



2014 Cultural District Annual Report Executive Summary

The Cultural District (CD) program was created by the Louisiana Legislature in 2007 and launched in 2008. It provides incentives in areas designated as cultural districts that contribute to increased business opportunities; new markets for cultural products; increased artist production; renovations of older buildings; increased cultural activity; and a greater sense of community identity.

The Cultural District program is widely embraced by local governments as a program compatible with their community and economic development goals. 75 cultural districts in 47 towns and 32 parishes have been certified. The Cultural District designation attracts people, businesses, and cultural activity to the districts. In addition to the “branding” opportunities of the place-based program, state law provides two targeted tax incentives:

- rehabilitation of older buildings may qualify for state historic tax credits
- 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 reports bi-annually 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 features impacts from the CD Annual Reports for 2014.

Return on Investment–

This locally driven program for community revitalization is literally proving that “culture means business” and produces a solid return on investment for the state. Incentives targeting cultural industries make good business sense. In 2013 there were over 171,000 jobs in the cultural industries, accounting for over 6.5% of the total jobs in Louisiana. Between 2007 and 2013 total jobs in Louisiana increased by 5.7%, but jobs in cultural businesses increased by an impressive 15.4%.

Source-Cultural Vitality Index & LED

In partnership with Louisiana Economic Development’s Small Business Development Program, the Office of Cultural Development (OCD) secured Westaf Cultural Vitality Index data for Louisiana for 2012 and 2013. The data reveals that special programs targeted for revitalization through art, culture, and historic preservation generate a robust economic impact for the state, with a significant focus on new businesses and jobs creation. The population of zip codes in our Cultural District and Main Street communities is 31% of the population of Louisiana. Those same zip codes account for a remarkable 48% of the state’s cultural jobs, an indication that investing in cultural development pays off in jobs and economic growth.

Rehabilitation–

One of the goals of the Cultural District program is community revitalization. Local district liaisons reported an estimated 481 commercial renovation projects and about 1,022 residential projects were begun in 2014 in CDs across the state. Many of these renovation projects are 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 959 applications for commercial

renovations of historic buildings in 52 different cultural districts in 18 parishes. 297 of those projects were completed by the end of 2014 representing an investment of \$791 million of Qualifying Rehabilitation Expenses and another \$246 million in Associated Costs. So, for \$198 million potentially awarded in tax credits in Cultural Districts the total dollars leveraged was \$1 billion.

Since 2008 there have been 277 applications for owner occupied residential properties, 49 of which were completed by the end of 2014, leveraging a total of over \$7.7 million in qualifying and associated rehabilitation expenditures.

Sales Tax Exemptions–

Liaisons for the Cultural Districts reported approximately 1,388 businesses, 224 organizations, 1,104 events, and 3,598 artists benefitted from the sales tax exemption for original art in 2014.

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

Total revenue reported was \$1.34 billion.

Total value of tax exempt sales reported was just over \$16 million.

The volume of tax exempt original art sales reported is a small fraction, barely one percent, of the overall revenue reported by art/cultural businesses in the districts. In 2014 the \$640,000 not collected by the state for tax exempt original art represents \$16 million in art sales to locals and tourists alike.

Hubs of Cultural Activity–

The Cultural Districts report a total of 2,411 cultural events were held in 2014 with a total attendance of approximately 5.6 million people. While many cultural events in CDs are long-standing and ongoing, liaisons report that attendance at art events grows each year, sales at art markets are on the rise, 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 2014.

New Businesses -

This is among the most encouraging of the report results. CDs reported a total of 603 new businesses opened within the boundaries of their districts in 2014. Of those, 153, or 25% were art/cultural businesses. The same districts reported 208 businesses closed, 53 of which were art/cultural businesses. That is a net growth of 395 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 these successes 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 districts strengthen the cultural industries and overall economy in their towns and neighborhoods. The Louisiana Cultural District program is a model recognized by the National Association of State Arts Agencies and featured in the National Endowment for the Arts 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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