

LOUISIANA TAX FREE SHOPPING COMMISSION
Commission Meeting

MINUTES

Tuesday, November 28, 2023
Baton Rouge, LA
10:00 A.M.

Commission Members Present:

- Laura Lapeze, Louisiana Department of Revenue
- Tom Spiers, New Orleans World Trade Center
- Lindsay Schexnayder, State Treasurer's Office
- Jeff Harlan, on behalf Doug Bourgeois, Office of Tourism

LTFS Staff Present:

- Deepa Woods, Executive Director
- Amy Hemphill, Assistant Director/Accountant

Absent:

- Earl Millet, Governor's Designee

1. Call to Order

Ms. Laura Lapeze called the meeting to order at 10:08 a.m. Ms. Lapeze called roll.

2. Approval of Minutes from June 22, 2023:

Motion to approve the minutes made by Lindsay Schexnayder. Seconded by Tom Spiers.

AGENDA

State of the Program Discussion

- Ms. Woods discussed that Louisiana Tax Free Shopping (LTFS) is still seeing more customers. Tanger Refund Center has been closed since June 2023 but Tanger is still trying to find a way to reopen a refund center. Tanger is seeing a decline in tourist. Ms. Woods stated that her and Ms. Hemphill are working at the Airport Refund Center and that LTFS currently has 2 full-time and 3 part-time staff with one starting Monday, December 4. Riverwalk Refund Center is doing well, Canal Place is getting busier and has been processing more prepaid card refunds. Lakeside Mall is currently renovating their center court area and until that is completed, the talk of opening a refund center there has been pushed back to possibly February/March 2024 which will give us time to hire more staff.

Ms. Woods discussed the upcoming conventions that could potentially be profitable for LTFS and that there will be a few additional cruises docking in New Orleans over the next year.

Financial Discussion

- **Reports on customer activity and financial data**

Ms. Hemphill discussed the October 2023 TOPS report which shows the top countries spending by month and the top categories. India, Brazil and China are the top countries by transactions. Brazil, India and Honduras are the top countries by dollars spent. Electronics and apparel & accessories are the top categories. The average purchase amount per party is \$974, and average sale is \$313.

The Transportation/Mode of Departure report for October 2023 shows that United and American Airlines are the top ways internationals are leaving the United States, while the cruise ship passengers/members are now third.

The status report compares FY 23 to FY 24. LTFS is steadily growing month after month.

The customer activity report details the fees and customers for July 2023 to October 2023. LTFS has collected \$70,042.71 in handling fees to date. This is \$30,042.71 over the handling fees projected and has served 2,218 customers. The breakdown by Refund Center shows how each refund center is doing to date.

The handling fee comparison spreadsheet shows the difference from FY 22, FY 23 to FY 24. In FY 2022, LTFS earned \$100,556 in handling fees and served 4,000 customers; for FY 23 LTFS has doubled the number of customers served and increased fees by \$156,000. For the beginning of FY 24, LTFS has earned \$70,000 in fees and served 2,200 customers.

- **YTD Profit and Loss Statement**

Ms. Hemphill stated that for the 4 months of FY 24, which is July 2023 to October 2023, LTFS is at a loss of \$1,634. We did pay for the completion of the audit of FY 22 in this Fiscal Year. For October 2023, the profit is \$8,181.00. With the current trend, the deficient for the Fiscal Year should balance out in a few months.

Ms. Hemphill prepared a budget to actual for the 4 months of FY 24. LTFS was at a loss of \$1,634. Ms. Hemphill stated that looking at the actual versus budget by line item, so far no particular line item is overspent. There are a few credit balances due to outstanding checks that were voided from prior years.

- **Cash Account Balance Report**

This is a report that shows the amounts that Louisiana Department of Revenue (LDR) has made on LTFS' behalf. The top of the report shows the amounts by month, and the bottom shows what LTFS has paid back to LDR. To date there is \$550,793.88 in expenses. LTFS has made \$352,574.80 in payments back to LDR through fiscal year 2022 and still owes \$467,658.17 which is expenses for Fiscal Year 2023, Unclaimed Property that was paid on

behalf of LTFS due to the Audit finding for FY 2022 and expenses for Fiscal Year 2024. In the refund center account, there is \$414,444.78 and in the operating account there is \$45,388.91. Handling fees are being transferred from the refund center account to the operating account per the audit finding and policies on a monthly basis. LTFS can reimburse LDR some money at this point.

There were no further questions from commissioners regarding the financial discussion.

Other Discussion Items

- **2024 Legislative Session**

Louisiana Tax Free Shopping wants to work on eliminating the need for vouchers. Stores run out of vouchers, customers come to the refund centers saying that stores are telling them to go to the refund center and we will process the receipts without vouchers. LTFS is losing a lot of money by turning away customers without vouchers. Ms. Lapeze stated that the renewal bill was only signed for one year. We have put in a request to have the vouchers taken out of legislation.

- **FY 22 Audit**

The complete audit and summary of the audit was distributed to the commissioners. Ms. Hemphill stated that the audit of Fiscal Year 22 resulted in the finding that the commission did not report nor remit \$149,894 in outstanding checks held more than a year to the State Treasurer as unclaimed property. LDR submitted this payment on behalf of LTFS in order to rectify this finding. The audit also followed up on the status of prior-report findings and determined that management has resolved the finding related to Lack of Controls over Bank Reconciliations.

- **Write-Off Update and Jefferson Parish Outstanding Receivables**

Ms. Lapeze has been working with LDR's General Counsel on a policy for write-offs. The Department is trying to write a policy for LTFS on write-offs for 10 years. This amount would be about \$65,000. Mr. Spiers asked why Jefferson Parish isn't paying the current receivables. Mrs. Woods stated that because we were not submitting the documentation in the correct format. Ms. Hemphill has been working on re-submitting the documentation in the correct format. July to September 2023 has been paid in full. Ms. Hemphill is working on July 2022 to June 2023 outstanding receivables, and she is having a hard time getting responses from Jefferson Parish.

- **IRS from 2012 and 2020**

Mr. Millet has been working with Delta Administrative Services on the 2012 and 2020 IRS issues. Ms. Hemphill stated that the 2020 issues are because Delta Administrative Services did not correctly submit one of the forms on the final payroll that was submitted on LTFS' behalf when filing with the IRS. This correction should be able to be corrected easily. Secretary Richard has signed a form giving Delta Administrative Services authority to act on LTFS' behalf to refile the form. The 2012 issues revolve around forms not being submitted on our behalf as well. This will take some time to correct as they have to dig for backup documentation and will submit a letter to the IRS to resolve the issue. The current 2012 CVL Penalty is now estimated around \$10,000.

- **Ethics and Sexual Harassment Training**

Ms. Hemphill stated that we have received all but Mr. Spiers confirmation of completing the Sexual Harassment Training.

- **Handling Fee for all refunds**

Ms. Woods stated that we wished to have all refunds to have one handling fee percentage across the board. We are processing more checks at the Airport. We are looking at other ways to do international mail other than checks, as postage has increased over time. Ms. Hemphill stated that our mailing vendor charges a pick up fee and processing fee, and she only meets with him once every few weeks. Mr. Spiers asked about Electronic Funds Transfers. Ms. Lapeze stated that she would reach out to Chase Bank to see if there is an ability to do international funds transfers. Mr. Harlan asked where we are compared to Texas. Ms. Hemphill stated that we are still lower because Texas charges per store fees. Ms. Hemphill stated that doing away with checks would cut back on Unclaimed Property as lots of checks never reach the customer or make it back to LTFS. Ms. Lapeze asked if we ever looked into PayPal and the fees associated. Ms. Hemphill stated no but that she has made international purchases with PayPal.

Mr. Spiers asked what our implementation date would be. Ms. Woods stated January 1, 2024. Mr. Spiers stated he would make a motion to make this an action item and have checks and pre-paid cards at the same rate as cash with the exception that LTFS review the ability to do EFT payments.

There were no further questions regarding these items.

Action Items

- **Approval of increase in handling fees for checks and prepaid cards**

Motion to approve by Tom Spiers. Seconded by Lindsay Schexnayder.

- **Approval to move funds to reimburse LDR**

Motion to approve a total reimbursement of \$167,658.17 by Lindsay Schexnayer. Seconded by Tom Spiers. \$67,658.17 will be taken from the operating account and \$100,000 from the refund center account.

Additional Discussion

No additional discussion.

Adjournment

Motion to adjourn made by Lindsay Schexnayder. Seconded by Tom Spiers. Meeting ended at 10:58 a.m.