

LOUISIANA TAX FREE SHOPPING COMMISSION

Commission Meeting

MINUTES

Friday May 8th, 2020

Baton Rouge, LA

10:00 A.M.

Zoom login 944 1218 1369

Certification of Inability to Operate Due to Lack of a Quorum

In accordance with Executive Proclamation 52 JBE 2020, issued by Governor John Bel Edwards on April 30, 2020, the Louisiana Tax Free Shopping Commission is providing for attendance at Commission meetings via teleconference or video conference as allowed during the pendency of the COVID-19 health emergency. Pursuant to Section 4(E) of 52 JBE 2020, the Louisiana Tax Free Shopping Commission will provide attendance for the 10:30 AM meeting on May 8, 2020 via Zoom and in a manner that allows for observation and input by members of the public, as set forth in the Notice. The Louisiana Tax Free Shopping Commission is unable to operate in person in order to establish a quorum as doing so may result in violating Governor Edwards' order that all public gathering of 10 or more people be suspended or postponed.

Commission Members Present via Zoom: Kevin Richard, Deputy Secretary, Louisiana Department of Revenue; State Treasurer, John Schroder; Laura Lapeze, Louisiana Treasurer's Office; Thomas Spiers, Appointee, World Trade Center New Orleans; Leanne Weill, Office of the Lt. Governor; Doug Bourgeois, Office of the Lt. Governor (10:32); Julie Stokes, Governor Appointee

LTFS Staff Present: Denise Thevenot, Executive Director, LTFS; Amy Hemphill, Accountant

1. **CALL TO ORDER**

Kevin Richard called the meeting to order at 10:10 A.M. and introduced the new LTFS Commissioner Julie Stokes.

2. **FISCAL DISCUSSION**

Ms. Weill was asked to discuss the future of international travel to the U.S. She stated that the items included in the Commission packet by Ms. Thevenot touched on all the points that were affecting international travel. Fear of airplane travel, fear of extended travel, U.S. decisions on opening borders, New Orleans being viewed as an epi center of the virus, and safety of cruise travel were the most prominent obstacles that needed to be overcome. Mr. Bourgeois added that the

forecast for international travel to return to the levels it was pre-Covid was at least 5 years. Mr. Bourgeois added the State of Louisiana was not investing in international marketing until sometime in 2021.

Ms. Thevenot began a discussion on how the Program was able to survive the effects that Hurricane Katrina had on international tourism to Louisiana. The Program was forced to conduct layoffs of personnel and operated two refund centers and administrative functions with only two employees. Mr. Bourgeois explained that Covid-19 would not result in the same type of recovery for tourism. He explained Hurricane Katrina was a local disaster while Covid-19 is worldwide, and has discourage travel of any type, but has a significant negative effect on international travel.

3. FINANCIAL IMPACT DISCUSSION

Ms. Hemphill discussed the Profit and Loss Year-to-date report that showed the deficit of \$123,000. Treasurer Schroder wanted to add, for the benefit of the new Commissioner, Julie Stokes, that this loss was a consistent trend for LTFS for fiscal year 20 and not a direct result of the current crisis.

Mr. Richard explained that when the state shut down due to the Corona Virus in March, the Louisiana Department of Revenue absorbed the payroll for all classified – full time LTFS employees. No employee was laid off or forced to use leave since the transition from LTFS to LDR.

Ms. Lapeze questioned the costs for storage that LTFS had as a line item under expenditures. Ms. Thevenot explained LTFS files were stored with a records retention company and LTFS unused furniture and marketing supplies were housed in a storage facility. Ms. Lapeze suggested Ms. Thevenot explore the state system for archiving records and offered her assistance.

Ms. Hemphill discussed the three bank accounts currently held by LTFS. One was used as an operating account to cover agency expenses, that operating account was currently at \$98,000. Ms. Hemphill then discussed the refund account is what LTFS uses to pay the refunds to the international visitors and deposit those sales tax refunds from the state and parishes. That account was currently at \$439,000. The third account was the account formerly used by LTFS for refunds. The money was transferred to the new Chase account for refunds, but the account had to remain open for six months for transactions that had not yet cleared the account.

Treasurer Schroder questioned where the funds came from that were used to pay the deficit LTFS was incurring every month. Ms. Hemphill explained the operating account was used and was being depleted of funds. The operating account was at over \$267,000 in the beginning of FY 20 but was currently at \$98,000.

Mr. Spiers questioned the operating account balance; he stated that it should be closer to \$133,000 and not \$98,000. Ms. Hemphill stated that she would do an analysis and reconciliation on the account for the next meeting.

Mr. Spiers made a motion to continue the budget discussion in executive session that was seconded by Mr. Bourgeois.

Ms. Thevenot presented a proposal to close the Macy's refund center. Treasurer Schroder said that decision should be made in executive session when the future of the program was being discussed.

Ms. Thevenot was asked by Treasurer Schroder what budget that had been presented to the Commission was the one she would suggest as the best option for the survival for the Program. Ms. Thevenot pointed to Budget #5 which included herself, one full-time employee and one WAE to maintain two refund centers until normal international activity returned to the state. Ms. Thevenot added when travel began to return, the Program should move towards an electronic format of refunds that would require less personnel for the agency, and a more efficient process for the international visitor. Treasure Schroder questioned why the agency had not moved in that direction in the past. Ms. Thevenot explained transferring money electronically to international accounts was prohibited by the Patriot Act.

Treasurer Schroder asked if the Executive Session could begin and all further Commission meeting decisions be handled then. On a motion made by Mr. Spiers and Seconded by Mr. Bourgeois, Executive session was called at 11:28 A.M. and Ms. Thevenot and Ms. Hemphill were asked to leave the meeting.

4. **EXECUTIVE SESSION**

Mr. Richard presented the Commissioners with a Resolution for the Louisiana Tax Free Shopping Program. The Resolution assigned LDR as the refund agency to operate the program and instructed the commissioners to develop a fiscally responsible plan to furlough and / or layoff plan. After a lengthy discussion, all of the Commissioners approved of the Resolution.

ADJOURN

On a motion made by Mr. Spiers and seconded by Ms. Lapeze. The meeting adjourned at 1:15 P.M.