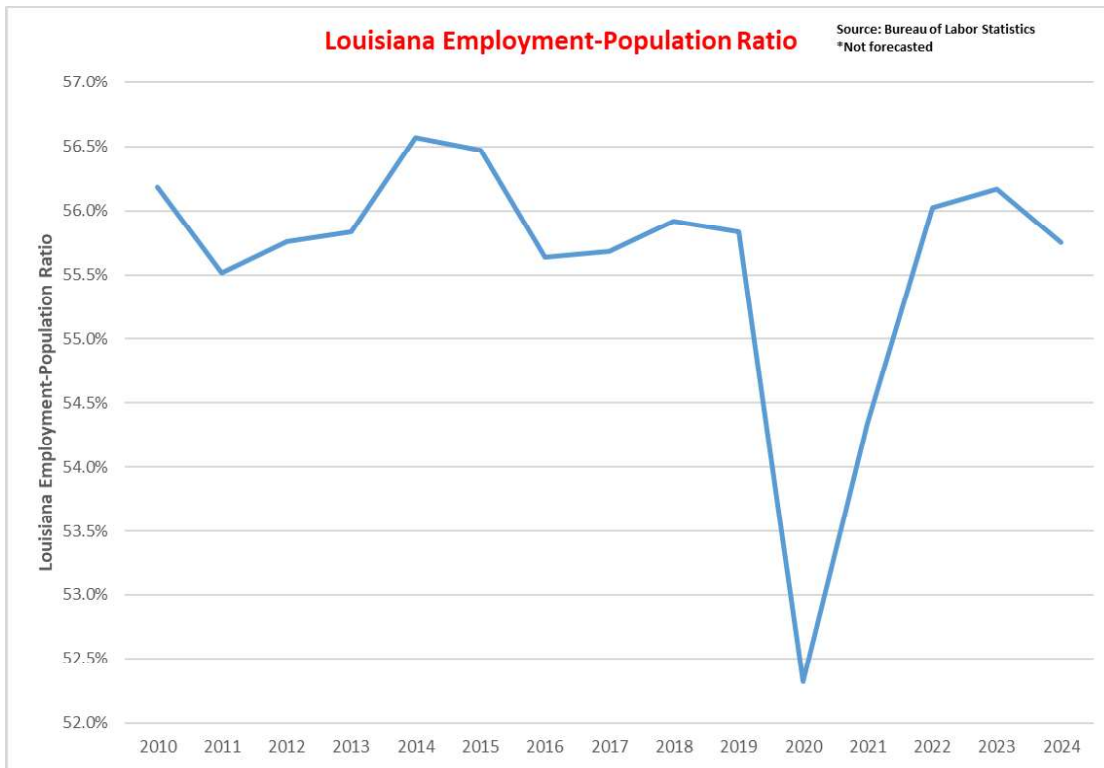
The labor force participation rate in Louisiana has been decreasing gradually in the decade of the 2010s (with a brief exception in the middle of the decade). In the year before the pandemic, 2019, it reached a low of 58.6% and the pandemic caused a further decline. In 2022 and 2023, it recovered to some extent to 58.2% and 58.3% respectively, holding steady at 58.3% in 2024. Moody’s Analytics forecasts slight decreases for the next three years.



Louisiana Employment-Population Ratio

	2022	2023	2024	Forecast -----		
				2025*	2026*	2027*
LA Employment Population Ratio	56.0%	56.2%	55.8%	n/a	n/a	n/a

The employment-population ratio represents the number of employed people as a percentage of the civilian non-institutional population. In other words, it is the percentage of the population that is currently working. The employment-population ratio, because it is unaffected by voluntary changes in labor force participation, is a useful indicator of current labor market conditions. For Louisiana, it hovered around 56% for most of the 2010 decade until the global pandemic hit. In 2020, it fell to a low of 52.3%, but recovered, and attained its normal level of 56% by 2022. Moody's Analytics does not forecast this statistic.

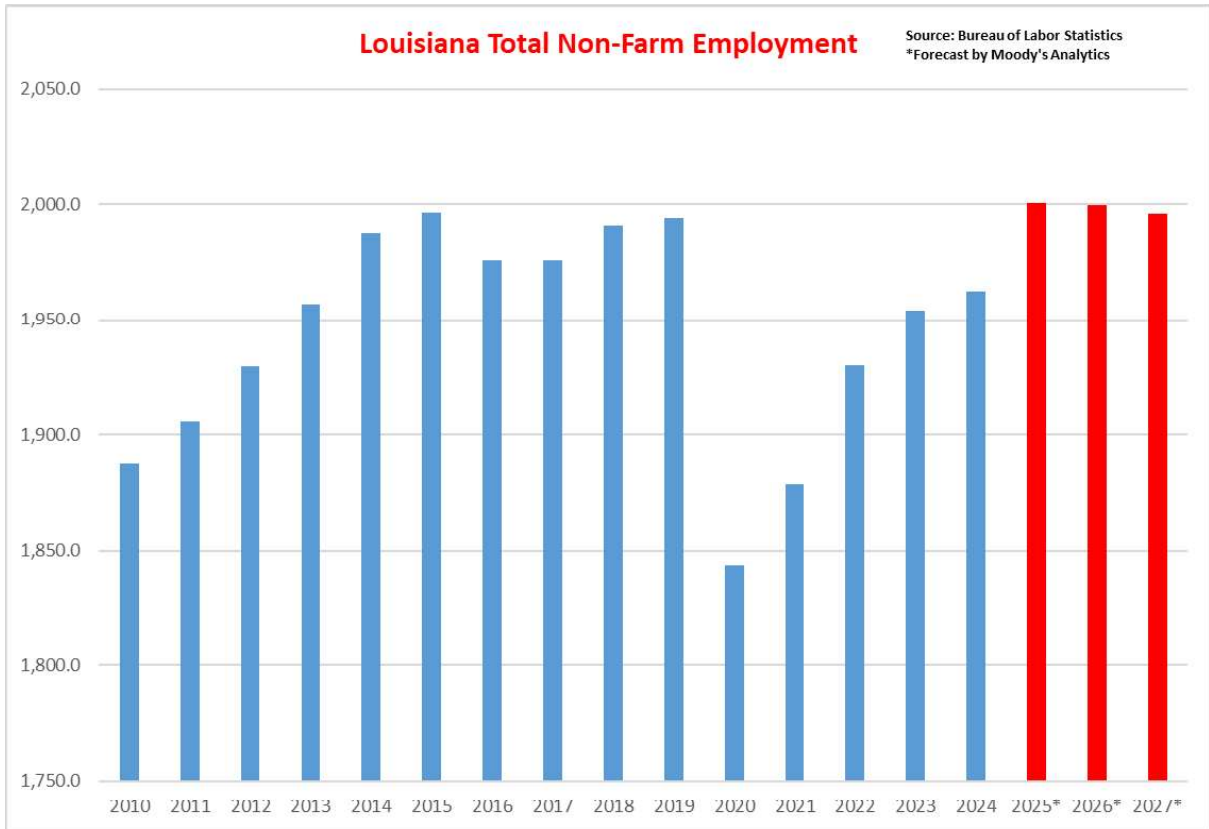


Louisiana Employment

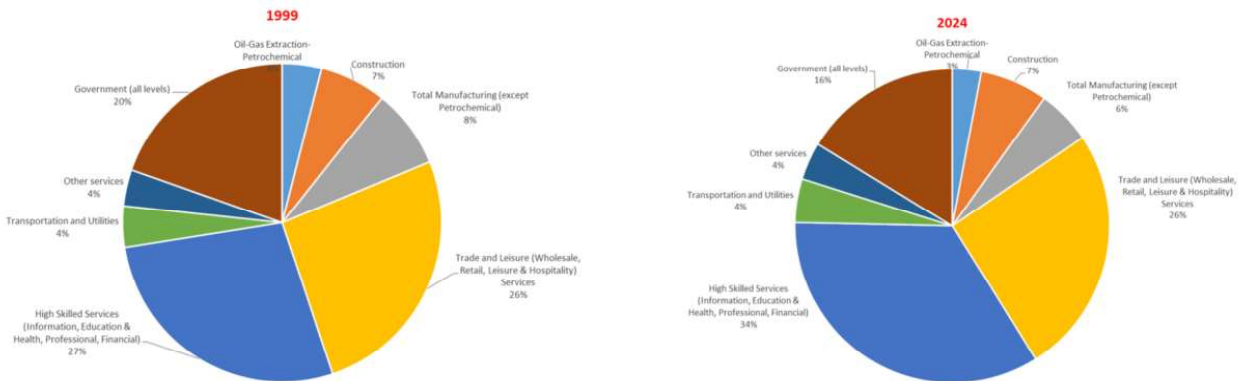
	2022	2023	2024	Forecast		
(in thousands)				2025*	2026*	2027*
Louisiana Employment	1,930	1,954	1,962	2,000	2,000	1,996
Growth rate	2.8%	1.3%	0.4%	1.9%	0.0%	-0.2%

*Forecast by Moody's Analytics

Louisiana total non-farm employment evolved in a positive way over the last three years – slowly but steadily reaching the two million mark in May 2025. The largest contributor to the recovery after the pandemic is the Education & Health Supersector, with 41,000 jobs created since the peak of February 2019. Moody's Analytics projects a small slowdown in job creation – but this is partially conditioned by the fact that job creation is bumping against the size of the labor force in our state.



Louisiana Employment Composition



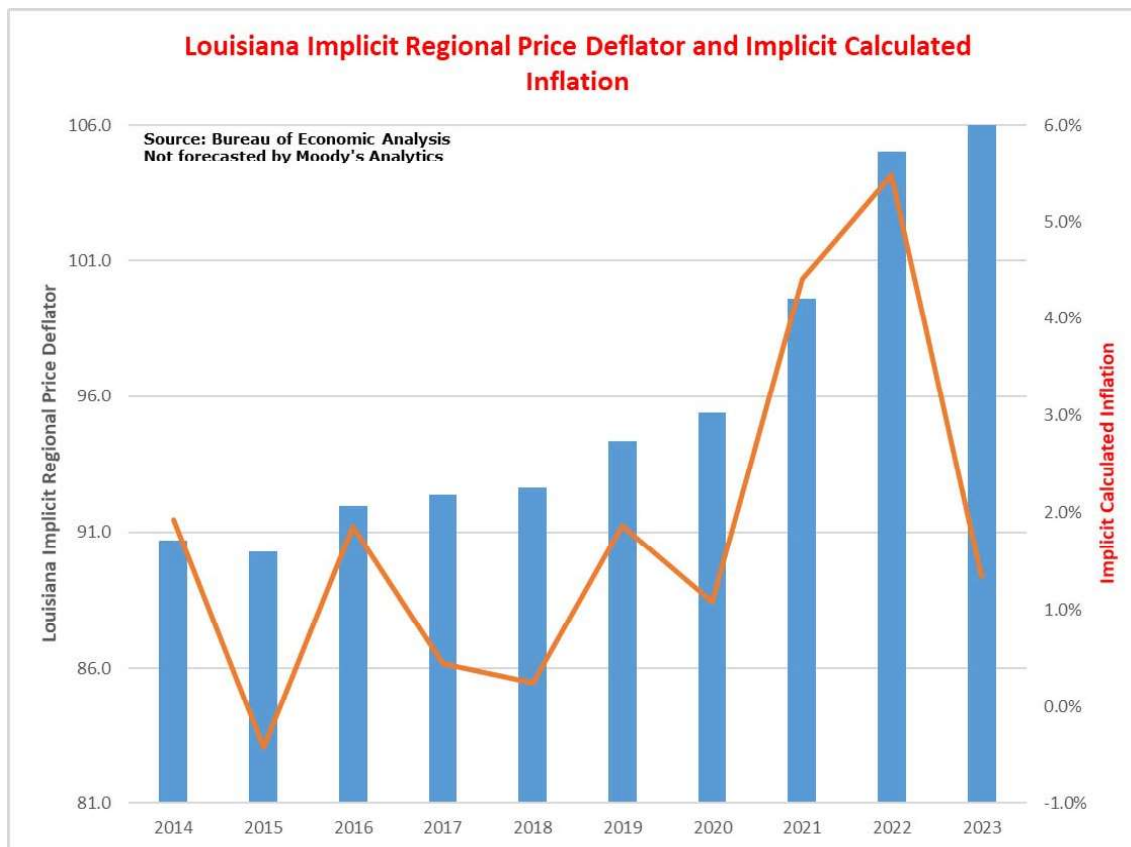
Over the last twenty-plus years Louisiana employment gradually shifted toward a service oriented economy. Trade & Leisure and the High Skilled sectors represented about 53% of employment in 1999. By 2024, these two super sectors represented of 60%, with the High Skilled sector expanding its stake. Government employment (at all levels) shrank by 4% (from 20% to 16%) and Total Manufacturing (except Petrochemical) also reduced its share from 8% to 6%.

Prices

Implicit Regional Price Deflator

There are no good price index statistics for states. Most of the price indices provided by the federal government are calculated nationwide only. However, the Bureau of Economic Analysis provides a regional (state) price index. This index, the Implicit Regional Price Deflator, is computed for each state. The growth rate, or year-to-year change in the Implicit Regional Price Deflator, is a measure of regional inflation. The Price Deflator is provided once a year in December. Unfortunately, because of the federal government shutdown during October and early November 2025, the data for calendar year 2024 have not been released.

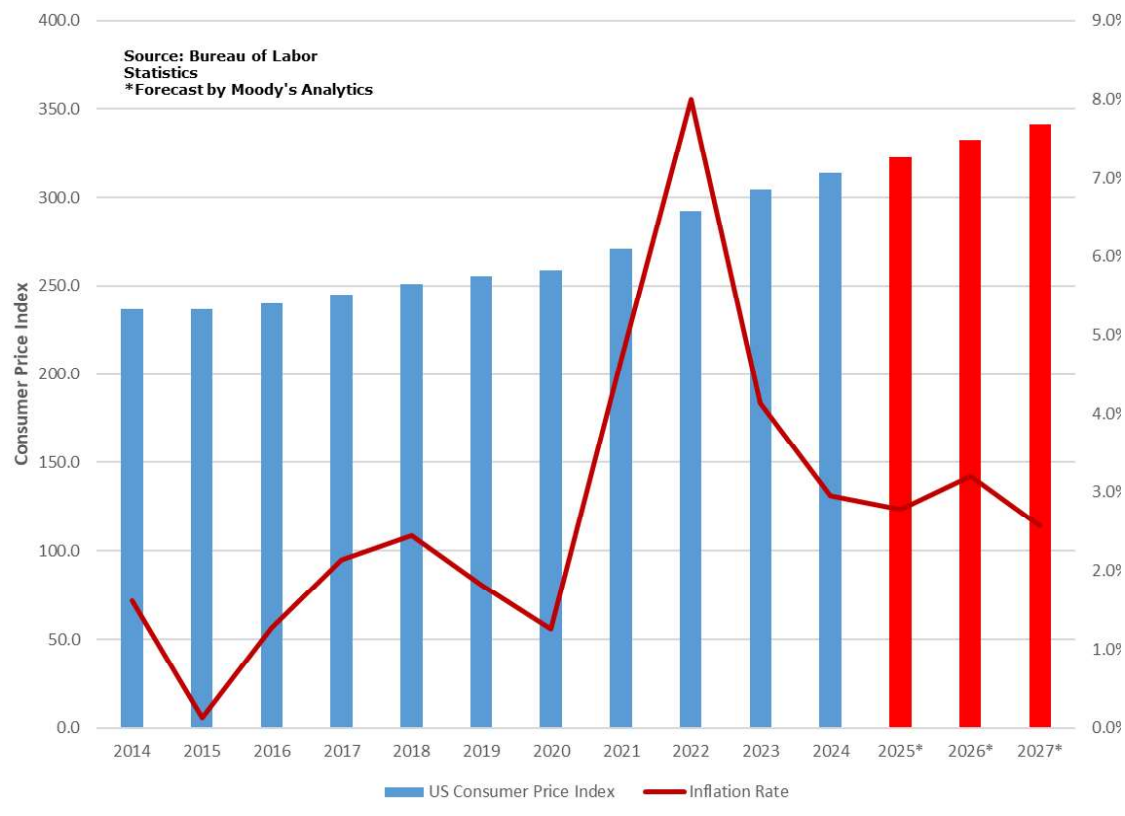
The chart on the following page shows the Price Deflator level and growth rate for the state of Louisiana. According to this measure, inflation was between 1% and 2% in the previous decade, but in 2022, it increased to 5.5%. This is consistent with the fact that, in that year, the US inflation rate accelerated significantly, as shown below. In 2023 the rate of change in the deflator returned to more normal levels, 1.3%.



US Consumer Price Index

Base Year: 1982-84=100				Forecast -----		
	2022	2023	2024	2025*	2026*	2027*
US Consumer Price Index	292.6	304.7	313.7	322.4	332.8	341.3
Growth rate	8.0%	4.1%	3.0%	2.8%	3.2%	2.6%
*Forecast by Moody's Analytics						

One index that is widely followed to measure inflation is the US Consumer Price Index for all urban areas, produced by the Bureau of Labor Statistics. The inflation rate (changes in the index) fluctuated between 1% and 2% throughout the 2010 decade. In 2020, the inflation rate was 1.3%. The following year, 2021, it increased notably to 4.7%, almost doubling to 8% in 2022. The following year, as a consequence of the tightening of monetary policy by the Federal Reserve, inflation moderated a bit to 4.1%. In 2024 inflation fell a bit further to 3.0%. Moody's Analytics estimates inflation will be 2.8%, 3.2% and 2.6% in the following three years.

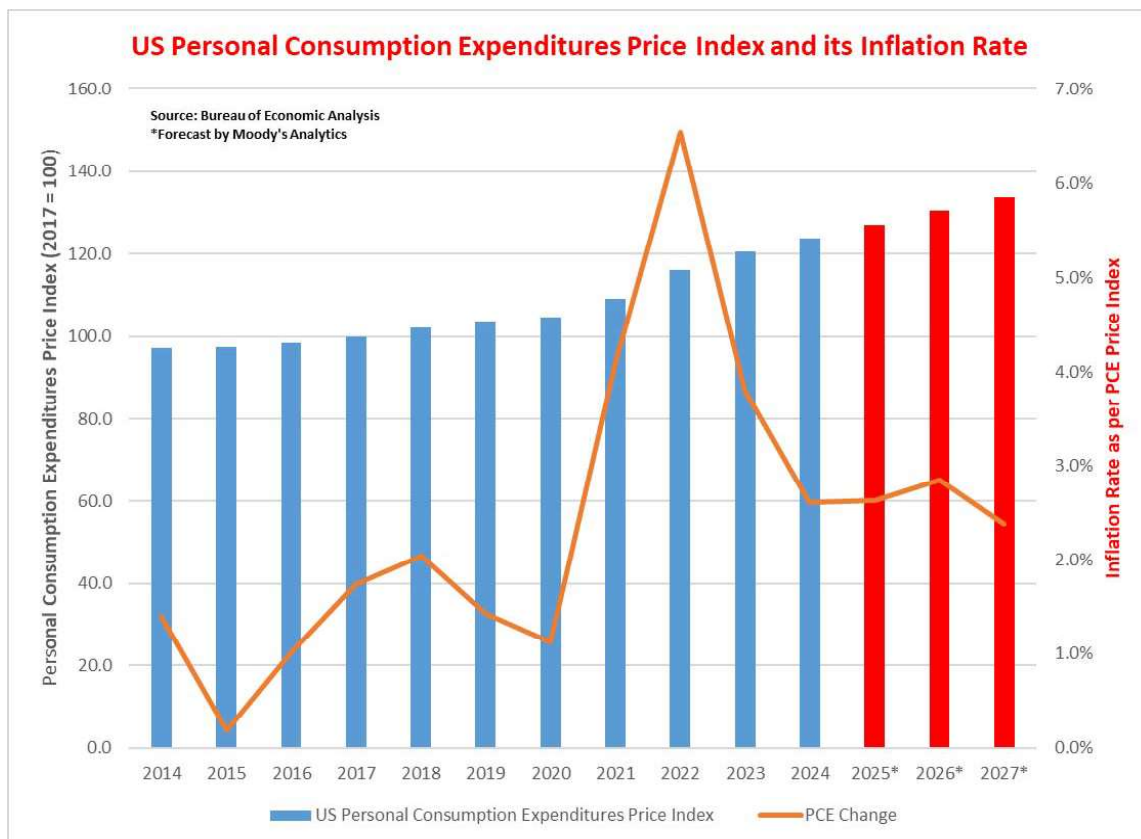


US Personal Consumption Expenditures Price Index

Base year: 2017=100				Forecast		
US Personal Consumption Expenditures Price Index	2022	2023	2024	2025*	2026*	2027*
Expenditures Price Index	116.1	120.5	123.7	126.9	130.6	133.7
Growth rate	6.5%	3.8%	2.6%	2.6%	2.9%	2.4%
*Forecast by Moody's Analytics						

Another extensively used measure of the inflation rate is the change in the US Personal Consumption Expenditures Price Index (PCE Index), as calculated by the Bureau of Economic Analysis. This is the preferred measure of the Federal Reserve to implement its monetary policy. The PCE Index is a broader measure of inflation since it encompasses many more goods and services than the Consumer Price Index (and it is also calculated differently as the CPI).

Similarly to the Consumer Price Index, the PCE Index rate of change hovered around 1% and 2% for most of the last decade. In 2021, it increased to 4.1% and the following year it increased even further to 6.5%. The last year of available data is 2024, where the PCE Index receded to 2.6%. Moody's Analytics forecasts that the inflation rate based on this index, will be 2.6% in 2025, 2.9% in 2026 and 2.4% in 2027.



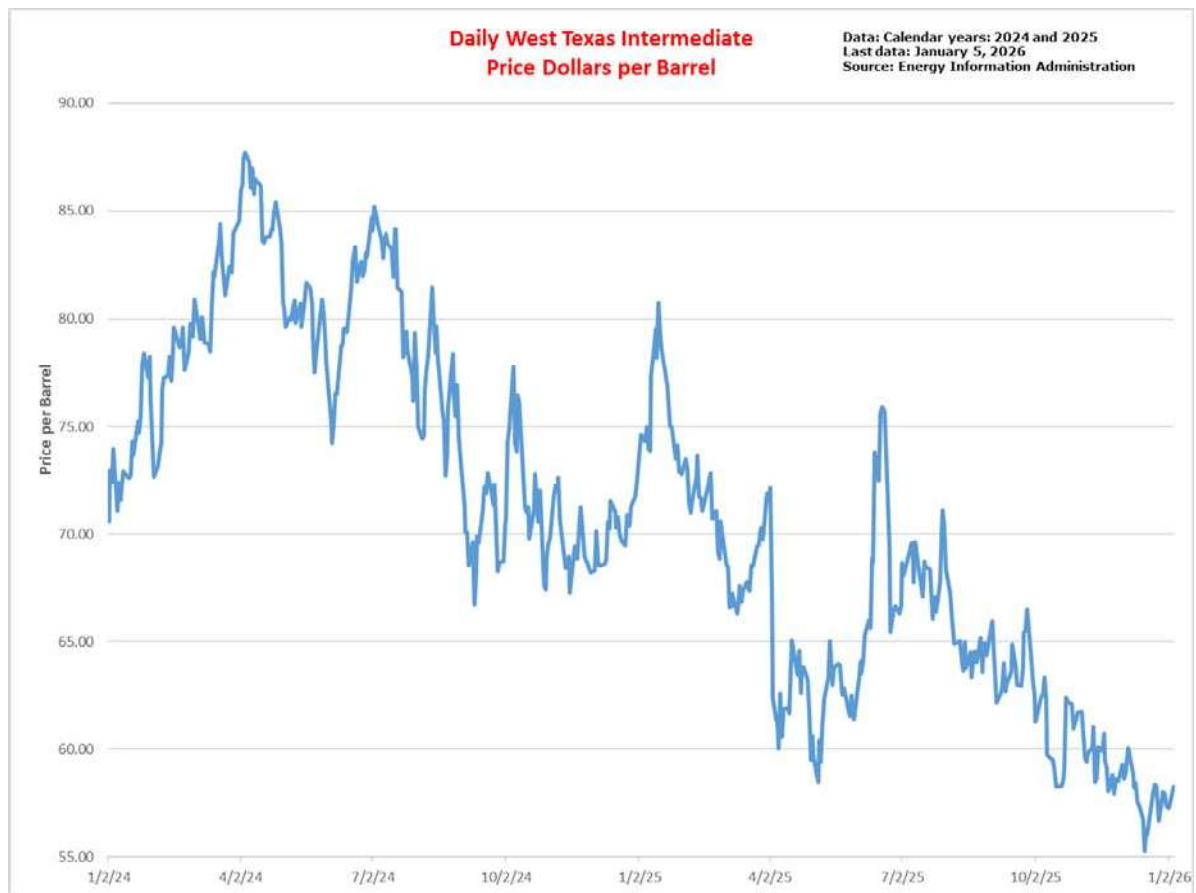
West Texas Intermediate (WTI) Oil Price

	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
WTI Oil Price Annual Average	\$81.20	\$82.15	\$72.60	\$59.76	\$59.95
*Forecast by REC					

Crude oil prices continue to be an important focal point for policymakers in Louisiana. This is the reason why the Revenue Estimating Conference (REC) adopts a projection of the oil price every time it revises the forecast.

The box above shows the fiscal year annual average of the West Texas Intermediate crude oil type, dollars per barrel. After reaching heights of almost \$90 per barrel in the early months of 2024, the price of crude oil has been steadily falling (with some variance). The daily annual average for FY 2023-2024 reached \$82.15 but fell by \$10 at the time FY 2024-2025 came to a close to \$72.60. Reasons for this decrease include the fact that major suppliers of crude oil increased production and various policy changes are impacting domestic oil extraction.

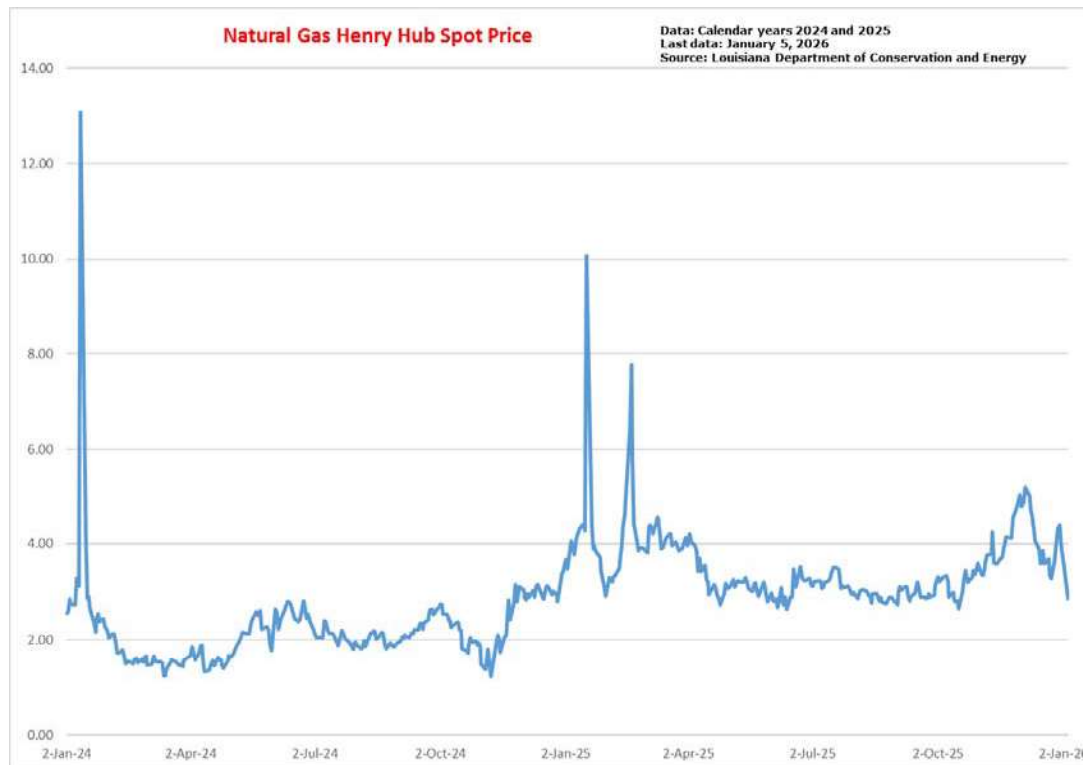
The latest Revenue Estimating Conference of December 11, 2025 adopted a forecast for the crude oil price for the ensuing fiscal year FY 2025-2026 of \$59.76 and for the following fiscal year FY 2026-2027 of \$59.95.



Henry Hub Natural Gas Spot Price

	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
Henry Hub Natural Gas Price	\$3.25	\$2.19	\$3.13	\$3.70	\$4.37
*Forecast by REC					

Another important price for Louisiana is the natural gas price, usually measured by the Henry Hub Spot price. A forecast for this price is also adopted by the Revenue Estimating Conference, which is why the box above shows annual averages by fiscal year. Throughout the 2010 decade, this price fluctuated around \$2 per million British Thermal Units (mmBTU), but with the war in Ukraine and the threat of Russia to cut off natural gas supplies to Europe, this price increased significantly during 2022. During FY 2023-24, the average price decreased to \$2.19, rising to \$3.13 in the fiscal year that just closed. The REC adopted a forecast of \$3.70 for FY 2025-2026 and \$4.37 for FY 2026-2027.



Revenue

Taxes, Licenses and Fees

In millions of dollars				Forecast -----	
	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
Taxes, Licenses & Fees (TLF)	\$16,656.9	\$17,105.3	\$16,785.0	\$16,031.7	\$16,013.9
Dedications	\$4,226.3	\$4,462.7	\$4,191.2	\$3,524.3	\$3,397.2
State General Fund (SGF)	\$12,430.6	\$12,642.6	\$12,593.8	\$12,507.4	\$12,616.6
Forecast: Revenue Estimating Conference (REC), December 11, 2025					

Revenue Summary

Fiscal Year 2024 – 2025

FY 2024-2025 saw a decrease in revenue collections as measured by Taxes, Licenses & Fees (TLF), compared to FY 2023-2024. This broad measure tracked by the Revenue Estimating Conference (REC) decreased by 1.9%. In addition, Statutory Dedications fell by 6.1% compared to the previous fiscal year. The State General Fund (SGF) collection declined by 0.4%.

Fiscal Year 2025 – 2026

The Revenue Estimating Conference (REC) met December 11, 2025 and adopted a forecast for Taxes, Licenses & Fees for FY 2025-2026 (current fiscal year) that is about \$753 million lower than the actual collections in FY 2024-2025. The State General Fund is forecast to decrease by \$86.4 million, compared to the actual collection in FY 2024-2025. In November 2024 the legislature met to pass an overhaul of the major revenue streams supporting TLF. These tax code changes affected principally the Individual Income Tax, the General Sales Tax (and its companion Motor Vehicle Sales Tax) and the Corporate Income & Franchise Taxes. On the Individual Income Tax side, personal exemptions were increased significantly and the higher income tax rates were reduced to a flat rate of 3%. The Sales Taxes were increased to 5% (for a period of five calendar years) and the tax base was broadened to include some digital services. On the Corporate Collections side, the brackets of corporate income tax rates were eliminated and a flat 5.5% was introduced, and some tax credits and exemptions were eliminated.

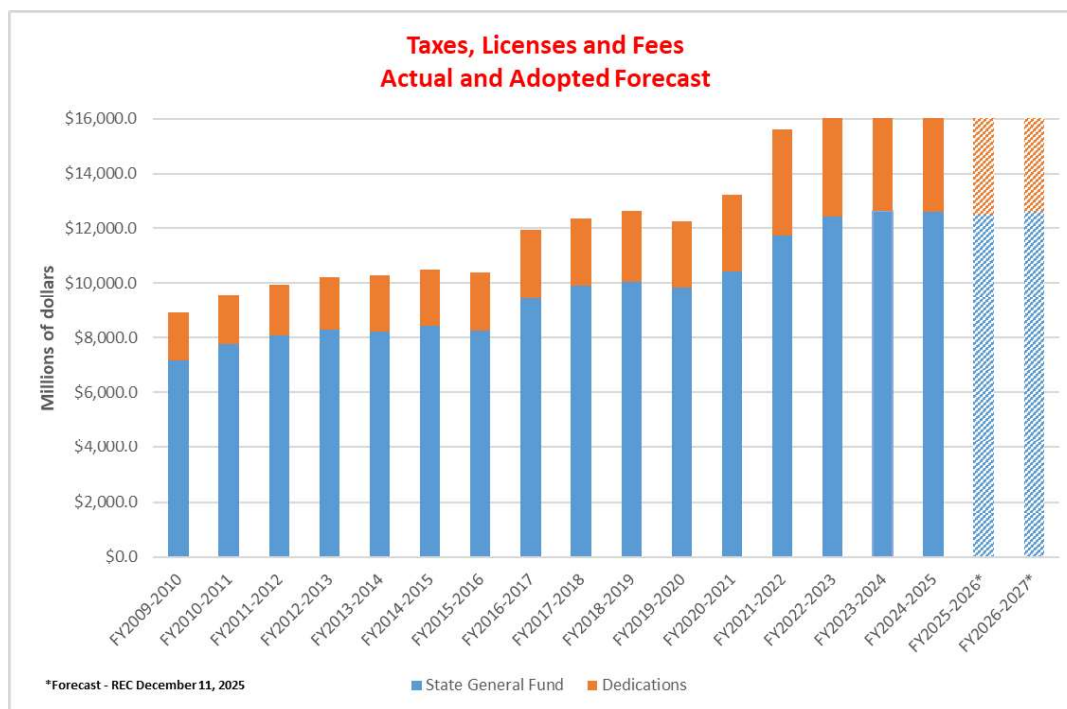
After almost one year of these changes, the overhaul is working as intended. Overall, the Individual Income Tax collection has been falling and the General Sales taxes have been increasing, both effects as expected. This will be seen below when some of the revenue streams are discussed.

Fiscal Year 2026 – 2027

The REC on December 11, 2025 also revised the forecast for FY 2026-2027 (the ensuing fiscal year). It projects that, compared to current fiscal year, TLF will see a small reduction of almost \$18 million and the State General Fund an increase of \$109.2 million (this increase in SGF is due to the Statutory Dedications falling by more than TLF).

The following chart shows the evolution of Taxes, Licenses & Fees including the latest REC projections.



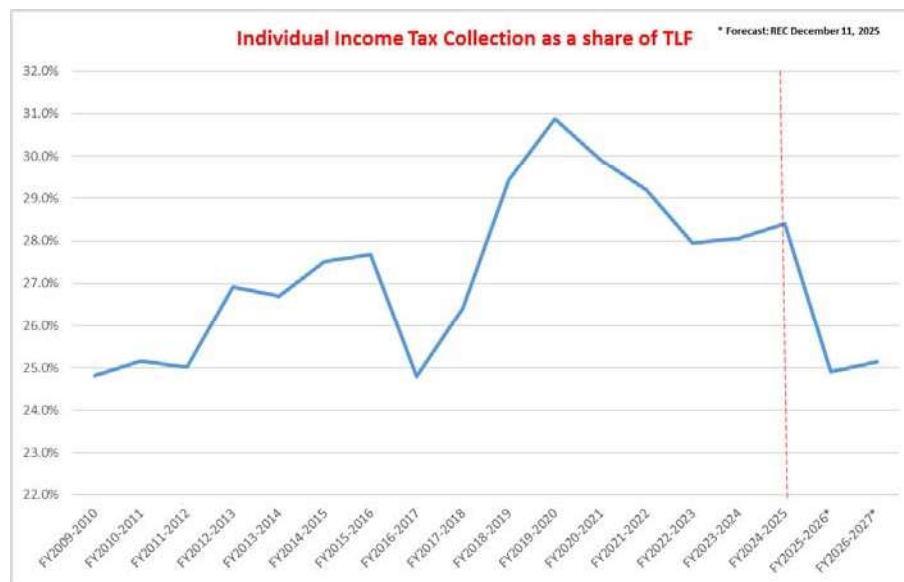
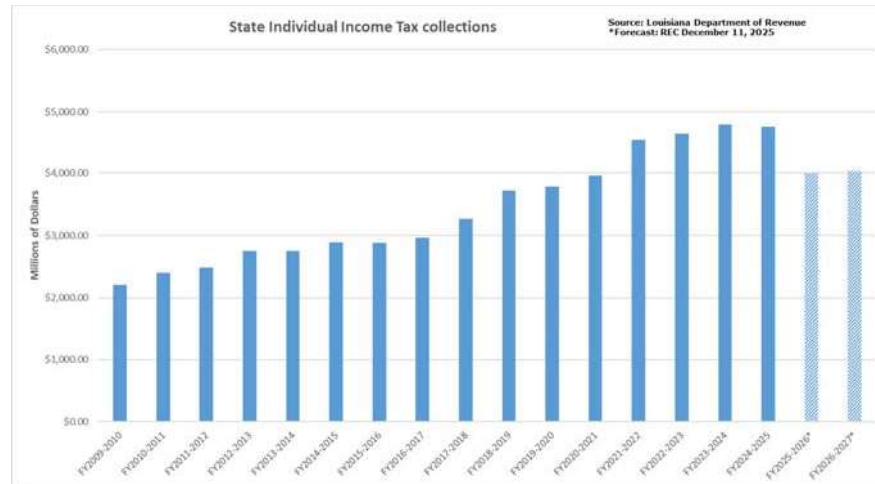


The sections that follow provide greater detail on some of the most important revenue streams that support TLF.

Individual Income Tax

In millions of dollars				Forecast -----	
	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
Individual Income Tax	\$4,654.6	\$4,797.9	\$4,768.2	\$3,992.5	\$4,026.6
Forecast: REC December 11, 2025					

The Individual Income Tax historically represented between 25% and 30% of the total collection of Taxes, Licenses and Fees. However, this percentage may decrease to some extent given the tax reform discussed above. It has no significant dedications, which means it supports the State General Fund in a sizable share as well. The collection of this tax has consistently increased in recent years. Projections for FY 2025-2026 and FY 2026-2027 show a projected decrease in collections. This decline is due to the tax reform discussed in the beginning of the Revenue section.

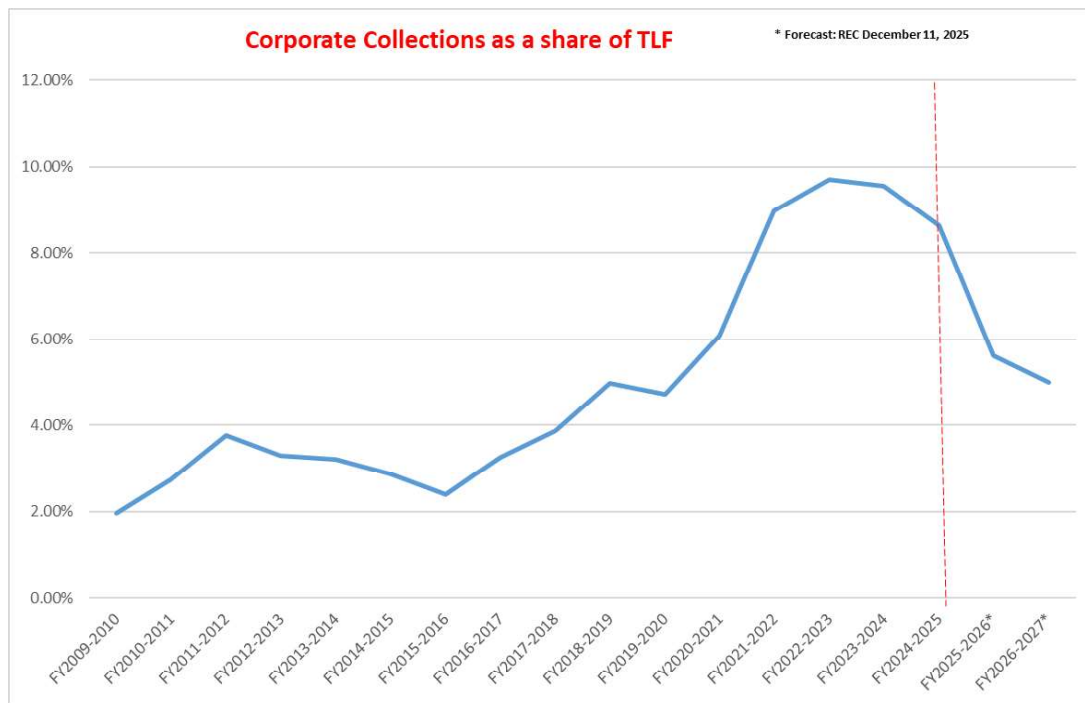
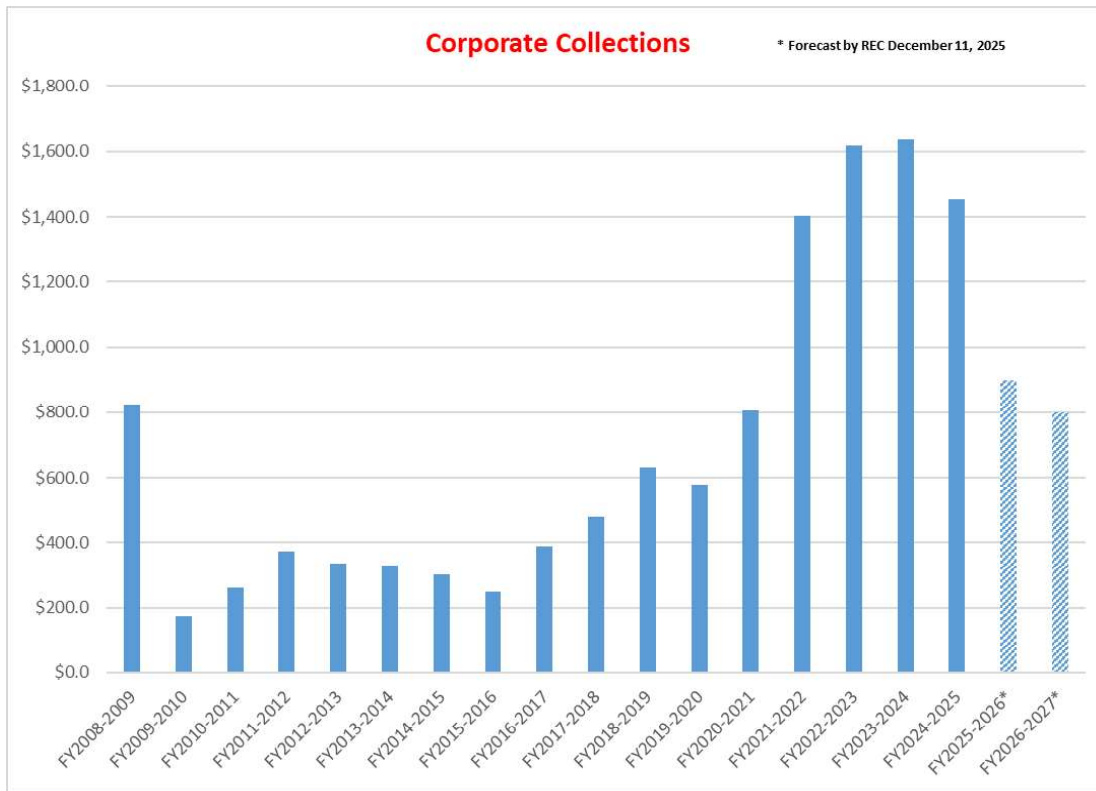


Corporate Collections

In millions of dollars	Forecast -----				
	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
Corporate Collections	\$1,616.8	\$1,636.0	\$1,451.9	\$900.0	\$800.0
Forecast: REC December 11, 2025					

Corporate collections have historically been comprised of revenues from the Corporate Income Tax and the Corporate Franchise Tax. Out of the total, around 75% come from the Income Tax and the rest from the Franchise Tax. The tax reform from November 2024 will significantly change the future composition and collection of corporate collections. The reform introduced a flat corporate income tax of 5.5% and changes to exemptions and the treatment of credits and deductions. In addition, the corporate franchise tax is eliminated starting tax year 2026. Corporate collections above \$600 million flow into the Revenue Stabilization Trust Fund (RSTF). The projections of the Revenue Estimating Conference reflect the changes in the tax code.



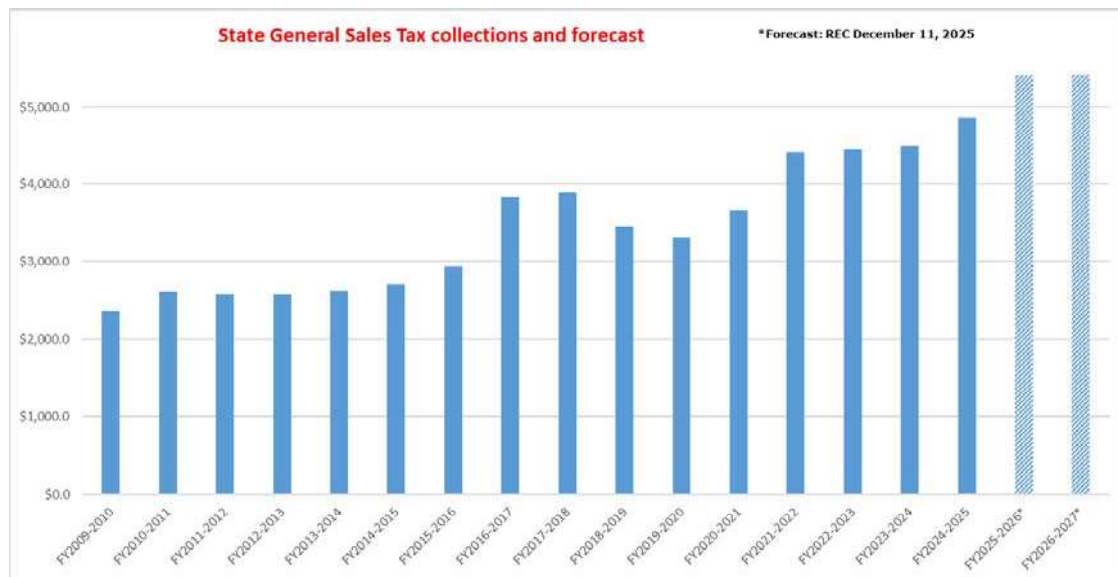


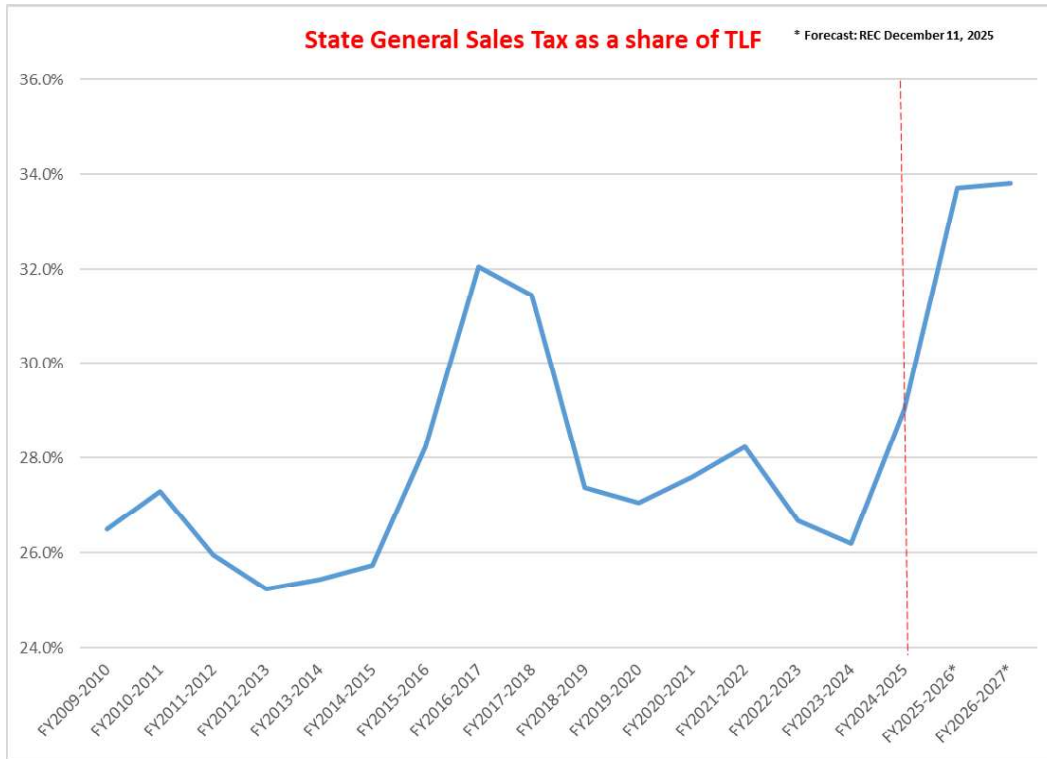
General Sales Tax

Another important revenue stream sustaining TLF is the General Sales Tax. Its share of TLF fluctuated in recent years between 24% and 28%. The collection of this tax has generally been increasing in recent years, but it was affected by rate changes enacted by the Legislature. For example, Act 62 of the 2016 First Extraordinary Session increased the state sales tax rate from 4% to 5% (April 1, 2016 through June 30, 2018). Thus, this rate increase encompassed the last few months of FY 2015-2016 through FY 2017-2018. When the 1% sales tax rate expired, the legislature voted to keep an increase in the rate of 0.45%. This reduction in the rate can be seen in the collections for FY 2018-2019 and FY 2019-2020. The increase in the following fiscal years was mostly driven by support from the federal government during the global pandemic.

The tax reform enacted by the Legislature in November 2024 increased the state sales tax rate from 4.45% to 5%, starting January 1, 2025 – for the period of five calendar years until December 31, 2029. The increase in the rate is reflected in the forecast for current and the ensuing fiscal years.

In millions of dollars				Forecast -----	
	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
State General Sales Tax	\$4,445.0	\$4,482.4	\$4,869.5	\$5,405.1	\$5,415.7
Forecast: REC December 11, 2025					





Mineral Revenue

In millions of dollars	Forecast -----				
	FY2022-2023	FY2023-2024	FY2024-2025	FY2025-2026*	FY2026-2027*
Severance Tax	\$883.6	\$828.4	\$316.2	\$320.7	\$359.0
Royalty Collection	\$225.5	\$132.3	\$132.0	\$93.2	\$100.5
Forecast: REC December 11, 2025					

As a crude oil and natural gas producing state, mineral revenue from these two resources has traditionally been a focal point for state policymakers. Forty years ago, Mineral Revenue comprised over 40% of the tax base, but a lot has changed since then. By the late 2000s, the share of Mineral Revenue fell to right over 10%, and a few years later, it decreased further to about 5%. This decline was mostly due to the drop in the price of crude oil in 2015, but a low natural gas price also played a role. In addition, crude oil production in Louisiana fell significantly – in 2010 Louisiana was still producing over 60 million barrels of crude oil, but recently no more than 30 million barrels were extracted. Natural gas production had a big push when the Haynesville Shale was developed starting around 2007. However, much of this natural gas extraction was not subject to tax because of the horizontal drilling exemption. Should the collection of Mineral Revenue reach levels higher than \$660 million (after accounting for a couple of dedications of the Severance Tax and Royalty payments), the amount between \$660 million and \$950 million is dedicated to the Revenue Stabilization Trust Fund and the Unfunded Accrued Liability of some of the state pension systems.

