

LT. GOVERNOR'S
OFFICE OF CULTURAL DEVELOPMENT
LOUISIANA CULTURAL DISTRICTS



ANNUAL REPORT 2019

PREPARED BY
LOUISIANA DIVISION OF THE ARTS

ACT 298



LOUISIANA CULTURAL DISTRICTS



West Monroe Cultural District - Ouachita Parish

Where It All Started

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

Where It Is Today

As of July 1, 2019, 106 Cultural Districts have been certified in 67 towns and 38 parishes. The designation helps to attract 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
- qualifying works of original art sales are exempt from local sales tax



Magazine Street Gallery Cultural District - Orleans Parish

Arts & Culture as Economic Development

The Office of Cultural Development (OCD) secured Westaf Cultural Vitality Suite data for Louisiana for 2012 and 2013. The data reveals that art, culture, and historic preservation programs generate a robust economic impact for the state, with notable numbers of new businesses and jobs created. 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.

This locally driven program for community revitalization is proving that "culture means business" and produces a solid return on investment for the state. In 2014 there were over 175,000 jobs in the cultural industries, accounting for over 6.7% 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%. In 2020, Americans for the Arts estimates that **over \$7.7B** in value was added to the state's economy thanks to the arts.

Source-Cultural Vitality Index & LED, NEA Office of Research & Analysis, U.S. Commerce Department

The Tools

Rehabilitation

Sales Tax Exemption

Cultural & Business Activity

Rehabilitation

One of the goals of the Cultural District program is community revitalization. Local district liaisons reported an estimated **337 commercial renovation projects** and 696 residential projects began in 2019 in Cultural Districts across the state. Many of these renovation projects are independent of tax credit incentives, though some of them are among the state commercial historic tax credit projects reported below.



Nellie Luther Cultural District - Calcasieu Parish

State Tax Credits - Historic Building Rehabilitation

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. 981 of the total 1,975 applications had projects completed by the end of 2019, representing an investment over time of \$2.28B in Qualifying Rehabilitation Expenses and another \$791M million in Associated Costs.

Since 2008 there have been 563 applications for owner occupied residential properties, 237 of which were completed by the end of 2018, leveraging a total of over \$47.8M in qualifying and associated rehabilitation expenditures. Note that the state residential tax credit sunset on December 31, 2017, with a grace period of application acceptance extended through mid-2018.

Since the Cultural District program began in 2008, there have been 1,975 applications for commercial renovations of historic buildings in 69 different cultural districts in 37 parishes.



Sales Tax Exemption

Tax administrators in parishes that have Cultural Districts report data to track the impact of the sales tax exemption for original art. Data is collected for art/cultural businesses known to handle art and cultural products and therefore might be conducting some tax exempt sales. Note that the state sales tax exemption for qualifying original art sales was suspended as of July 1, 2018 until 2025. This change is reflected in the data starting in 2018.



Downtown Lafayette Cultural District - Lafayette Parish

Who benefits from the local sales tax exemption?

Cultural District liaisons report annually on the impact of the local sales tax exemption on varying constituent groups within their Districts.

750 businesses

3,501 artists

197 organizations

661 events

Total value of tax exempt sales - \$166M

The volume of tax exempt original art sales reported is a small fraction, less than one percent, of the overall revenue reported by art/cultural businesses in the districts. The percentage of local sales tax not collected by the state in 2019, \$8.5M, for tax exempt original art represents over \$160M million in art sales to locals and tourists alike.

Cultural & Business Activity

The Cultural Districts report that a total of **2,323 cultural events** were held in 2019 with a total attendance of nearly **2 million people**. While many cultural events in Cultural Districts are long-standing and ongoing, liaisons report that attendance at art events grows each year, sales at art markets are on the rise, and many people seeking special, one-of-a-kind items are making their way to Cultural Districts for the art.



Mid City Cultural District - East Baton Rouge Parish

Business Growth

Among the most encouraging of the reporting results, Cultural Districts reported a total of **389 new businesses** opened within Districts in 2019. Of those, **98** were art/cultural businesses. The same Districts reported 157 businesses closed, including 50 art businesses, for a **net growth of 232 businesses** in Districts targeted for cultural development. Even more impressive is the fact that the percentage, or density, of art/cultural businesses in our Cultural Districts continues to increase.

Total Revenue Reported - \$3.4B

A big indicator of the success of the Districts can be found in the growing total revenue numbers that they report each year. This gives insight into the strength of the cultural economy and the impact it has on the economy overall. Districts report every year on a list of businesses, both cultural in nature and those that sell artwork.



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 helping to grow local economies, create an enhanced sense of place, and deepen local cultural capacity. They are recognized by the National Association of State Arts Agencies and have been 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.

<https://www.louisianaarts.org>

