

LOUISIANA SALES AND USE TAX COMMISSION FOR REMOTE SELLERS

DRAFT Minutes of August 22, 2024 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 11:03 AM by Chairman McManus. A quorum was established with six members in attendance. Members present were:

1. Shawn McManus (LULSTB)
2. Kressy Krennerich (LULSTB)
3. Jeffery LaGrange (LULSTB)
4. Richard Nelson (LDR)
5. Luke Morris (LDR)
6. Mia Strong (LDR)

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

- Ms. Krennerich nominated Shawn McManus as Vice Chairman for the Louisiana Remote Sellers Commission. There were no additional nominations and nominations were closed. A motion was made by Ms. Strong to elect Mr. McManus as Vice Chairman. The motion was seconded by Ms. Krennerich and following a vote, the motion was unanimously approved by all members present.
- Secretary Nelson nominated Luke Morris as Chairman for the Louisiana Remote Sellers Commission. There were no additional nominations and nominations were closed. A motion was made by Vice Chairman McManus to elect Mr. Morris as Chairman and seconded by Secretary Nelson. Following a vote, the motion was unanimously approved by all members present.

III. Approval of Meeting Minutes from June 13, 2024

- A motion was made by Shawn McManus to approve the meeting minutes from the meeting held on June 13, 2024, and seconded by Ms. Strong. Following a vote and a call for public discussion, the minutes were approved unanimously by the members present.

IV. Report From Executive Director

A. Distribution Report

- Ms. Roberie reported that the distribution for June (May tax receipts collected in June) included \$52,583,452.24 in collections and that the Commission had 10,379 open accounts at the end of June. Ms. Roberie further reported that the distribution for July (June tax receipts collected in July) included \$51,016,299.96 in collections and that the Commission had 10,499 open

accounts at the end of July. The Commission is currently averaging 30 new accounts a week. That collection was the end of the FY 2023-24 collections and the total collected for the year was \$616,616,875.04. Ms. Roberie also reported that LRSC has collected \$1,935,139,407.07 total to date.

- Ms. Roberie also provided an update on compliance efforts that resulted in approximately 5,600 notices of intent and assessment letters being sent out in the month of August. She further explained that the majority of the letters were sent to non-filers approximately 1100 of those had never filed a return with the Commission. Commission members discussed how their individual offices handle inactive accounts.

B. Budget

- Ms. Roberie presented an updated financial report as of August 16, 2024 showing the Commission has expended \$1,286,340.78 in administrative expenses to date. The 1% administrative fee collected for the year was \$6,166,177.53. Ms. Roberie stated this will lead to a return of approximately \$4.87 million to the state and local governments in unexpended administrative receipts. This refund will be done in October of 2024 once the Annual Financial Report is complete and all numbers are final.
- Chairman Morris inquired about the excess in the System Development budget line. Ms. Roberie explained the budgeted amount is based on a contract of a bucket of hours to provide updates and system improvements, however, this year we did not use the majority of the contract but that the situation may be different next year.

V. Discussion and Action Items

A. Bank Accounts

- Ms. Roberie discussed the need to move the Commission's three bank accounts from the Louisiana Department of Revenue to the Commission. The location of the bank accounts under LDR dates back to when LDR was assisting in creating the Commission and providing the original resources before the Commission had an income stream. As a result, the Secretary and Undersecretary of LDR are the actual signature authorities on the accounts. This move would allow the Chairman and Vice-Chairman of the Commission to be the signature authorities on the accounts. She explained the process would first involve going before the state's Cash Management Review Board to obtain their permission and then working with J.P. Morgan to make the changes.
- A motion was made by Ms. Krennerich to authorize the Executive Director to transfer ownership to the Commission from LDR pursuant to the guidelines

that are required, the motion was seconded by Mr. LaGrange. Chairman Morris opened the floor for discussion.

- Chairman Morris expressed concern that the Commission could be opening itself up to risks by the move based on prior audit findings from the Legislative Auditor regarding bank reconciliations.
- Ms. Roberie discussed that the audit findings regarding bank reconciliations actually showed improvement from the first year where they were not completely conducted to the second year when the timeliness of the reconciliations was the focus of the finding. She explained that in the beginning LDR was conducting the bank reconciliations but that LDR made the decision in June of 2022 that they would no longer perform that function and continues to not be involved in the reconciliation process. LDR's involvement with the Commission's bank accounts is limited to an administrative function to provide access upon the Executive Director's request to certain functions within the banking website. She further explained that there were significant building blocks the Commission had to put into place including an accounting system and engaging an outside financial services contractor to develop the entire reconciliation process. She reminded the Commission that until October of 2022 there were only three employees of the Commission. She also explained that the bank reconciliations are part of a larger reconciliation performed by the Commission's financial services contractor that involves reconciling bank deposits to the system of record and to the distribution. More recently significant improvements have been made including the acquisition of additional software and creation of system reports that have allowed the development of a timeline that will ensure reconciliations are completed in a timely fashion.
- Chairman Morris called for public discussion. Ms. Darlene Allen inquired if Commission had increased its staff to address these particular activities or if it was still being done by a third party. Ms. Roberie explained that she was in the process of interviewing for an accountant and transferring some of the bookkeeping functions to that position. However, she felt that the using the third party to conduct the reconciliations was the best control for the Commission.
- Chairman Morris restated the motion and called for a vote. The motion was unanimously approved by the members present.

B. Educational Leave Policy

- Ms. Roberie proposed adding an Educational Leave Policy to the Commission's Time and Attendance Policy and Procedure Memorandum. Ms. Roberie reminded the Commission members that employees of the Commission are subject to Civil Service Rules and the Commission can only implement policies that are allowed under Civil Service Rules. She went over the Civil Service Rule regarding leave and discussed the proposed Educational

Leave Policy. She explained that the policy includes a limit of no more than 8 hours per week of Educational Leave and an annual cap of 240 hours. She also reiterated the Civil Service Guideline that the course of instruction must be related to work the employee performs for the Commission.

- A motion was made by Vice Chairman McManus to approve the revised Time and Attendance Policy and Procedure Memorandum and seconded by Ms. Strong. 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. Krennerich to enter Executive Session for consideration of penalty waivers and seconded by Mr. LaGrange. After a vote, the motion was unanimously approved by the members present.
- A motion was made by Mr. LaGrange to exit Executive Session and seconded by Vice Chairman McManus. After a vote, the motion was unanimously approved by the members present.
- Ms. Krennerich made a motion to grant penalty waivers in globo on the items as presented. Ms. Strong seconded the motion. After a vote, the motion was unanimously approved by the members present.

VII. Other Business

- Ms. Krennerich reminded the Commission that LATA will be hosting a sales tax educational seminar on September 11, 2024 in Natchitoches and that the 2024 3RD Quarter LATA Conference will be held on September 12-13th in Natchitoches.
- Chairman Morris advised that there will be changes on the state side to the Commission and that he wanted to thank Ms. Mia Strong and Ms. Kelli Jumper for their service on the Commission. Secretary Nelson will be appointing two new commission members before the October 2024 Commission Meeting.
- Mr. McManus thanked Ms. Krennerich for the seminar LATA conducted recently. He commented that the quality of participating electronically was exceptional and engaging. He also reminded everyone that property tax rolls are currently open and this is a reassessment year and urged everyone to check their assessments.
- Ms. Darlene Allen added that the LATA would be providing the seminar Mr. McManus mentioned again on September 11, 2024 in Natchitoches and there would again be the option to participate electronically.

VIII. Public Comment

- No public comment.

IX. Adjournment

- With a motion by Ms. Strong and a second by Mr. LaGrange, Chairman Morris declared the meeting adjourned at approximately 11:58 AM.

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