



2013 Cultural District Annual Report Executive Summary

The Cultural Districts (CD) program was created by the Louisiana Legislature in 2007 and launched in 2008. It provides tax incentives in areas designated as cultural districts intended to contribute to increased business opportunities; new markets for cultural products; increased artist production; increased renovations of older buildings; increased cultural activity; a greater sense of community identity; and increased property values. It is a locally driven program for community revitalization providing local governments an opportunity to nominate an area for CD certification based on cultural assets or its potential to serve as a hub of cultural activity for the community.

The Cultural District program has been widely embraced in communities across the state as a program compatible with, and complementary to, existing community and economic development goals. In six years 67 cultural districts in 40 towns and 27 parishes have been certified. Local governments leverage the Cultural District designation to attract people, businesses, and cultural activity to the districts. In addition to the “branding” opportunities the place-based program offers, state law also provides two targeted tax incentives:

- the rehabilitation of older buildings may qualify for state historic tax credits
- the sale of qualifying works of original art are exempt from state and local sales tax

In accordance with R.S. 47:305.47, the Department of Culture, Recreation and Tourism must report to the legislature on the impact of the CD Program. Local governments with certified districts in their jurisdictions submit an annual report about factors related to cultural and economic development. This executive summary is a compilation of the CD Annual Reports for calendar year 2013.

Rehabilitation-

One of the goals of the Cultural District program is community revitalization. Local government liaisons reported an estimated 488 commercial renovation projects and about 826 residential projects were begun in 2013 in CDs across the state. Most of these renovation projects are being made independent of tax credit incentives, though some of them are among the state historic tax credit projects reported below.

State Tax Credits for Rehabilitation of Historic Buildings-

State Historic Tax Credits are an important component of the Cultural District program intended to spark renovations and reuse of buildings for revitalizing communities and providing facilities for cultural activities. Since the program began in 2008 there have been 701 applications for commercial renovations of historic buildings in 50 different cultural districts in 17 parishes. 215 of those projects were completed by the end of 2013 representing an investment of \$565 million of Qualifying Rehabilitation Expenses and another \$181 million in associated costs. So, for \$141 million awarded in earned tax credits in Cultural Districts the total dollars leveraged was \$710 million.

Since 2008 there have been 113 applications for owner occupied residential properties in cultural districts. 55 of those projects have been completed, leveraging a total of over \$7.5 million in qualifying and associated rehabilitation expenses.

Sales Tax Exemptions-

Liaisons for the Cultural Districts reported approximately 761 businesses, 240 organizations, 986 events, and 5,327 artists benefitted from the sales tax exemption for original art in 2013.

Tax administrators in parishes that have Cultural Districts reported data to help track the impact of the sales tax exemption for original art. Data is from art/cultural businesses known to handle art and cultural products and therefore might be conducting some tax exempt sales.

Total revenue reported was just under \$1.27 billion.

Total value of tax exempt sales reported was just over \$14 million.

The volume of tax exempt original art sales reported is a small fraction, about one half of one percent, of the overall income reported by art/cultural businesses. In 2013 the \$560,000 not collected by the state due to the original art tax exemption represents over \$14 million in art sales to locals and tourists alike. The local sales tax varies by municipality between 3% and 5%, so a similar amount of sales tax was exempted at the local government level among the parishes.

Hubs of Cultural Activity-

The Cultural Districts report a total of 2,818 cultural events were held in 2013 with a total attendance of approximately 3.9 million people. While many cultural events in CDs are long-standing and ongoing, liaisons report that attendance at art events is generally higher, sales at art markets are improved, and there is an increased sense of community identity.

Vacant Buildings-

About three quarters of the districts reported the vacancy rate decreased by 2% - 15%; one quarter reported almost no change; and no districts reported an increase in vacancy in 2013.

New Businesses -

This is among the most encouraging of the report results. CDs reported a total of 566 new businesses opened within the boundaries of their districts in 2013. Of those, 136, or 24% were art/cultural businesses. The same districts reported 230 businesses closed; 55 of which were art/cultural businesses. That is a net growth of 336 businesses in districts that are targeted for cultural development. And even more impressive is the fact that the percentage, or density, of art/cultural businesses in our Cultural Districts is increasing!

Conclusion-

The Department of Culture Recreation and Tourism believes the successes evidenced in this report summary strongly support the initial premise for the creation of the Cultural District program— *By incentivizing cultural development a community's cultural economy grows.* With each application cycle new communities see certification as a way to spark the cultural economy in their towns and neighborhoods. Dire state budget shortfalls each year since the Cultural District program was created have prevented pursuit of funding as originally planned. We hope the program continues to thrive with the existing incentives, the great volunteers in the communities, and their creative determination to find resources. Eventually we hope to build even greater successes with funding to assist the certified Cultural Districts through state sponsored promotions and advertisement, initial startup or competitive grants for infrastructure, promotions, or signage. The Louisiana Cultural District program is already a model recognized by the National Association of State Arts Agencies and featured in the NEA and Mayors' Institute on City Design's (MICD) publication, *Creative Placemaking*. Louisiana takes pride in the creation and positive impact of this initiative.

**For more about Cultural Districts ~ www.crt.la.gov/cultural-development/cultural-districts
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