

LOUISIANA SALES AND USE TAX COMMISSION FOR REMOTE SELLERS

APPROVED Minutes of May 15, 2025 Meeting

- I. **Call to Order/Roll Call** - The meeting of the Louisiana Sales and Use Tax Commission for Remote Sellers was called to order at 11:07 AM by Chairman Morris. A quorum was established with seven members in attendance. Members present were:
1. Secretary Richard Nelson
 2. Luke Morris (LDR)
 3. Andrew Perilloux (LDR)
 4. Sandra Malveaux (LDR)
 5. Betty Jo Bourgeois (LULSTB)
 6. Kressy Krennerich (LULSTB)
 7. Shawn McManus (LULSTB)
- II. **Approval of Meeting Minutes from March 20, 2025**
- A motion was made by Ms. Bourgeois to approve the meeting minutes from the meeting held on March 20, 2025 and seconded by Mr. Perilloux. Following a vote and a call for public discussion, the minutes were approved unanimously by the members present.
- III. **Report From Executive Director**
- A. **Distribution Report**
- Ms. Roberie reported that the collection for February 2025 (tax receipts collected in March and distributed in April) was \$64,531,022.90 and the collections for March 2025 (tax receipts collected in April and distributed in May) included \$67,348,842.58 which is a 15% increase when compared to last year.
 - Ms. Roberie reported that the Commission had 11,921 open accounts as of May 14, 2025. She compared this to the state of Alabama which publishes its registered remote sellers and they have around 9,800 registered accounts. Also, the Commission has been receiving between 40- 50 new accounts per week since December 2024.
 - She reported that LRSC has collected \$2,499,965,856.50 total to date. Ms. Roberie reported that the 1st Quarter of 2025 shows a 15.7% increase compared to last year, the 2nd Quarter shows a 15% increase, and the 3rd Quarter shows a 23% increase.
- B. **Financial Report**
- Ms. Roberie presented an updated financial report as of March 31, 2025 showing the Commission has expended \$1,078,375.61 in administrative expenses to date. Ms. Roberie noted that in accordance with the LRSC budget policy, additional budget authority was been moved to the Software line from

the IT Services line to reflect audit software costs that were not anticipated in the original budget.

C. General Updates

- Ms. Roberie advised that she has submitted a request to the Division of Administration for an exemption from the hiring freeze as LRSC currently has three positions that need to be filled. She also informed the Commission that included in next year's budget request is a Human Resources part-time position which would assist with HR functions up to 20 hours per week.
- Ms. Roberie discussed the compliance and audit activity of the Commission. She stated that the Commission has been conducting compliance reviews and desk audits for several years. She noted that those reviews have been conducted on thousands of accounts as commission staff reviews amended returns, process refunds, issues resale certificates, evaluate penalty waivers and when we talk to taxpayers. Very commonly the RSC finds that taxpayers are incorrectly filing in one or two jurisdictions instead of all of the jurisdictions where sales took place. Also commonly seen are exemptions used incorrectly. RSC staff reviews sale tax transactional data, invoices, and other documentation to determine if those returns need to be amended so that all jurisdictions receive the tax dollars due to them. Those reviews along with other compliance activity have resulted in almost 6,000 amended returns being processed with another 2,000 amended returns waiting to be processed. The RSC is also directing its limited resources into projects that will reach hundreds or thousands of taxpayers rather than focusing one staff person on one taxpayer.
- Mr. McManus reiterated the challenge of taxpayers filing in the correct jurisdiction for local tax administrators. He stated this is a very common issue in parishes such as his with ten or more columns.
- Secretary Nelson discussed the change in the law to include digital products and his thoughts that most digital product sellers are not located in Louisiana and will probably file with the Remote Sellers Commission. He asked how the Commission plans on pursuing those people who may or may not be filing now. Ms. Roberie explained that she has been reaching out to other states and organizations to discuss their procedures in that particular market in order to build a plan for LRSC. Secretary Nelson further discussed his concerns that LRSC has a relatively small staff for the amount of money that they will be responsible for collecting. He advised the Commission to work together to determine an appropriate staffing level in which Ms. Roberie agreed. Ms. Roberie discussed obtaining information from LDR regarding the number of

audits they conduct per year as well as the return on those audits so that the Commission can build on that plan. She further advised that she has been researching and looking at partnerships.

- Mr. McManus discussed that he had his staff analyze the increases in revenue from the beginning of this year and they found it was not from new sources of revenue such as digital products. Instead they found mostly across the board increases in revenue.
- Ms. Roberie stated that this year, we will probably need at least seven or eight auditors on board by September if possible. She further stated that the Commission has to leverage the funds and determine the best way to conduct those audits to have the best returns on the investment.
- Ms. Krennerich asked if LDR has issued a bulletin or other information about digital products now being defined in Louisiana law that the RSC can share on its website and ensure it is on the same page as LDR. Chairman Morris reported that LDR is in the process of providing formal guidance in the form of regulations as a long-term solution and advised that in the interim, their guidance is contained via their website on their tax reform webpage which has a series of FAQs on different topics, including digital products. Chairman Morris also noted that the sellers of digital products may also have an obligation to register directly with the state and local governments and they are not exclusively under the jurisdiction of the Commission. Chairman Morris asked if the Commission has possible objective ways to analyze the potential impact of digital products. Ms. Roberie advised that there is no clear way to isolate those taxpayers that are only selling digital products using the information currently collected such as NAICS codes which does not truly isolate taxpayers that deal only with digital products.
- Chairman Morris discussed the Governor's Executive Order on the return to work policy and its impact on the Commission. He asked how the Commission plans on tracking changes and expenses as they have to be reported to the Governor and the Legislature. Chairman Morris also asked how the Commission plans to transition away from remote work to full-time back in the office. Ms. Roberie reported that she does not expect changes in expenses. She further explained that the Commission was originally set up as shared workspace that would be flexible as staffing needs were better understood. The Commission currently does not have enough work space for all budgeted positions if everyone is in the office at the same time and is planning on requesting an exemption if there is an exemption process. She

reported that she has also reached out to the Commission's furniture company for suggestions on reworking the space to provide additional room.

- Chairman Morris inquired if the RSC has received any Voluntary Disclosure Agreement requests from taxpayers that sell digital products. Ms. Roberie replied that they had not to her knowledge.
- Chairman Morris asked if the Commission has received any requests from local collectors to delegate their tax collection responsibilities to the Commission. Ms. Roberie replied that they have not. He also inquired as to the Commission's plan in the case that a local collector requests the Commission to collect on their in-state sales. Ms. Roberie explained that the Commission would have to engage in system development – whether it is to enhance the current system or develop a new system due to the fact that the Commission's returns are limited returns. Chairman Morris asked that an agenda item be set for discussion at the next Commission meeting regarding what it would take for the Commission to be prepared to take on in-state collections from a collectors.
- Chairman Morris informed the Commission that LDR would like the opportunity to become the delegated auditors for remote sellers which would require updating their agreement and in doing so, the Commission would not have similar audit authority. Chairman Morris suggested an agenda item be set for discussion at the next Commission meeting on whether to amend the Remote Sellers Commission's designation of this function.

IV. Discussion and Action Items

A. Discussion of FY 2025-26 Budget

- Ms. Roberie presented the FY 2025-26 budget and discussed the changes from the FY 2024-25 budget. These changes are in personnel expenses where she added the HR-WAE position, an increase in software to accommodate initial licenses, as well as service increases. Ms. Roberie mentioned that there is still a place in the budget for contract audit calls as well as a statistician if those services are needed. She also mentioned that the budget does not reflect expenses in the case that additional room and/or a second location is needed for employees returning back to the office full time. Ms. Roberie advised that there are bills in the current Legislative Session that if passed would also require changes to the budget.

B. 2025 Regular Legislative Session

- Ms. Roberie discussed HB 374 and SB 162 bills which directly affect remote sellers. She reported that the Commission participated in the fiscal notes that would impact state and/or local collection.
- Chairman Morris discussed there being a potential amendment to HB 374 that would require the Commission to collect occupancy tax for marketplace facilitators that facilitate sleeping accommodations and asked what the fiscal cost of such an amendment would be. Ms. Roberie explained that the Commission would need to add an occupancy tax return and other capabilities to its system and reported that the development cost is estimated to be \$250,000.00 with at least a five month lead time. There would also be the cost of an additional position to assist with that development and become the primary contact for occupancy tax within the Commission. The Commission further discussed possible amendment procedures regarding HB 374.
- Secretary Nelson asked if the Commission is still allowing vendors compensation for some local jurisdictions. Ms. Roberie explained that after conferring with the Commission's attorneys, the Commission has decided to follow each jurisdiction's procedures in regards to allowing vendor compensation.

C. Executive Director's Penalty Waiver Authority Limit

- Chairman Morris proposed to increase Ms. Roberie's authority to waive penalties from \$5,000.00 up to \$25,000.00 in lieu of the Commission having several items to approve in executive session for penalty waivers. This item will be added to a future Commission meeting for further discussion and voting.

D. Legal Contract Renewal Action Item (Added to Agenda)

- Ms. Roberie discussed the need to renew the Commission's legal contracts with two legal firms which expire on June 30, 2025. She requested that the Commission renew these contracts for another year extending the contract end dates to June 30, 2026. Ms. Krennerich made a motion to amend the agenda to add an action item regarding legal contract renewal negotiations and seconded by Mr. McManus. After a vote, the motion was unanimously approved by the members present.
- A motion was made by Mr. Perilloux to allow the Executive Director to move forward with renewing the Commission's two legal contracts through June 30, 2026. Ms. Bourgeois seconded the motion. After a vote, the motion was unanimously approved by the members present.

V. Other Business

- Mr. McManus discussed several items the local administrators have discussed including at future Commission meetings as part of the Executive Director's report and some other items that the Commission can take on during the next fiscal year.

VI. Public Comment

- No public comment.

VII. Adjournment

- With a motion by Ms. Krennerich and a second by Mr. Perilloux, Chairman Morris declared the meeting adjourned at approximately 12:26 PM.