LOUISIANA TAX FREE SHOPPING COMMISSION

Commission Meeting

**MINUTES**

Meeting Location:

February 5, 2020

Department of Revenue, Louisiana Room

617 North 3rd Street, 7th Floor,

Baton Rouge, LA

10:00 A.M.

Commission Members Present: Kevin Richard, Deputy Secretary, Louisiana Department of Revenue; Kimberly Lewis Robinson, Secretary, Louisiana Department of Revenue; Laura Lapeze, Louisiana Treasurer's Office; 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; Amy Hemphill, Accountant

1. **CALL TO ORDER**

Kevin Richard called the meeting to order at 10:10 A.M. There was no need for introductions.

**2**. **MINUTES**

Ms. Lapeze made a motion to approve the minutes from the October 18, 2019 that was seconded by Mr. Spiers.

**3. FINANCIAL STATEMENTS/BUDGET**

Ms. Hemphill discussed the Profit and Loss Year to Date report that showed the deficit of $72,000. Ms. Hemphill explained the company had not generated the projected revenue from the FY 20 budget.

Ms. Lapeze questioned the in-state travel expenses. Ms. Thevenot explained the need for some employees to travel throughout the Greater New Orleans area delivering vouchers, and that she and the General Manager Melissa Rivera claimed mileage for trips made throughout the Greater New Orleans area handling business for LTFS, such as dropping items off at refund centers. Ms. Lapeze then questioned if travel within a thirty (30) mile radius of your official domicile was allowed. Mr. Richard explained it was within the agency’s discretion to approve those charges. Ms. Lapeze and Ms. Weill expressed concern that with the financial state of the agency, whether these charges should be allowed. Ms. Thevenot did explain that Stella Thornton and Sylvia Lugo delivered vouchers to the stores within the Greater New Orleans area because it cost the agency less money than if they were mailed to the merchants. Ms. Thevenot expressed her concern that Ms. Lugo’s salary would not justify having her drive around the city and not get reimbursed mileage. Ms. Thevenot explained in the past LTFS employees had volunteered to not claim travel within thirty (30) miles of their official domicile to save cost and that she would volunteer to do that at this time.

The Commission did not decide on whether other employees should follow that guideline as well.

Mr. Spiers questioned why parking costs were so high for the agency and asked if that was because of moving the administrative functions to Benson Tower from the airport which had free parking. Ms. Thevenot stated that was a portion of the costs, and Riverwalk cost the agency $9 dollars a day per employee, and the Riverwalk Refund Center was always staffed with two (2) employees.

Mr. Spiers questioned the costs of accounting under the budget. Ms. Thevenot explained the Program used an accounting firm that was used more than what was budgeted for because the agency was without an accountant for months after the budget had been approved. This resulted in the firm that was normally only used quarterly being used to handle the daily accounting for the agency.

Ms. Speirs and Ms. Lapeze found mistakes in the budget vs actual report and asked that Ms. Hemphill fix the errors before issuing reports to the Commissioners.

Ms. Lapeze questioned what the moving expenses listed in the Budget vs Actual report accounted for. Ms. Thevenot explained that was the moving expenses for the relocation of the administrative offices from the New Orleans International Airport to the Benson Tower. In addition, the agency had to relocate the refund center to the new MSY airport. Items from the refund center in the old airport were moved to the new airport and to an offsite storage facility.

**4. STATUS REPORTS**

Ms. Thevenot discussed the Status Report that compared the customer activity from FY 19 to FY 20. The report showed that there was not a significant increase or decrease year over year.

Ms. Thevenot went through the status reports and the commission discussed the decrease in crewmember activity since the program increased the documentation needed by crewmembers to obtain a refund.

Ms. Thevenot then highlighted the areas of the program that have shown the largest decrease in activity. Those included Jefferson Parish, Crewmember Refunds, Best Buy and Apple in Jefferson Parish and the countries of the Philippines and China.

**5. ACTION ITEMS**

 LEGISLATIVE CHANGES

Mr. Richard requested we move to the action items section of the presentation. At the February 5, 2019 meeting the Commission requested LTFS begin using vouchers that were not created by a dot matrix printer and move to vouchers that could be created with laser printers. Ms. Thevenot explained as a result of that change, that voucher production currently costs the agency more than they charge the merchant for the vouchers. Ms. Thevenot introduced the suggestion to remove the requirement that is written in LTFS legislation requiring the store be issued vouchers by the LTFS organization to issue to the customers. Ms. Thevenot presented two options for stamps that could be used to stamp the customer receipt rather than issue a voucher. Ms. Thevenot explained she had discussed this possibility with the General Counsel for Louisiana Department of Revenue and was informed this would not require legislation.

Secretary Robinson expressed concern over the process involving a stamp because the stamp process would result in a lack of control at the stores to verity the stamp was being used securely. Secretary Robinson suggested that the Program invest in technology that would allow the store to communicate electronically with the LTFS technology system so the receipts that were eligible for a tax refund would be sent from the store to our offices electronically. Secretary Robinson further explained that although we were initially informed this change would not require a change in legislation for the program, it would need us to create a bill that would have to be passed by the legislation.

The Commission briefly discussed the possibility for LTFS to be allowed to sell advertisement on the Tax Free website. Ms. Thevenot explained the activity on the website was very low but through social media she was trying to increase that activity. Mr. Richard suggested a meeting closer to the Louisiana Legislative Session that included additional information on rewording the statute to adjust to a more modern system of refund. Mr. Richard suggested tabling the decisions for legislation until the following LTFS Commission meeting

FEE INCREASE - FURLOUGH

Mr. Richard discussed the possibility to raise the cost of a voucher book to compensate for the cost of producing them and that the agency should not issue books to merchants without prior payment. Ms. Thevenot discussed that the merchants would have hesitations paying more for vouchers. Ms. Thevenot further explained the agency generated more revenue by the voucher being cashed at the refund center than the sale of the voucher to the merchant.

Mr. Richard warned against increasing costs of vouchers and handling fees without increasing customer service. If customer service were not increased the program existence could be put into question.

Mr. Spiers questioned if the handling fee increase would only increase the income for the agency by $11,000 through the end of the year, than it would not be worth making that change that may result in customer annoyance with the program.

Ms. Lapeze asked if the calculations for the furlough had it being affected in March, and then she warned that the furlough was a long process and LTFS would not get see the benefits of that change in time to make a significant difference in the FY20 fiscal year.

Secretary Robinson questioned if there had been travel planned for the remainder of FY 20. Ms. Thevenot explained the convention IPW was scheduled for June and the $4,000 registration had already been paid. The Commission decided the conference should be cancelled and LTFS should attempt to get the registration cost returned to the agency.

**EXECUTIVE SESSION**

In Executive Session at the Commission meeting on a motion made by Mr. Spiers and seconded by Ms. Lapeze, the Commission voted Kevin Richard as the new Chairman.  Secretary Robinson stated she would follow up with the Governor on his appointment to the Commission. There was significant conversation on the direction of the program.  Members decided to make a decision on the General Manager, the structure of the program and legislative changes at the next meeting.

On a motion made by Mr. Spiers and seconded by Ms. Lapeze the meeting adjourned at 1:15 p.m.