

**LOUISIANA TAX FREE SHOPPING COMMISSION**  
Commission Meeting

**MINUTES**

Thursday, March 30, 2023  
Baton Rouge, LA  
9:00 A.M.

Commission Members Present:

- Laura Lapeze, Louisiana Department of Revenue
- Earl Millet, Governor's Designee
- Lindsay Schexnayder, State Treasurer's Office
- Jeff Harlan, on behalf Doug Bourgeois, Office of Tourism
- Tom Spiers, New Orleans World Trade Center

LTFS Staff Present:

- Deepa Woods, Executive Director
- Amy Hemphill, Accountant

Guest:

- Secretary Kevin Richard, Louisiana Department of Revenue

**1. Call to Order**

Ms. Laura Lapeze called the meeting to order at 9:12 a.m. Ms. Lapeze called roll.

**2. Approval of Minutes from October 27, 2022:**

Motion to approve the minutes made by Lindsay Schexnayder. Seconded by Tom Spiers.

**AGENDA**

**State of the Program Discussion**

- Ms. Woods discussed that Louisiana Tax Free Shopping (LTFS) is beginning to build momentum, see more international visitors, and make a profit. The 4 refund centers that are open; Riverwalk; the Airport Refund Center is open 3 days a week unless there is a convention, then it is staffed on those days; and Tanger and Canal Place are open 7 days a week. We are currently staffed at all centers, but we do have someone who is looking to retire in July so we will have to look for more staff members. March 2023 is looking good, March 2022 LTFS made \$7,000 in fees and served 337 customers, as of March 29, 2023 LTFS has made \$45,000 in fees with a little over 1300 customers. Ms. Lapeze asked how the rest of the fiscal year looks. Ms. Woods said that there are some

conventions at the end of April and beginning of May. She also said that some international cruise ships are coming into port as well from England and France.

## **Financial Discussion**

- **Reports on customer activity and financial data**

Ms. Hemphill discussed the January and February 2023 TOPS report which shows the top countries spending by month and the top categories. The Philippines are mainly cruise members who shop in port, alongside the Honduras visitors. Secretary Richard asked what the “all others” consisted of, and Ms. Hemphill stated that we would drill down and get that info. Mr. Spiers stated that New Orleans has a large Honduran population which comes here to visit family, shop and go back home.

The Transportation/Mode of Departure report for January and February 2023 shows that the cruise ship and United Airlines are the top ways internationals are leaving the United States.

The status report compares FY 22 to FY 23. March 2023 shows data through March 23, 2023. LTFS was very busy mid-March with a big convention. LTFS is steadily growing month after month. Mr. Spiers stated that LTFS has already succeeded totals with a quarter left to go. Secretary Richard asked what hours the Riverwalk is open; Ms. Woods stated 10 am to 6 pm and closes an hour before the mall does to run reports. LTFS does stay open later during conventions to accommodate the lines and keep customers happy. Secretary Richard stated that the average spending is going down but the volume is going up. Ms. Woods stated that the international cruise ship passengers were not aware of the program, so they were not spending much. Ms. Woods will reach out to the cruise ships to notify them of the program. Mr. Spiers stated that the Board of Trade publishes what vessels are coming in and out of the port weekly.

The customer activity report details the fees and customers for July 2022 to February 2023. We have collected over the handling fees projected by \$57,990 and served 5,113 customers. The handling fee comparison for FY 22 to FY 23 shows a comparison by month and has increased since last fiscal year. Secretary Richard said that we need to push more customers to Canal Place and asked why they are not going there. Ms. Woods stated is it because they are not getting cash; they are getting prepaid cards at Canal Place and Airport. At Airport we are issuing both cash and prepaid cards because LTFS earns more on cash transactions than prepaid cards. Ms. Woods stated that we are meeting with the general manager at Canal Place next week to discuss the program and will visit the stores inside of Canal Place to make them aware of the refund center inside of Canal Place.

- **YTD Profit and Loss Statement**

Ms. Hemphill stated that for the 8 months of FY 23, which is July 2022 to February 2023, LTFS is at a loss of \$3,506.15. At the same time last fiscal year, LTFS was at a loss of \$66,000. Ms. Woods and Ms. Hemphill have worked hard to curtail spending and trying

their best to make a profit. For February 2023, there was a loss of \$400. In March 2023, there will be more salaries/benefits due to staffing the convention but there should still be a profit. Ms. Lapeze stated that this is encouraging.

Ms. Hemphill prepared a budget to actual for the 8 months of FY 22 versus FY 23 to show the differences from last fiscal year to current fiscal year. For the 8 months of FY 22, LTFS was at a loss of \$66,727.26 compared to this year. LTFS is at a loss of \$3,506.15. LTFS cut costs by getting rid of the storage facilities for rent.

- **Cash Account Balance Report**

This is a report that shows the amounts that Louisiana Department of Revenue (LDR) has made on LTFS' behalf. At the top shows the amounts by month and at the bottom shows what LTFS has paid back to LDR. To date is \$492,546.14 in expenses. LTFS has made \$352,574.80 in payments back to LDR through fiscal year 2022 and still owes \$139,971.34 which is expenses for fiscal year 2023. Ms. Lapeze said to hold off on reimbursing LDR until LTFS has made some money. We will see what June 2023 is like and possibly make a payment at that time. Jefferson Parish still owes \$62,000. Meetings have been requested with Mr. Ruppert at Jefferson Parish but he always seems to duck out of the meetings, per Mr. Millet. Ms. Lapeze stated that she has Ms. Pierre, LDR General Counsel, checking into the write-offs for past due amounts over 120 days.

- **Voucher Book Printing**

Ms. Hemphill stated that in November 2022, Office of Technology/Production Support Services (PSS) took over the printing and mailing of voucher books. LTFS is now making a profit on the voucher books. In 3 months there was \$1900 in revenue. Raising the price of the voucher books to \$10 also helped with the profit. Mr. Spiers stated that we used to have vendors that were bad debt how is that being handled? Ms. Lapeze said she has LDR General Counsel looking to see if it can be written off. Ms. Hemphill stated that when she sends out current invoices, she sends out past due invoices and small amounts are collected here and there. If they have a substantial past due amount, the merchants have to pay off that balance before getting new orders. Some merchants just tell customers they don't participate in the program because they chose not to buy vouchers.

There were no further questions from commissioners regarding the financial discussion.

### **Other Discussion Items**

- **Stored Value Card Program**

Ms. Deepa Woods stated that Canal Place began using the prepaid cards in January 2023 after some issues with the cards coming from US Bank incorrectly. Canal Place has issued 9 cards through March 22, 2023.

Airport Refund Center was trained March 7, 2023 and started using the cards the following day. As of March 22, 2023 they have issued 16 cards. This does help with the cash flow at the Airport. There is a threshold on the prepaid cards. Refunds have to be above \$25.00 and below \$1,500.00.

- **Legislative Support**

Ms. Woods stated that LTFS has received 9 letters for the 2023 Regular Legislative Session support of renewing the program. Mr. Spiers stated he can get LTFS a letter of support. Ms. Lapeze stated that this is a renewal bill and not a change in legislation to remove vouchers. We will work on that for next legislative session; legislators are limited on their number of bills, so we will work on changing legislation in the future. Secretary Richard stated that Senator Harris has agreed to carry the bill, and it is being renewed for one year so that the program goes up for renewal at the same time as Revenue next year.

- **IRS 2012 W2s and 941s**

Mr. Millet presented a timeline of communication with the IRS regarding a letter received that LTFS hasn't submitted W2s and 941s from 2012, Ms. Denise Thevenot, former Executive Director, was supposed to handle this. The fees started out around \$7,000. In July 2022, Mr. Millet drafted a letter for the Secretary's approval concerning the Civil Penalty for relief under IRM 20.1.1.3 Criteria for Relief from Penalties as a First Time Abatement and relief under the IRS Reasonable Cause provisions. The letter was sent in July 2022, and in December 2022 LTFS received a letter stating the request was being handled by another IRS office out of Philadelphia. In February 2023, a letter was received saying that the First Time Abatement was denied, and that the request was considered an intentional disregard penalty matter or a late filing matter. The IRS did not address the request for Reasonable Cause. Secretary Richard stated he will share the current tax advisor with Mr. Millet. Mr. Millet will reach out to this contact regarding relief under Reasonable Cause.

Mr. Millet stated we got another letter from the IRS stating that W2s and 941s have not been filed since March 2021 to September 2022. This is a current Human Resources matter since LTFS began getting paid under Louisiana Department of Revenue in September 2020 and will be forwarded to Ms. Sophia Pipsair to handle with the Office of Uniform State Payroll.

Ms. Lapeze stated that the issue with old 2012 is that we no longer have the payroll records, unlike the current one the state will have the payroll records. Mr. Harlan asked about the interest rates at what the penalties are being charged, would a payment of any kind stop the penalties or if you do make a payment are you accepting the penalties, Mr. Millet stated he was not sure.

- **New Orleans Airport Increase in Hours**

Ms. Lapeze asked if the contract stated anything about certain hours, Ms. Woods said no it does not and that she did request the international flight days/hours and has not received a response. Ms. Hemphill stated that she helped 2 customers in a 7 hour day on Monday, March 27 and 3 customers on Wednesday, March 29. From the report presented, in February 2023 there were 30 customers seen and \$1,473 in revenue. LTFS pays \$476.53 in rent, plus salaries and benefits so LTFS is losing money with the airport and can't see opening more hours. Ms. Woods said she would rather close the airport location and look at opening in Lakeside Mall.

- **Ethics and Sexual Harassment Training**

Ms. Woods stated that we have received a few certificates to date. Ms. Hemphill said that Sexual Harassment is separate from Ethics and the link was provided for the commissioners.

Ms. Lapeze said in July 2021 that Secretary Richard, whom was chairman at the time, recommended Ms. Woods get an increase when three refund centers were opened and fully staffed. She would get an increase to \$35.00 an hour. Ms. Lapeze the funding was not in the budget right now. In July 2023 when we come back to approve the budget, funding could be included. Mr. Millet praised the job that Ms. Woods does and said that the sooner the better. Mr. Spiers said that Ms. Woods has brought the program up to where it has not been in a long time. Ms. Lapeze asked the commissioners if they wanted to make it an action item now even without it in the budget. LTFS has excess budget in salary and benefits that can be moved around. Mr. Spiers stated that the last quarter will pull LTFS out of the hole and be profitable.

Mr. Spiers stated even without an action item he is in favor. Ms. Lindsay Schexnayder asked if we needed one being that it was already approved in July 2021. Mr. Spiers asked if we needed a motion to honor the motion.

Ms. Lapeze confirmed that a motion should be made to confirm the commissioner's intent. Mr. Spiers made the motion to approve Ms. Woods' increase to \$35 an hour effective next payroll, and Mr. Millet seconded. All present were in favor.

Ms. Woods thanked the commission and praised Ms. Hemphill for all of her work. Ms. Woods stated that she needs to get staff working more hours. Ms. Lapeze said they are working with Human Resources as to what options we have available. Mr. Spiers said you have the support of the commission.

There were no further questions regarding these items.

### **Action Items**

None.

### **Additional Discussion**

Mr. Jeff Harlan gave an update on contracts with Dubai, Madrid and the film industry. He also stated that Welcome Centers in Louisiana capture 8-10% of international visitors driving through, and he said that we can put information cards in the welcome centers.

### **Adjournment**

Motion to adjourn made by Lindsay Schexnayder. Seconded by Jeff Harlan. Meeting ended at 10:03 a.m.