LOUISIANA TAX FREE SHOPPING COMMISSION

Commission Meeting

**MINUTES**

Meeting Location:

October 18, 2019

Department of Revenue, Louisiana Room

617 North 3rd Street, 7th Floor, Louisiana Room

Baton Rouge, LA

1:00 P.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

Also Present via telephone: Rebecca Kissinger, Accountant, Hienz and Maccaluso

Also Present via videoconference: US Bank representatives: William “Greer” Almquist, Government banking; Diane Gard, Head of Government Client Relationship Management; Cynthia Fresch, Relationship Manager, Retail Payment Solutions.

1. **CALL TO ORDER**

Chairman Steve Windham called the meeting to order at 1:12 p.m. and began with introductions and thanks to everyone for attending. Kevin Richard introduced the video conference attendees from US Bank and had the attendees of the meeting introduce themselves.

**2**. **MINUTES**

Ms. Lapeze and Ms. Weill had changes that needed to be corrected on the minutes from the June meeting. The June meeting minutes will be approved at the next Commission meeting.

**3. US Bank discussion**

Mr. Almquist began the discussion about the possibility of Louisiana Tax Free Shopping offering clients the ability to have their refunds processed onto a debit/credit card rather than processed in cash. This process would assist in the removing the possibility of fraud, as well as the need for excess security at the refund centers currently processing refunds in cash.

Ms. Gard explained the current proposal was for a single load card with a limit of $1,500 and a minimum amount allowed to be issued on the card of $25.00. This new product would be available by mid-2020. Each card would cost LTFS $ 2.95. After her presentation, Mr. Richard asked what other charges would be included with the conversion to the single load card. Ms. Gard explained there would be a basic ACH charge to move LTFS money to their platform. Ms. Lapeze explained through the state account it would be a flat charge. Mr. Spiers then asked if the international visitor would be charged a fee for using the card. If the card were used in the US, there would not be a charge, but all purchases made outside of the US would have an international charge. That would be a 3 percent charge on the cost of the transaction.

Ms. Thevenot asked Ms. Gard what process the international visitor would have to go through to use the card. Ms. Gard explained the visitor would have to activate the card by phone or on the US Bank website and establish a pin to activate the card.

Mr. Windham asked what would happen if the customer did not use the card, Ms. Gard responded that US Bank would move the money to unclaimed property themselves and LTFS would not be responsible. Mr. Spiers questioned when the system would be converted to a completely electronic one where there was no need for a physical card. Ms. Gard was unable to answer the questions as there were many components that were preventing that type of conversion. Mr. Windham then asked if they had suggestions for what would happen to the refunds under $25.00. Mr. Almquist explained they would look into that for us.

Mr. Almquist and his team then ended the videoconference as Mr. Richard explained they would be followed up with. Ms. Weill discussed the difficulty internationals would have with the activation fee and the cultural aspect of some international visitors culturally are hesitant to share information and want refunds in cash. Ms. Thevenot discussed the problem with offering some customers cash refunds while mandating that other customers be issued a credit card. Ms. Lapeze explained that Federal Law required that you allow more than one payment option to customers.

Mr. Windham stated that the $25.00 minimum the card required would make the process unhelpful to the program and we would research other options and present them to the board at a later date.

**4. FINANCIAL STATEMENTS/BUDGET**

Ms. Thevenot stated the July through September of 2019 was slower than the normal first quarters in LTFS historical figures. The figures showed that the program lost over $59,000 in the first quarter of the fiscal year. Mr. Richard added that the first quarter of the year is historically bad for LTFS, as tourism in the state is extremely low. Ms. Thevenot added the hurricane scare in July of 2019 influenced customer activity as well. Ms. Thevenot stated that international tourism is affected more by hurricanes than domestic travel.

Treasurer Schroder expressed concern that LTFS was, once again, depleting the savings in order to pay expenses. The Treasurer then stated that if the expenses could not be met, then they would have to be reduced, rather than cover the loss with the savings on hand. He warned that hoping for a “rebound” would be harder on the program than trying to cut cost now and warned against raising fees to resolve the problem.

The Treasurer suggested making changes to the program to make it efficient. He further explained that he expected the numbers to be visited once a month and discussions on changing operations should be made then, and not at the quarterly meetings.

The Commission requested for historical data to be included in the monthly Commissioner’s report. Treasurer Schroder then stated that the numbers for the program should be evaluated weekly rather than quarterly. The Treasurer then warned that the program may be in jeopardy if the numbers continue to decline and the program does not have a resolution to reduce expenses or increase revenue. The Treasurer requested that the tourism industry, including the Lt. Governor, meet to discuss ways to partner with LTFS to attempt to increase LTFS activity.

The Treasurer stated he would be interested in partnering with the program to have a joint venture that would give tax refunds and unclaimed property in one office. This would allow the two agencies to split personnel costs.

The Treasurer suggested that LTFS Commission meetings begin with follow-ups from the previous Commission meeting.

Ms. Weill explained that LTFS should use their marketing dollars on a focused campaign to internationals visiting Louisiana by using geofencing.

**Duplicate Voucher Numbers**

Ms. Thevenot explained the program had erroneously printed merchant vouchers with an identical voucher range from a previous batch. 20,000 vouchers were printed that had the same numbers as a previous order. Ms. Thevenot further explained the internal audit conducted by LDR requested all duplicate vouchers should be identified and the agency should remove the vouchers from circulation and replace them with new vouchers. This process would be costly and time consuming for LTFS and the agency was already facing serious financial hardships. Ms. Thevenot explained that the voucher number was not the identifying number used by LTFS. The LTFS program used the voucher number in addition to the unique number issued to each merchant member of the program. The company LTFS currently uses for technical support ran a report and concluded no merchant had been issued a batch of vouchers that had the same voucher number range as a batch they were previously issued by the LTFS program. The Commission decided the vouchers should not be considered duplicate vouchers and there was not a need to retrieve the outstanding vouchers.

**Handling Fee Increase**

Chairman Windham opened the discussion on the Program increasing handling fees to 35% to offset the losses the program was currently experiencing. Ms. Thevenot explained the fee, if increased, could be decreased if customer activity increased. Mr. Spiers suggested we wait another quarter before increasing the fees, to see if the changes made in LTFS expenses would help offset the losses. Chairman Windham suggested a motion to increase the fees to 35%. The motion was not carried. Mr. Spiers suggested we let the changes in expenses take effect before raising fees.

**Executive Session**

On a motion made by Mr. Richard and seconded by Mr. Spiers, the Commission went into executive session to discuss the Assistant Director position for the agency. Mr. Richard said Ms. Thevenot and Ms. Thornton could leave and he would call Ms. Thevenot with the decisions made by the Commission in Executive Session.

The Commission decided they would postpone the decision to hire an Assistant Director at this time.

On a motion made by Kevin Richard and seconded by Tom Spiers, the Commission adjourned the meeting at 3:55 P.M.