

LOUISIANA SALES AND USE TAX COMMISSION FOR REMOTE SELLERS

Approved Minutes of December 15, 2022 Meeting

- I. **Call to Order/Roll Call** - The meeting of the Louisiana Sales and Use Tax Commission for Remote Sellers was called to order at 11:18 AM by Chairperson Clapinski. A quorum was established with all eight members in attendance. Members present were:

1. Danielle Clapinski (LDR)
2. Shawn McManus (LULSTB)
3. Kevin Richard (LDR)
4. Kelli Jumper (LDR)
5. Jeff LaGrange (LULSTB)
6. Kressy Krennerich (LULSTB)
7. Amanda Granier (LULSTB)
8. Luke Morris (LDR)

II. **Approval of Meeting Minutes from November 10, 2022**

- A motion was made by Secretary Richard to approve the meeting minutes from the meeting on November 10, 2022, and seconded by Ms. Granier. Following a vote and a call for public discussion, the minutes were approved unanimously by the members present.

III. **Report From Executive Director**

A. Distribution Report

- In November, the Commission collected \$35,743,154.09 for the October 2022 period. \$35,585,722.28 was distributed to the state and local collectors. The number of returns processed in November was 6,043. Of those, 5,658 were for the October 2022 period. As of 11/30/2022, the Commission had 7,587 open accounts. This distribution included the processing of penalty waivers for penalties that were actually paid in the large distribution from the prior month.
- The Commission continues to see an increase in the number of returns processed, tax dollars collected and accounts opened.

B. Budget

- Ms. Roberie went over the updated actual to budget numbers for FY 22-23. She noted that additional large expenses had recently been incurred such as the purchase of furniture for the new office as well as a payment on the financial services contract. Mr. McManus inquired about the increase in the

personnel costs and Ms. Roberie explained that the prior month's report did not include all personnel costs incurred to date.

C. Financial Services Contract Update

- Ms. Roberie provided an update on the contract including the review of the Annual Financial Report and the related procedures for future annual reports, the bank reconciliations and the bookkeeping assistance. This was the progress report provided by the contractor:

VI. Approximately 65-70% of the reconciliations for the System of Record have been completed. The team has also started the development and documentation the best practices of accounting policies and workflow. This will include reports/information that will need to be provided for monthly QuickBooks data entry and monthly report generation. Our estimate is to have this nearly complete in late January. The AFR has been reviewed and some comments/edits were offered related to the report. It still needs to go through our review process before final comments will be provided to your team. As you have seen from the most recent invoice that was sent, we are approaching the original contract amount of \$75K. Therefore, we wanted to reach out to request an addition to the contract amount for another estimated \$75K in order to continue with the progress on all of the ongoing projects.

- Ms. Roberie added that we have been in frequent communication with the contractor during the duration of the above work. She also added that she had approved an extension to the completion of the bank reconciliations to the end of January once the complexity of what was needed was understood after the contract had been executed.

IV. Discussion Items

A. Proposed Increase in Financial Services Contract

- Ms. Roberie provided an update on how much the contractor has billed to date for the services provided relative to the contract. She explained that when the Commission received the proposal it was estimated that the total cost of what was needed would be around \$140,000. The Commission decided to initially limit the contract to what had been initially provided for in the contract - \$75,000 – in order to get the work started and would then revisit the issue as the work progressed and the contract cap was approached. Chairperson Clapinski asked for clarification that the work and costs associated do seem to reflect what was presented in the initial proposal and Ms. Roberie confirmed that they did. Mr. McManus asked about the expiration of the contract. Ms.

Roberie explained that it was a one year contract and the request would be for an increase in the cap of the contract not necessarily an extension of the contract. Ms. Roberie estimated that based on costs billed to date there was probably another \$39,000-40,000 to be charged in order to complete the bank reconciliations plus the additional costs to be incurred for the assistance with financial workflows and policies and procedures. Ms. Granier expressed concern that if the contract ran out of money the contractor would stop working on the bank reconciliations and we would not have those complete in time for our next audit.

- A motion was made by Ms. Krennerich to move the discussion of the increase in the Financial Services Contract to an Action Item and was seconded by Mr. McManus. Following a vote and a call for public discussion, the motion was approved unanimously by the members present.

B. Budget Policy

- Ms. Roberie presented a draft of a budget policy to the Commission and explained that she had used best practices published on the Legislative Auditor's website as a guide. Those best practices said that a budget policy should include preparation, approval, monitoring and amending. The policy was also forwarded to the Commission's working group for policy and procedures for their input which was incorporated.

C. 2023 Commission Meeting Dates

- Ms. Roberie presented a calendar with proposed dates which includes moving March, September and December meetings to the third Thursday to avoid a conflict with LATA meetings. Ms. Krennerich said it is possible the September LATA meeting will change.

D. Executive Director Salary Study

- Mr. Craig Broome with Highflyer (subcontracted by P&N) answered questions from the Commission members regarding the study that he put together:
 - VI. Secretary Richard inquired about the cost of the study. Mr. Broome said he had incurred around \$2100 to date conducting the study.
 - VII. Chairman Clapinski asked Mr. Broome to present a brief overview of how they approached the study. Mr. Broome explained that they used the LA Division of Administration's Boards and Commissions database, LA Civil Service data, as well as two external private factors. They looked at expenditures as well as number of employees and compared Louisiana density rates to identify market competitiveness

with other states and cities. After analyzing the data they created a blended rate to create a wage scale for the Executive Director position.

- VIII. Secretary Richard asked how the comps were selected from the LA Boards and Commissions database because many were retirement systems. Mr. Broome said they were identified based on expenditures and number of employees as well as relevancy of scope in that position dealing with financial services and/or tax related items. Secretary Richard asked if they looked at any other tax administrators – from both the Civil Service side and the local tax administrators. Mr. Broome said they did not look at specific tax administrators. Ms. Granier asked if data from any other states with remote seller administration had been identified because that would be the most relevant to what the Executive Director position does. Mr. Broome said they did extend the search outside of the state but that most of that data was not publicly available. Ms. Granier added that the Office of Motor Vehicles in Louisiana also has a tax collection function that might provide a relevant comparison. Ms. Granier also inquired about what the minimum requirements they used for the range. Mr. Broome responded they used a master’s degree with 15 years of experience.
- IX. Mr. Morris asked for clarification about the relevancy of scope about the other positions from the boards and commissions data. Mr. Broome reiterated that they used expenditures, size of staff and scope of duties related to financial services. Mr. Morris said that he also would like to see more comparative data from tax administrators. Mr. Broome said that he could poll local tax administrators and include that data. Mr. LaGrange suggested that the Legislative Auditor’s office might have that data because salaries are reported in annual financial statements. Ms. Granier cautioned that local administrators have varying responsibilities – some act only as the collector while others act as the collector and have other varying fiscal responsibilities. Mr. McManus emphasized that finding another state with a similar remote sellers set up would be a good comparison. Mr. Broome indicated that he would contact the Legislative Auditor to see what data they have.
- X. It was determined that additional data from more similar positions needed to be added before the Commission could consider the recommendation. Mr. Morris suggested that Mr.

Broome look at Alaska, Colorado and Alabama at a minimum. Chairman Clapinski asked that Mr. Broome come to the January meeting with the additional information. Mr. Broome clarified that he would examine information obtained from the Legislative Auditor's office regarding local tax administrators' salaries and look at other comparative positions in other states. Ms. Krennerich also asked that he include data from the Office of Motor Vehicles.

V. Action Items

A. Financial Services Contract Increase

- Ms. Granier asked Ms. Roberie what her recommendation would be and Ms. Roberie replied that she would recommend increasing the contract by \$75,000 and keeping the contract end date of 8/31/2021.
- Secretary Richard asked Ms. Roberie if she estimates that the contractor is about 50% complete with the contracted work. Ms. Roberie replied yes and perhaps a little further than 50% although she acknowledged that the policy and procedures work is an unknown. Mr. Morris asked if the work was being subbed out and Ms. Roberie replied that the salary study was the only work being subbed out.
- Ms. Granier asked about the original proposal amount compared to the requested increase. Ms. Roberie replied that the original proposal was \$140,000 and that this increase would take the contract to \$150,000. However, she explained that once the work started it was realized that the complexity of the bank reconciliations was much greater than first realized. Ms. Granier stated that she could confirm that based on the early meetings she sat in on that discussed the detail that needs to go into the accounting software and the reconciliations.
- Secretary Richard made a motion to increase the contract by \$25,000 and that next month he would like a new proposal of what is needed to complete the work. Mr. McManus said he would second a motion to increase the contract enough to keep the work going and to have a further discussion at next month's meeting.
- Ms. Granier made a substitute motion to increase the contract by \$40,000 in order to cover the remaining bank reconciliations which are due to be completed by the end of January. Secretary Richard agreed with the substitute motion and Mr. LaGrange seconded the motion. Following a vote and a call for public discussion, the motion was approved unanimously by the members present.

B. Budget Adjustments

- Ms. Roberie introduced two budget adjustments that need to be considered. The first is an error in the calculation of the original budget

that was approved where the total of one line (contract audit costs) was not picked up in the total amount of expenditures. She also asked that the line for Financial Services line be increased by \$40,000 (and the revenues as well) to account for the increase approved in the Financial Services contract.

- A motion was made by Mr. McManus to make the clerical change and to increase Financial Services line and the revenue by \$40,000 and seconded by Mr. LaGrange. Following a vote and a call for public discussion, the motion was approved unanimously by the members present.

VI. Other Business

- No other business.

VII. Public Comment

- No additional public comment.

VIII. Adjournment

- With a motion by Ms. Granier and a second by Ms. Jumper, Chairperson Clapinski declared the meeting adjourned at approximately 12:20 PM.