

LOUISIANA TAX FREE SHOPPING COMMISSION
Commission Meeting

MINUTES

Thursday, October 27, 2022
Baton Rouge, LA
11:00 A.M.
Meeting

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

LTFS Staff Present:

- Deepa Woods, Executive Director
- Amy Hemphill, Accountant

Guest:

- Secretary Kevin Richard, Louisiana Department of Revenue

Absent:

- Tom Spiers, New Orleans World Trade Center

1. Call to Order

Ms. Laura Lapeze called the meeting to order at 11:13 a.m. and Ms. Lapeze called roll.

2. Approval of Minutes from June 8, 2022:

Motion to approve the minutes made by Lindsay Schexnayder. Seconded by Earl Millet.

AGENDA

Financial Discussion

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

Ms. Hemphill discussed the July to September 2022 TOPS report which shows the top countries spending by month and the top categories, which has increased by month respectively from \$324,000 to \$375,000 to \$418,000, which shows that Louisiana Tax

Free Shopping (LTFS) business is steadily increasing. Apparel and accessories with electronics are the top categories.

The Transportation/Mode of Departure report for July to September 2022 shows how the visitors are leaving the United States. Secretary Richard questioned what leaving by car means; Ms. Woods stated that they are going to Canada, usually their method if they are driving and not flying.

The customer activity report for the 1st quarter and then broken down by month. We have collected over the handling fees projected by \$8,000. The Riverwalk has collected the most handling fees at \$26,000 and served the most customers for the 1st quarter.

The handling fee by 1st quarter for FY 22 and FY 23 was presented showing the handling fees have increased from September 2021 to September 2022 from 81 customers to 539 customers in one calendar year. July 2022 new handling fees went into effect.

- **YTD Profit and Loss Statement**

Ms. Hemphill stated that for the 1st quarter of FY 23, which is July 2022 to September 2022, LTFS is at a loss of \$22,994.09. Even though we are collecting more handling fees, salaries and benefits are the highest expenses with rent being the second highest. We have cut expenses for rent by getting rid of Life Storage and Elmwood Storage. September 2022 profit and loss shows LTFS was at a loss of \$2,955.48.

Ms. Hemphill prepared a budget to actual for the 1st quarter of FY 22 versus FY 23 to show the differences from last fiscal year to current fiscal year. For the 1st quarter of FY 22 LTFS was at a loss of \$24,195.73 compared to this year LTFS is at a loss of \$22,994.09. We have collected more in handling fees, but we also have higher expenses due to having more staff. Secretary Richard stated that the first quarter is always a loss and then things begin improving due to convention season. Ms. Woods stated the 1st quarter of the year would be busy according to the CVB. Ms. Hemphill stated that we had some one-time large expenses with perming out the storage units and the audit fees.

- **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 \$410,664.99 in expenses. LTFS has made \$352,574.80 in payments back to LDR and still owes \$58,090.19. Ms. Lapeze said to hold off on reimbursing LDR until LTFS has funds to do so. The bank balances for LTFS is \$3,752.07 operating account which does have a few ACH payments coming out for internet at Riverwalk and Adobe. The bank balance for the refund account is \$195,088.22. LTFS is owed \$39,683.20 from the parish authorities and \$60,723.16 from Jefferson Parish which is over 180 days old. Mr. Millet asked about writing some of this off. Jefferson Parish is not paying because a merchant is closed. We have tried setting a meeting up with Mr. Ruppert but he has not agreed to meet with us. Mr. Harlan asked how far back is Jefferson Parish. Ms. Hemphill stated 2009. It is small amounts that have added up over time, and LTFS is penalized if a store in Jefferson Parish is past due

on their parish taxes. Jefferson Parish will not reimburse LTFS for the taxes until the store is current with them. Ms. Schexnayder asked if the law or agreements would help with them paying. Ms. Lapeze questioned if the Office of Debt recovery could do anything, Secretary Richard stated that he does not think it would work because of the tools they use. The merchants owe \$46,000 in outstanding receivables.

The Accounts Receivable report for September shows that LTFS has outstanding balances in the amounts of \$124,478.90 for parish authorities and \$46,419.51 for merchants. Most of the current amount and 1-30 days for parish authorities have been made. The merchants have outstanding receivables in the amount of \$46,419.51. Ms. Hemphill has been working on collecting the larger balances and has succeeded on about \$1,800. Some of these balances were paid and not credited to the proper invoices. Some merchants have corporate that is responsible, and some of the stores are responsible locally. Some of the stores are closed and some have filed bankruptcy and needs to be written off. Ms. Lapeze stated she would discuss with LDR's General Counsel and see what our options are on uncollectable balances.

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

Other Discussion Items

- **Stored Value Card Program**

Ms. Deepa Woods stated that on Friday, October 28, 2022 we are training on the Stored Value Cards at Canal Place. They are going to be our pilot program with the kick off date of November 1, 2022. It will be a little more complicated than expected, and we are going to have to be hands on with the Canal Place staff. They are excited about the program with the hopes that the customer will use the card back in Canal Place.

Ms. Lapeze explained the next step is the Department of Treasury's approval for the state charge of the Stored Value Card fee. This was sent over Thursday morning for approval. This \$2.00 fee is a state charge that will be passed on to the customer.

LTFS ordered an initial 20 cards due to them having a one-year expiration fee. Once we see how the customer base is then we can order more if needed. It takes about a week to get in our hands.

- **Production Support Services and Voucher Printing**

Ms. Woods explained that LTFS is going to be using PSS to begin printing vouchers. Ms. Hemphill broke down the expenses with LTFS printing vouchers versus going with PSS printing the voucher books. Currently LTFS is charging \$6.00 per voucher book. With LTFS printing vouchers, LTFS is losing approximately \$5.00 per book. With PSS printing the voucher books, LTFS will be losing approximately \$3.00 per book. This not only saves time but also allows LTFS to utilize staff in the refund centers to market the program. Secretary Richard asked how much of an increase is LTFS proposing to charge for voucher books. Ms. Woods said \$10.00 per book.

- **2023 Regular Legislative Session Proposal**

Ms. Lapeze stated that the LTFS program is up for renewal July 1, 2023. We will work on getting someone to author the bill. LTFS will also research removing vouchers from the program. Ms. Woods said customers are coming to the refund centers and do not have vouchers. The customers become aggravated because they cannot get a refund. We do not make money off of vouchers. LTFS would make more money by accepting the receipts without having a voucher. Secretary Richard stated that we do need controls in place if we do away with vouchers; we need to maintain the integrity of the program. LTFS will make sure controls exist if the voucher requirement is removed.

There were no further questions regarding these items.

Action Items

Motion made by Lindsay Schexnayder and seconded by Earl Millet to increase the voucher book price from \$6.00 to \$10.00 effective November 1, 2022.

Additional Discussion

The airport lease is up for renewal next year. Ms. Woods stated that we need to look at other options of maybe going to Lakeside as a refund center where we would have more business. LTFS is going to keep track of the monthly customer base at the Airport for further discussion. Need to revisit opening at Lakeside again and dedicate a person there if we close the Airport.

Adjournment

Motion to adjourn made by Jeff Harlan. Seconded by Lindsay Schexnayder. Meeting ended at 11:58 a.m.