LOUISIANA TAX FREE SHOPPING COMMISSION

Commission Meeting

**MINUTES**

Meeting Location:

WTCNO

365 Canal Street

11th Floor, Suite 1120

New Orleans, LA 70130

June 10th, 2019

10:00 A.M.

Commission Members Present: Steve Windham, LTFSC Chairman; Kevin Richard, Deputy Secretary, Louisiana Department of Revenue; Laura Lapeze, Louisiana Treasurer's Office; John Schroder, State Treasurer; Thomas Spiers, Chairman, World Trade Center New Orleans; Leanne Weill office of the Lt. Governor

LTFS Staff Present: Denise Thevenot, Executive Director, LTFS; Stella Thornton, Membership Director; Melissa Rivera, General Manager; Amy Hemphill, Accounting Temp, LTFS/Westaff

Also Present: Ignatius Atsina Stella Maris Maritime Ministries; Deacon Wayne Lobell, Stella Maris Maritime Ministries

1. **CALL TO ORDER**

Chairman Steve Windham called the meeting to order at 10:20 A.M. and began with introductions and thanks to everyone for attending. Chairman Windham welcomed the LTFS newest Commissioner, Thomas Spiers, as the designee of the World Trade Center New Orleans.

**2**. **MINUTES**

On a motion made by Mr. Richard and seconded by Ms. Lapeze, the minutes for the February 5, 2019 commission meeting were approved with the correction of adding Free as the last name to Renee Fontenot from the Office of the Treasurer.

**3. PROGRAM STATUS**

Ms. Thevenot stated it was a difficult year and we had a decline from last year. Ms. Thevenot explained the reasons behind the decline. Ms. Thevenot explained the fiscal year had fewer conventions with international delegates than the previous fiscal year. Ms. Thevenot further explained, the process to give refunds at the refund centers had been changed in July from recommendations by the Louisiana Department of Revenue to have sufficient documentation for each customer transaction. As a result, the procedures to process tax refunds has resulted in a longer process that Ms. Thevenot suggests is discouraging international visitors to cash in refund vouchers. Ms. Thevenot explained the upcoming fiscal year had more conventions than the previous fiscal year, which could result in increased customer traffic.

Treasurer Schroder asked what the difference in time was between how long the refund process took now compared to before the changes. Ms. Thevenot stated it used to take 2-3 minutes compared to 5-10 minutes now. Mr. Richard stated that the international visitor must have everything required and the vouchers must come from the stores filled out completely. Refund Center staff was not allowed to fill out blank vouchers for the customer. Mr. Richard explained proper controls must be in place at all times. Ms. Thevenot stated that Chinese visitors were lower this year and international tourism was down nationwide.

Ms. Thevenot stated Canal Place requested a refund center on-site that they would operate for LTFS. Ms. Thevenot explained, with an additional refund center located directly across the street from the Riverwalk Refund Center, the international visitor would have shorter lines to wait in to get their tax refund. Treasurer Schroder stated that we should get with Texas to see if we can find one consultant for both states to create a new database for processing refunds that may streamline the procedure for the customer. Ms. Thevenot stated that Texas uses PayPal for refunds. Ms. Lapeze stated that state agencies cannot use PayPal for electronic payments, US Bank has the contract with the state for that procedure.

Ms. Thevenot stated that the number of refunds processed by mail had also been significantly reduced resulting in lower fees for the agency. In the past, international visitors that did not get a voucher at the store at the time of purchase could leave their receipts at the refund center and have a check mailed to their country for the taxes paid. This process was ended in July of 2018. This change was also the suggestion of the Louisiana Department of Revenue so that the law that governs the program was being followed.

Treasurer Schroder asked why Program Status reports are not on a Fiscal Year basis and if the numbers are dropping down are we adjusting the budget and expenses accordingly, he also stated that the Refund Center data is by Budget Year and not Fiscal Year. Treasurer Schroder has requested that all marketing reports for the Commission be by Fiscal Year for comparison purposes.

Treasurer Schroder questioned the increase in 2013/2014 fiscal year compared to previous years. Ms. Thevenot stated that in June 2014 the Outlet Collection at Riverwalk reopened after a complete remodel and went from being a shopping mall to an outlet center.

Treasure Schroder suggested that the budget should be reviewed and adjusted when costs outweigh income. Ms. Thevenot stated that there were three proposals for the Commission that would help raise the customer handling fee. Ms. Thevenot explained the three items were; raising the customer handling fee, opening Canal Place Refund Center (estimated October 2019) and writing vouchers for customers that were not able to obtain them during their stay.

Mr. Richard stated that looking at the TOPS report that Philippines, Brazil and China are spending the most money. Ms. Thevenot said United Kingdom is ahead because of the direct flights to Louisiana. On the mode of departure, American, United and Delta are always the most flown with American always being the top airline.

Mr. Richard referred to page 9, Mode of Departure report was not an accurate reflection of the mode of transportation used by international visitors because some visitors were coded by the refund center they used rather than the mode of departure. Mr. Richard stated the correct way to present the report would be to list the mode of departure separately by each refund center. Ms. Rivera stated she would make the change requested.

Treasurer Schroder says a decision needs to be made when the numbers go down if a refund center should be closed.

**3. FINANCIAL STATEMENTS/BUDGET**

Ms. Thevenot started with saying that last Fiscal Year LTFS had a profit of $60,000, in contrast to FY 19 where there is estimated to be a deficit of $32,474. Mr. Richard asked how May 2019 was looking and Ms. Thevenot said we would be down $15,000 from August through May.

Ms. Lapeze noted that on page 24, Budget vs Actual and Projected Budget Comparison, column 3 that LTFS is still showing a significant deficit for FY 19.

Ms. Weill stated if there would be an increase in the medical conventions this fiscal year, we would see the numbers grow.

Treasurer Schroder said the budget must be adjusted as you go when the program isn’t making money. LTFS can’t just use the money in the operating account to make up the difference lost each month by the program.

Treasurer Schroder said on page 24, Budget vs Actual and Projected Budget Comparison, that the proposed budget for 2020, what is better to use the budget on travel or marketing. Ms. Weill said that marketing has good dollar power.

Chairman Windham requested to divert from the agenda and address page 13, **Action Items-Merchant Vessel Crewmember**.

This was motioned by Ms. Lapeze and 2nd by Mr. Richard.

Mr. Richard welcomed our guests Ignatius Atsina and Deacon Wayne Lobell with Stella Maris Maritime Ministries. Mr. Atsina and Deacon Lobell stated they do transportation for crewmembers and take them to places like Best Buy, Walmart, Lakeside. They also help with spiritual needs.

Mr. Richard said he met with Mr. Atsina and Deacon Lobell at the airport recently about the upcoming changes in the program. The crewmembers don’t have the correct Visa and this impacts the federal documents which they take to the refund centers to get their refunds. In the past, they could prove their status with airline tickets and passport and they would get refunds. Crewmembers have the option to shop elsewhere but they shop here in Louisiana. Deacon Lobell stated that with the merchant marines it is refined cargo and bulk shopping and they spent $16,000 at Best Buy last year for interstate commerce being used on the vessel and couldn’t get the tax back.

The documents that the crewmembers possess are C1-shore pass and D1-short time for departure.

Ms. Thevenot stated that she put a copy of the LTFS law in the binders that

explains what is required for a tax refund.

Mr. Richard stated that on page 4 of the February 5 minutes, it discussed crewmember eligibility and that I-95 is no longer eligible. Ms. Thevenot stated they need international transportation ticket and passport that shows the Visa.

Mr. Spiers said they are international visitors regardless of maritime transportation. Mr. Richard suggested we need a business model to follow on which documents to accept C1, D1, I-95.

Chairman Windham called the meeting back to order after several side conversations regarding the crewmembers were completed.

Chairman Windham said he would discuss with Ms. Thevenot the requirements and acceptable documentation and will get back to Mr. Atsina and Deacon Lobell as soon as possible on what was going to be needed for the crewmembers to get their refunds, whether it be the Visa, shorepass or passport.

Mr. Richard stated budget concerns if we lose crewmembers as customers as they bring in significant part of the handling fees to the agency, and that the budget would have to be reworked if crewmembers were not allowed to process refunds.

Chairman Windham says this has an economic impact. US gets hundreds of dollars, where in the Philippines its pennies on the dollar. Cruise ships come to shop, eat and do activities. Ms. Weill asked what kind of re-education has to be done if changes are made? Ms. Thevenot says the agents tell the sea members and that word gets around quickly. Chairman Windham suggested doing a flyer to give out to the crew members and agents.

Chairman Windham’s suggested requiring the I-95 which is issued by the country to get C1 to come ashore. I-95 and C1 are both documents needed when they leave the boat along with the crewmember ID. Mr. Spier’s suggested the copy of the passport to go with the C1 and I-95, and the airline ticket or reservation when they are leaving the country.

The commission agreed this should be the new requirements, no official vote was done.

Ms. Thevenot began conversation regarding the Assistant Director Position discussion on page 16 of the binder.

Ms. Thevenot stated that Ms. Hemphill is doing the Accounting part-time through Westaff. Mr. Richard and Chairman Windham wanted to create a panel to do interviews.

Ms. Lapeze stated on behalf of Treasurer Schroder, he didn’t approve the Assistant Director Position being filled due to budget concerns. Mr. Spiers said the vacant position is still in the budget in FY 18/19 and in FY 19/20. Ms. Thevenot stated that in FY 19/20 it is in the budget as a contracted position.

Ms. Lapeze made a motion which was 2nd by Mr. Spiers and all present were in favor to table the discussion of hiring a full-time Assistant Director to January 2020.

**Action Item-Handling Fee Increase**

Ms. Thevenot stated that an increasing the handling fees to 35%. Chairman Windham warned of depleted the reserve funds if expenses continued to exceed income generated. Mr. Spiers said the current fee is competitive with Texas. Ms. Thevenot said when the state increased the state sales tax, , LTFS lowered our handling fees showing that understanding LTFS had for how the fee effected customer activity. Chairman Windham and Ms. Thevenot discussed there were not a significant number of budget items to be cut to make up in the differences in the decreases in revenue shown throughout the fiscal year

Treasurer Schroder asked how the program could have a marketing budget at a higher amount this year than last year. Ms. Thevenot explained the marketing budget for FY19 was paid at the end of FY18 with the excess revenue generated by the agency that fiscal year.

Chairman Windham asked if the fees are directly related to the budget.

The following categories were discussed:

1. Personnel Services-24 hours a week for the Accountant at $30 per hour was approved.
2. Travel budget was discussed in detail; all agreed that the travel budget will be cut by $13,800 see below. Ms. Lapeze asked if any travel was a duplication of travel by Department of Tourism.
	1. TTA travel to Washington, DC. Ms. Thevenot said the Board she is on has 40 members and recommendations by the Secretary of Commerce to give national exposure and it gives her professional contacts.
	2. LA CITA others are going and will share the cost 4 ways.
	3. GNO Trade Mission was not approved.
	4. One Travel is educational, Shop America, this was approved without the sponsorship portion.
	5. The China mission was not approved.
	6. Travel South Greenbook approved.

All Commissioners approved to cut the travel budget by $13,800 as stated above.

1. Advertising/Marketing budget was discussed in detail; the advertising/marking budget will be cut by $10,600.
	1. Geofencing-Tanger, Riverwalk, Airport will have signage. Ms. Weill suggested to do a trial for 3 months then evaluate the results.
	2. French Travelhost ($6,600) and sponsorships ($2,000) were not approved.

All Commissioners approved to cut the advertising/marketing budget by $10,600.

A motion to approve the budget with the above cuts to travel and advertising/marketing and without the Assistant Director position but as a contracted position was made by Ms. Lapeze and 2nd by Mr. Spiers. All were in favor.

After much discussion, Ms. Thevenot asked if we should table the Handling Fee increase unto January 2020 meeting of the Commission and the Commission agreed.

Ms. Hemphill will revise budget based on above and adjust handling fees accordingly to balance budget.

Ms. Thevenot stated the bank accounts would be changed to the Chase state contract after being presented at the June 20th meeting of the bond commission in Baton Rouge.

**Action Item-Refund Center Opening/Closing on page 18-20**

Ms. Thevenot stated that she had spoken with Lakeside Mall and they verbally agreed that a refund booth would be in the design of their new center court, scheduled to be completed by the end of 2020. Because of this decision the commission decided it would be in the best interest of LTFS to keep the Macy’s refund center open and not close it. A motion was made by Ms. Lapeze and 2nd by Mr. Spiers.

**4. OTHER ITEMS**

The Commission went into Executive Session to meet with Ms. Rivera to discuss her role as General Manager and the ability for her to be present at refund centers. The Commission decided that the decision would be tabled until the issue with Ms. Rivera’s license was resolved.

Motion to move to other business was made by Ms. Lapeze and 2nd by Mr. Spiers.

Ms. Thevenot stated that they are no write offs at this time, we are still waiting on an answer from the Financial Services of LDR.

**Refund Center Procedures**

Ms. Thevenot said she would send a letter to the merchants to enforce writing and distributing the vouchers at the stores to the international visitors. The international visitors must then apply for the refunds at the refund centers. If the credit card doesn’t match the passport they can’t get a refund.

Ms. Thevenot said we can’t write vouchers for customers, we can give them a form to sign and we can send to the store and have the store send us vouchers and then mail the check to the customers. Mr. Richard stated mailing the copy of the passport might be a liability. Mr. Richard asked if this could be done at the airport only, it takes longer for a refund and have a monthly pick up. After further discussion the Commission decided to table the discussion of writing vouchers to the next Commission meeting.

1. **EXECUTIVE SESSION**

Meeting adjourned at 2:52 p.m. on a motion made by Mr. Richard and 2nd by Mr. Spiers.