

LOUISIANA SALES AND USE TAX COMMISSION FOR REMOTE SELLERS

Minutes of November 10, 2022 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 11:05 AM by Chairperson Clapinski. A quorum was established with seven members initially in attendance. Members present were:
 1. Danielle Clapinski (LDR)
 2. Shawn McManus (LULSTB)
 3. Kevin Richard (LDR)
 4. Kelli Jumper (LDR)
 5. Jeff LaGrange (LULSTB)
 6. Kressy Krennerich (LULSTB)
 7. Amanda Granier (LULSTB)
 8. Luke Morris (LDR) (joined after the minutes were approved)

- II. **Approval of Meeting Minutes from September 8, 2022**
 - A motion was made by Secretary Richard to approve the meeting minutes from the meeting on September 8, 2022, and seconded by Ms. Granier. Following a vote and a call for public discussion, the minutes were approved unanimously by the members present.

- III. **Direct Marketer Update – Kelli Jumper**
 - A. Ms. Jumper reported that they recently completed a clean-up project by comparing those direct marketers registered with the Commission that had not closed their account with the Louisiana Department of Revenue. As a result they closed over 200 direct marketer accounts. Currently, there are 1,703 direct marketers. In addition, they reviewed economic nexus and sent over 300 letters to direct marketers that appear to have hit economic nexus and should be registered with the Commission. However, they do not know which of the 300 might have already been in the process of submitting an application to the Commission.
 - B. Ms. Krennerich asked that Ms. Jumper provide the list of who received a letter indicating they may have hit economic nexus to Ms. Roberie.

- IV. **Report From Executive Director**
 - A. **Distribution Report**
 - In September, the Commission collected \$40,129,200.01 for the August 2022 period. \$39,727,907.28 was distributed to the state and local collectors. The

number of returns processed in September was 5,754. Of those, 5,253 were for the August 2022 period. As of 9/30/22, the Commission had 7,177 open accounts.

- In October, the Commission collected \$61,355,407.91 for the September 2022 period. \$60,741,854.03 was distributed to the state and local collectors. These collections include some very large VDA type returns that were filed by several companies and those collections actually account for \$21.9 million of the total collections for this month. The number of returns processed in October was 6,143. Of those, 5,451 were for the September 2022 period. As of 10/31/22, the Commission had 7,391 open accounts.
- The Commission continues to see an increase in the number of returns processed, tax dollars collected and accounts opened.

B. Budget

- Ms. Roberie went over the updated actual to budget numbers for FY 22-23 and the final numbers for FY 21-22. She noted that the Commission will be returning approximately \$4 million which was not spent from the retained 1% administrative fee.

C. Legislative Auditor's Report and Corrective Action Plans

- Ms. Roberie reported that there were three findings in the report – a lack policies and procedures, assurances over controls for the software vendor and bank reconciliations. She reported that the software vendor is going to include the Commission's systems in its next assurance audit. She also stated that as more staff are brought onboard the expectation is that more policies and procedures will be able to be drafted.

D. Financial Services Contract Update

- Ms. Roberie reported that significant progress has been made and that the contractor has been shadowing staff to obtain a deep understanding of our systems and processes in order to prepare more robust past bank reconciliations and to help establish our procedures moving forward. Currently five months of reconciliations have been completed and other improvements have been identified that will help improve our systems and processes.
- The contractor has also reviewed our Annual Financial Report and identified some corrections that needed to be made and will help define our procedures regarding the report in future years.

E. Other Updates

- Ms. Roberie reported that two positions have been filled and the new employees will be starting soon. The Accountant 3 position and one of the

Tax Specialist 2 positions have been filled. She also reported that the furniture for the office has been delivered and installed.

V. MTC Audit Presentation – Holly Coon, Director, Joint Audit Program

- A.** Ms. Coon gave a presentation regarding the MTC’s Joint Audit Program and the value it could have for the Commission. She explained that there would be two ways for the Commission to participate. The Commission could choose to participate through the cooperation of the state (LDR). There is only one fee per state and through this agreement the Commission would receive a 20% discount on audit fees which are based on audit costs. The other alternative would be participating on a per audit bases on an actual audit cost basis. MTC uses internal audit staff to conduct audits. Currently 15 states, including Louisiana, participate in the MTC sales tax joint audit program.
- B.** The value for the Commission would include receiving audit leads (22 audit leads for remote sellers have been provided to states to date) as well as training sessions pertaining specifically to remote sellers.

VI. Discussion Items

A. Commission Working Groups

- Ms. Roberie provided a recap of the five working groups that have been proposed – Human Resources, Policies and Procedures, General Advisory, Accounting and the Act 685 report. It was also decided to add a Tax Policy working group.
- Members volunteered for the following working groups:
 1. Human Resources
 - a. Shawn McManus, Jeff LaGrange and Danielle Clapinski
 2. Policy and Procedures
 - a. Amanda Granger, Kelli Jumper and Danielle Clapinski
 3. Accounting
 - a. Amanda Granger
 4. General Advisory
 - a. Kressy Krennerich, Jeff LaGrange, Danielle Clapinski, Kelli Jumper
 5. Act 685
 - a. Luke Morris and Renee Roberie
 6. Tax Policy
 - a. Luke Morris

VII. Action Items

A. Budget Adjustment – Avenu Annual Cost

- Ms. Roberie explained that there is actually a small increase from year to year in the Avenu annual cost per the contract that is maintained by the Office of Technology Services that she was not aware of when she

prepared the budget. The issue is the Avenu Annual/Development costs category. Overall we are under in that category but we need to move \$2,900 from the Development line to the Annual line in both the FY 21-22 and FY 22-23 budgets.

- A motion was made by Mr. McManus to move the amount from the Development line to the Annual Cost line and seconded by Ms. Granier. Following a vote and a call for public discussion, the motion was approved unanimously by the members present.

VIII. Executive Session

A. Penalty Waiver Requests Requiring Commission Approval

- A motion was made by Ms. Granier and seconded by Mr. LaGrange to enter Executive Session to consider the penalty waiver requests that exceed \$5,000 and therefore require Commission approval. Following a call for public discussion and a vote, the motion was unanimously approved by the members present. The Commission entered Executive Session at approximately 12:15 pm.
- A motion was made by Ms. Krennerich and seconded by Mr. Lagrange to exit Executive Session. Following a call for public discussion and a vote, the motion was unanimously approved by the members present. The Commission restarted the regular meeting at approximately 12:29 pm.
- A motion was made by Secretary Richard to approve the penalty waiver requests in globo that were presented and discussed during the executive session. Mr. LaGrange seconded the motion, following a call for public discussion and a vote, the motion was unanimously approved by the members present.

IX. Other Business

- Mr. Morris noted that the Subcommittee of the Ways and Means Committee on Taxes will be hearing a presentation next week from the LDR on how sales tax works in the state and there is a section on the Remote Sellers Commission. The Chair and Vice-Chair of Ways and Means asked that Ms. Roberie be present at the meeting.

X. Public Comment

- No additional public comment.

XI. Adjournment

- With a motion by Ms. Granier and a second by Mr. McManus, Chairperson Clapinski declared the meeting adjourned at approximately 12:34 PM.