



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF STATE PURCHASING

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

MEMORANDUM OSP01-02

To: All Agency Purchasing Departments; All Agency Accounting Departments
From: Denise Lea, Director
Date: October 19, 2000
Re: **Use of In-Store Charge Accounts**

The Office of State Purchasing has been notified that some businesses are eliminating their in-house credit accounts. They are partnering with credit card companies/banks to provide credit services for the accounts. Examples known are Walmart and Office Depot.

These businesses are making contact with the agencies who currently hold in-house accounts. Either the agency is being provided with a credit application that must be signed and submitted, or they are being provided a certificate or credit card automatically without any application. By phoning an activation number or simply using the credit card automatically commits an agency to all internal terms and conditions of such programs.

These account agreements contain terms which conflict with state law. Such conflicts are late charges, penalties, governing laws of states other than Louisiana, the right to sell credit account information, and it is even questionable as to whether the person signing the agreement can be personally liable for the charges. We are working with corporate offices to search for solutions. Also, the State is currently implementing a Purchasing Card Program, LaCarte, which will allow for purchases at all businesses accepting VISA without having to enter into local business agreements.

We find these accounts to be unacceptable and are instructing agencies not to enter into these agreements. Agencies may choose to purchase from established state contracts or use vendors that do not require the use of credit cards.

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