

LOUISIANA TAX FREE SHOPPING COMMISSION
Commission Meeting

MINUTES

Wednesday, June 8, 2022
Baton Rouge, LA
Meeting

Commission Members Present: Kevin Richard, Chairman of the Tax Free Shopping Commission; Lindsay Schexnayder, Department of Treasury; Earl J. Millet, Governor Appointee.; Tom Spiers, World Trade Center Representative; Laura Lapeze, Undersecretary for Louisiana Department of Revenue

LTFS Staff Present: Deepa Woods, Executive Director of Program, Amy Hemphill, Accountant of Program

1. **Call to Order**

Kevin Richard called the meeting to order and went through introductions.

2. **Approval of Minutes from meeting held on February 1, 2022**

Motion to approve the minutes of the February 1, 2022 commission meeting by Laura Lapeze and seconded by Tom Spiers.

3. Motion made by Kevin Richard to make Laura Lapeze the new chairman of the Tax Free Shopping Commission. Motion seconded by Tom Spiers.

4. **Item 2: State of the Program Discussion**

- a. Update on Refund Center Sites: Deepa Woods and Amy Hemphill gave a short summary of how funds are brought in and described how the centers operate for new members present. Current refund centers: Tanger is open Monday through Saturday from 10 am – 8 pm and Sunday from 10 am – 6 pm, Airport open 3 days a week, Canal Place is open 7 days a week during mall hours and is only processing checks at this location and The Riverwalk Refund center hours are 11am – 6 pm 7 days a week. . Customers come in with their vouchers and original receipts, flight itineraries and passport. After these documents are shown and approved, 70% of their taxes are returned. The purpose is to encourage international travelers to shop here on tangible property. When the customer or merchant signs up, their first voucher book is free and every book given after that is \$6.00/book for 30 vouchers. This voucher book gives customers the ability to get their refunds. Texas and Louisiana are the only states who have this service available. The Riverwalk brings in the most revenue. Canal Place opened in February and still strictly does checks at this time. Amy Hemphill and Deepa Woods plan on helping at the Riverwalk to provide extra support during conventions/busy times.

5. **Financial Discussion**

- a. Status reports sums up all the countries spending for 2021-2022 year. Gives an overview of who comes in and what they are spending along with the categories that bring in the most revenue. There is a direct flight from London via British Airways. In May, there were 24 customers flying with British Airways and American Airlines was the top airline. Canal Place was sent this information.

6. **Profit Analysis Reports**

- a. In May, there was a \$3,200 profit. This is the first major profit in over two years. For the current year, there was a deficit of \$70,000. The highest expense was rent and other expenses including the storage units and salaries. There is only one full time employee at the moment. Last year, there was a deficit of \$170,000 which was remedied this year. Toward the end of the summer, there is supposed to be a direct flight from Germany. Last fiscal year, handling fees were \$47,000 and this year we are at \$85,000 with one month to go.
- b. Amy Hemphill gave an update from LTFS regarding their operating account and how invoices are paid. The operating account currently has \$32,000 at the end of May. Every week, check requisitions are sent to LDR and they cover all expenses. LTFS is on a payback plan. \$82,000 is currently owed but cannot be paid back right now. Amy Hemphill is requesting \$75,000 to be moved from the refund account to the operating account to cover those expenses. Fiscal year 2022 accounts for \$153,000 that was paid on their behalf which included the payroll and operating expenses. There are some direct withdrawals that occur on a monthly basis directly from the LTFS operating account. Still waiting on \$82,000 to come back from the parish authorities which goes into the refund center account. All of July has been paid for but some of the other checks were delayed due to the system maintenance.

7. **Fiscal Year 2022 Budget**

- a. The budget for the fiscal year was followed. The rent caused an overage at one point. There were some other categories that needed a budget. The professional service risk management fees are due on an annual basis. Kevin Richard and Laura Lapeze monitor the budget. A revision needs to be made to make the FY 2022 budget a balanced one for the end of the year. A proposal for the 2023 budget was discussed. The budget will follow the 2022 budget for revenue but the expenditures will see some changes. The bulk of the money comes from handling fees from international travelers. There was a meeting with the convention center manager, Elaine Williams, who could help set up an area to provide handouts for internationals at the conventions.

8. **Other Discussion Items**

- a. Training for Commissioners: Deepa Woods gave an update on the Annual Ethics and Sexual Harassment training. The commissioners will do this between July 1st and June 30th of the fiscal year. Certificates will be given once the training is complete. Certificates will need to be emailed to Mrs. Woods after training is completed so we can provide to auditors. We need a way to track this since it was an audit finding..
- b. Store Value Cards – Prepaid cards are preferred but they were not implemented because Prepaid Cards are not allowed for international use. Since Canal Place does not want to use cash, Greer Almquist at US Bank suggested a Stored Value Card Pilot Program be implemented at this location. The Treasury is working on an amendment right now to the contract. The price would be \$2 per standard card. There have been 13,604 vouchers. Currently, it costs almost \$100 per delivery for Loomis to deliver cash, and they came twice in April. Store value cards would replace the use of cash and reduce this amount of cash delivery. This method will be implemented at Canal Place.

- c. Price Increase for Vouchers – The current voucher price is \$6.00 per book of 30 vouchers. For fiscal year 2020, printing vouchers cost \$16,000. The vouchers have cost \$6.00 since 2013. The voucher book is being paid by the merchant. Some stores pay at the corporate level and others pay the store level. The voucher receivable amount was close to \$150,000 outstanding. The oldest account write off goes back to 2008. Lots of stores were on a monthly shipment and not paying for the vouchers monthly, which made the receivable balance higher. Since 2018, write-offs have been requested but never approved. Additionally, there are still some outstanding membership fees that are about \$4,000 to \$5,000 that have never been paid. The cost of voucher breakdown will be analyzed and sent via email to the commissioners after the meeting.
- d. Increasing Handling Fees – Currently, the fee is 30%. Prior to 2013, the handling fee depends on the amount of the transaction. In 2013 it was 29% and 2016 moved to 30%. Texas is currently at 35% plus \$4.00 per store if PayPal is used and 50% for cash. Amy Hemphill has information for the amount refunded from 2021 and 2022 and what the fees would be at 33%, 35%, 37% and 40%. Mr. Richard suggested to do a certain amount for cash and another amount for check/card transactions. Handling fees were decided to be 33% for check/card transactions and 40% for cash transactions.

9. **Action Items**

- a. Approve the move of \$75,000 in funds from refund center account to the operating account. Motion made by Tom Spiers. Seconded by Lindsay Schexnayder.
- b. Allow Amy to cover any negatives present in the 2022 budget. It will not affect the bottom line or total for each category. Motion made by Tom Spiers. Seconded by Lindsay Schexnayder.
- c. Approval of the 2023 budget. Motion made by Lindsay Schexnayder. Seconded by Tom Spiers.
- d. At Canal Place, checks will be issued for anything less than \$25 and anything over \$25 will require the store value cards. Motion made by Tom Spiers. Seconded by Lindsay Schexnayder.
- e. Motion to increase handling fees on store cards and checks to 33% and increase to 40% for cash effective July 1st. Motion made by Kevin Richard Seconded by Lindsay Schexnayder.Lindsay.

Adjournment

Motion to adjourn made by Kevin Richard. Seconded by Tom Spiers.