

LOUISIANA SALES AND USE TAX COMMISSION FOR REMOTE SELLERS

APPROVED Minutes of June 18, 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 11:08 AM by Chairman Morris. A quorum was established with eight members in attendance. Members present were:
1. Luke Morris (LDR)
 2. Shawn McManus (LULSTB)
 3. Andrew Perilloux (LDR)
 4. Sandra Malveaux (LDR)
 5. Ricard Nelson (LDR)
 6. Betty Jo Bourgeois (LULSTB)
 7. Kressy Krennerich (LULSTB)
 8. Amanda Granier (LULSTB)
- II. **Approval of Meeting Minutes from May 15, 2025**
- A motion was made and seconded to approve the meeting minutes from the meeting held on May 15, 2025. 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 the period of April 2025 (tax receipts collected in May and distributed in June), amounted to \$62,399,719.43. This represents a 25% increase compared to the previous year. She also noted that the Commission had 12,002 open accounts and had processed 10,459 returns.
 - Mr. McManus noted that this period historically is lower than other months.
- B. Financial Report**
- Ms. Roberie presented an updated financial report as of June 16, 2025, indicating that the Commission has spent a total of \$1.26 million while continuing to operate under budget. She informed the Commission that this total expenditure does not include the Avenu development as the OTS bill has not included those costs yet.
- C. General Updates** - the local members of the Commission had requested several updates at the previous Commission update. Ms. Roberie provided those updates as discussed below:

- **Staffing:** Ms. Roberie reported that the Louisiana Division of Administration determined that the Commission is exempt from the current hiring freeze. She stated that the Commission has posted five positions: two Tax Auditors, two Compliance Specialists, and one Accountant. Interviews have been scheduled to fill these positions as soon as possible. Additionally, Ms. Roberie indicated that after the hiring process is complete, she will seek an exemption from the Governor's return-to-work order. The Commission operates in a shared workspace design and currently lacks adequate office space for all employees to be in the office at the same time. She noted that a previous exemption request had been submitted but was advised to resubmit it once the Commission had over ten employees using the office space. Once the five new positions are filled, the total number of employees will exceed ten. Ms. Roberie also mentioned that she has contacted the company that designed the Commission's workspace to discuss potential options to maximize the space.
- **Evaluation Process:** Ms. Roberie discussed the performance evaluations for Commission employees. She explained that Commission employees are considered Louisiana Civil Service classified employees and therefore fall under the Civil Service performance evaluation process. This is also applied to any unclassified employees of the Commission with the exception of the Executive Director. The Commission would need to determine and conduct the evaluation process for the Executive Director.
- **Legislative Auditor Findings FY 2021-22 and 2022-23:** Ms. Roberie discussed the findings from the last audit conducted by the Legislative Auditor's office fiscal years 2021-22 and 2022-23 and were released in the summer of 2024. She highlighted the audit results related to bank reconciliations, noting that the auditors apply a 60-day timeline, which the Commission is currently complying with. Ms. Roberie also reported that the Commission is in compliance with asset management regulations established by the Louisiana Property Authority and has completed its first annual property inventory. Furthermore, the Commission has submitted its Records Retention Schedule to the State Archives. Ms. Roberie concluded by stating that all legislative audit findings from that report have been addressed.
- **Organizational Chart:** Ms. Roberie presented an organizational chart outlining the current status of the Commission's proposed budget. She also provided reports on positions that report directly to the Executive Director, including the Administrative Coordinator, Accountant, part-time HR position, and a newly proposed position that is intended to assist with the Commission's new occupancy tax functions.

- Ms. Roberie addressed requests for the existing policies approved by and permissions given to the Executive Director by the Commission. She provided the Committee with a binder containing all approved motions and minutes from Commission meetings since its inception.
- **Business Outreach:** Ms. Roberie outlined the Commission's strategy to contact businesses that are not yet registered with the Remote Sellers Commission, as well as a nexus audit program. She also discussed that the Commission benefits from third-party companies reaching out to various taxpayers and those taxpayers then registering and filing with the LRSC.

IV. Discussion and Action Items

A. FY 2024-25 Budget

- Ms. Roberie presented the FY 2024-25 budget which included updates from the version shared in May. She discussed the new legislation that provides for the Commission to collect hotel and motel occupancy taxes from marketplace facilitators that arrange sleeping accommodations. The budget adjustments related to this legislation are based on the fiscal note prepared by the Commission for HB 374, which includes the \$250,000 development cost for an occupancy tax return, along with other system functionalities. Additionally, the budget contains increases in information technology services, office supplies, and personnel expenses for new positions. Ms. Roberie clarified that the increase in financial services costs is due to necessary changes in the Commission's accounting system for the collection and reconciliation of occupancy taxes as well as preparation of the Annual Financial Report. She also discussed the two new positions in the budget – one is a part-time Human Resources position and the other is a position to assist with the new occupancy tax return development and functions as well as other tasks including system development and taxpayer outreach.
- In the discussion of the new position to assist with system development, Ms. Krennerich asked about the adequacy of resources from our software provider. Ms. Roberie indicated that it was a concern and she has been in discussions with the company regarding resources. Ms. Granier expressed concern as to whether or not current resources within the software company working on LRSC issues would be pulled to develop the occupancy tax return. Ms. Roberie said that was something that needed to be discussed with the company and was a concern.
- A motion was made by Ms. Granier to approve the FY 2024-25 budget as presented, including the additional increment in pay for the unclassified positions as included in the supplementary schedules provided. Ms. Bourgeois

seconded the motion. Following a call for public discussion and a vote, the motion was unanimously approved by all members present.

B. Renewal of Financial Services Contract

- Ms. Roberie reported that the renewal of the financial services contract is capped at \$195,000, as contained in the approved FY 2024-25 budget. She explained that the increase is necessary to accommodate the preparation of the Annual Financial Report (AFR) and to implement any required changes to the accounting system to include the collection of occupancy costs.
- Ms. Krennerich made a motion to grant the Executive Director the authority to move forward with the renewal of the financial services contract. Ms. Bourgeois seconded the motion. Following a call for public discussion and a vote, the motion was unanimously approved by the members present.

C. Executive Director's Penalty Waiver Authority

- Chairman Morris proposed increasing the Executive Director's authority to process penalty waivers from \$5,000 to \$25,000 in order to streamline the approval process. Ms. Krennerich inquired whether this change would grant the Executive Director sole authority to approve waivers for repeat offenders. Ms. Roberie clarified that, historically, the Commission does not approve repeat penalty waiver requests unless they involve very small amounts that meet certain criteria.
- Ms. Krennerich made a motion to approve the Executive Director's authority to process penalty waivers up to \$25,000 without requiring Commission approval. Mr. Perilloux seconded the motion. Following a call for public discussion and a vote, the motion was unanimously approved by the members present.

D. Authority to Approve Settlements

- Ms. Roberie addressed the implementation of a new policy concerning the authority to approve settlements, along with the Commission's role in reviewing, approving, or rejecting these settlements and distributing payments. She also mentioned the need to develop a proposal for consideration at a future meeting. The Committee engaged in discussions about settlement policies and procedures at both the local and state levels. They agreed for now to include settlement discussions in executive sessions for the immediate future to collect more information in order to determine a policy.

E. Discussion of the Commission delegating audit authority to the Louisiana Department of Revenue (LDR) and discussion of resources and efforts that would be needed for the Commission to assume in-state sales tax collections

- Chairman Morris introduced these two items and inquired about any feedback that may have come from the prior week's quarterly board meeting of the Louisiana Association of Tax Administrators (LATA). Ms. Roberie stated that both of the items were introduced at the board meeting and the question was asked if anyone on the LATA Board was in support of the items. No one indicated that they were in support of the items.
- Ms. Krennerich discussed the questions that were raised at the LATA Board Meeting and asked if LDR audits on the behalf of any local governments at this time through a contract or other mechanism. Mr. Morris replied that LDR audits for the local taxes and fees it collects. Ms. Krennerich discussed how audits at a local level can become very granular as it is not just if the money is going to the correct parish but to the correct domicile (there are currently over 400 domiciles in the state. There were questions raised during the board meeting regarding the state's experience auditing at that granular level as well as questions raised regarding materiality. In particular, where what LDR does not consider material for the entire state is very different than what is material for a local jurisdiction. Ms. Krennerich also mentioned that the LRSC has not created a vetting process for any third party auditor, not just LDR, which could be engaged to audit on behalf of the Commission.
- Mr. McManus discussed the complexity of sales tax collection in St. Tammany parish including the 28 jurisdictions, 61 location codes, and 49 different distribution splits. He also questioned if the Commission has the authority on behalf of all jurisdictions to give audit authority to an entity other than the Commission. He also questioned if there would be any potential conflicts of interest for any Commission member to vote on a contract that would go to their jurisdiction – be it St. Tammany Parish or the state.
- Mr. Morris raised the issue for discussion about the Commission's authority to contract with a third-party for-profit contract audit firm to audit on behalf of the Commission and if that would require agreement from each administrator. Ms. Krennerich stated that if that authority was not in the current MOAs between the Commission and each parish she believed there would need to be an addendum as part of the vetting process.
- Secretary Nelson questioned if the Commission was going to be able to handle the complexity of the local audits involving the different jurisdictions and suggested that LDR with its more than 700 auditors might have additional resources the Commission does not.
- Ms. Krennerich discussed the current efforts of the Commission and that it is already familiar with collecting, distributing and verifying sales taxes for the more than 400 local jurisdictions in Louisiana. Commission staff is also continually conducting reviews to ensure dollars are flowing to the correct

jurisdiction and that adding taxability reviews is just one additional, less complex step than what it is already doing. Ms. Roberie added that they are also conducting taxability reviews on some taxpayers.

- Secretary Nelson expressed his concern that we are not collecting money that is due to the state and local governments. Secretary Nelson explained that his vision is more that LDR would audit to find the people who should be remitting tax and are not - especially in light of the expansion of the base to include digital goods– not necessarily ensuring that the tax dollars are flowing to the correct jurisdiction.
- Ms. Krennerich stated that she is supportive of all efforts to locate revenue that is due to the state but is not being remitted. However, she added that she does not want to duplicate efforts. She requested that Ms. Roberie report back on what she is learning about economic nexus audit programs in other states and if LDR could also share what they are doing we can all work together to identify those companies that are not registered a dealer or a remote seller.

V. Election of Chairman and Vice-Chairman for FY 2024-25

- Nominations were opened for the position of Chairman of the Louisiana Remote Sellers Commission. Ms. Bourgeois made a motion to nominate Shawn McManus for the role of Chairman. Ms. Krennerich seconded the motion. Following a call for public discussion and a vote, the motion was unanimously approved by the members present.
- Nominations were also opened for the position of Vice-Chairman of the Louisiana Remote Sellers Commission. Chairman Morris made a motion to nominate Andrew Perilloux as Vice-Chairman. Secretary Nelson seconded the motion. Following a call for public discussion and a vote, the motion was unanimously approved by the members present.

VI. Executive Session

A. Penalty Waivers

- A motion was made by Ms. Granier to enter executive session for consideration of penalty waivers and seconded by Ms. Krennerich. After a call for public discussion and a vote, the motion was unanimously approved by the members present.
- A motion was made by Ms. Krennerich to exit Executive Session and seconded by Mr. Perilloux. After a vote, the motion was unanimously approved by the members present.

- Mr. Morris made a motion to grant the thirteen penalty waivers as presented in Executive Session. Ms. Bourgeois seconded the motion. After a vote, the motion was unanimously approved by the members present.

VII. Other Business

- Ms. Roberie informed the Committee that the next meeting of the commission will likely be scheduled for July 17th.

VIII. Public Comment

- No public comment.

IX. Adjournment

- With a motion by Ms. Granier and a second by Secretary Nelson, Chairman McManus declared the meeting adjourned at approximately 12:43 PM.