



LOUISIANA **CULTURAL** DISTRICTS

LOUISIANA CULTURAL DISTRICTS

PROGRAM IMPLEMENTATION GUIDELINES

Office of the Lt. Governor

Department of Culture, Recreation and Tourism

Office of Cultural Development



Program Implementation after Certification

Once certified the Local Governing Authority (LGA) should take steps to implement the plans outlined in the application to build on the cultural activity of the district.

Each Cultural District must do the following in order to maintain certification:

- Implement ongoing communication and promotion plans
- Provide information about the tax incentives to residents and businesses
- Form an advisory team to develop a plan to capitalize of the cultural district designation
- Engage cultural stakeholders such as civic, neighborhood, business, and community development organizations in plans that contribute to creating a hub of cultural activity
- Maintain an updated Business Inventory, updates due each November
- Gather pertinent information throughout the year related to the impact of the CD designation for Annual Report due each January for the prior calendar year

Benefits and Responsibilities

July 1 State and local sales tax will not be charged on the sale of eligible one-of-a-kind works of art from established locations within the certified Cultural District

July 1 Individuals may apply for tax credits for renovations of commercial and residential historic buildings through the Louisiana Division of Historic Preservation www.crt.la.gov/cultural-development/historic-preservation/tax-incentives/index

Dec The Applicant shall submit an updated Business List in December of each year after a full year of certification.

Jan 31 Annual Report completed online for the prior calendar year

Tax Incentives

Sales Tax Exemption Procedures

Effective July 1 upon certification, original, one-of-a-kind works sold of art within the boundaries of a certified Cultural District are exempt from state and local tax. Qualifying tax exempt art is defined below.

Vendors must certify the authenticity of each original work of visual art that qualifies for tax exempt sale by completing the Louisiana Department of Revenue Tax Exemption Certificates, available online at www.crt.la.gov/cultural-development/arts/cultural-districts Vendors should retain a copy of each Tax Exemption Certificate in case of audit. Optionally, vendors may provide the purchaser with a copy of the Tax Exemption Certificate certifying their purchase as an original, one-of-a-kind work of art.

Vendors must submit their monthly sales tax returns (R-1029) to the Louisiana Department of Revenue and to their local tax authority as usual. Check with the local tax authority to see if there are additional requirements. If an audit reveals that sales tax was not collected properly on a work of art, the vendor

or purchaser shall remit the amount of the uncollected tax to the proper taxing authorities, along with any penalties or fees. This provision does not affect the assessment and collection procedures undertaken by the Louisiana Department of Revenue.

Tax Exempt Art Defined

1. A work of art is tax exempt if sold within a Cultural District and meets all these conditions:

- a. Original;
- b. One-of-kind;
- c. Visual art and craft;
- d. Conceived and made by hand of the artist or under his/her direction; and
- e. Not intended for mass production, except for limited editions specified below.

2. Examples of eligible media and products include:

a. Visual arts and fine crafts, including but not limited to drawing, painting, sculpture, clay, ceramics, fiber, glass, leather, metal, paper, wood, installation art, light sculpture, wearable art, or mixed media; and

b. Limited, numbered editions (up to 100) of fine art photography and hand made prints—lithographs, silk screen, intaglios, etchings, and graphic design.

3. Examples of ineligible media and products include:

- a. Reproductions of original works of art— machine printed prints and giclees
- b. Performing art;
- c. Food products;
- d. Live plants— bonsai trees, floral arrangements, wreaths, and garlands; and
- e. Music recordings

Original Art Advisory Opinion

Prior to the sale, vendors may seek advance advisory opinions from the OCD to determine whether a specific work meets the definition of a tax-exempt work of art. Vendors should provide a concise description of the work of art, artist, cost of work, date of creation, and other pertinent details including phone and contact information for an advisory opinion.

Cultural Districts

Original Art Advisory Opinion

PO Box 44247

Baton Rouge, LA 70804

After the sale and upon request of any taxing authority, the OCD may issue rulings on whether a specific work of art meets the definition of a tax-exempt work of art.

Optional: Art sellers are encouraged to sign up with the Louisiana Department of Revenue to receive regular communication from the Department of Revenue on rulings, guidelines, and advice. To sign up go to: <http://www.revenue.louisiana.gov/sections/lawspolicies/psss.aspx>

State Historic Tax Credits Procedures

Once a Cultural District is certified by the OCD, eligibility to apply for state historic tax credits is extended to owners of commercial and residential historic buildings within the boundaries of the Cultural District, as prescribed by the rules of the State Historic Tax Credit Program.

It is important to note that a separate application must be made with the Division of Historic Preservation to determine eligibility for state historic tax credits for each renovation project. Property owners should contact the Division of Historic Preservation as soon as possible in the project planning phase to ensure adherence to program requirements. Any rehabilitation work completed prior to the OCD's approval of the Cultural District is at the owner's risk.

Information about Louisiana State Historic Tax Credits is available online—
<http://www.crt.state.la.us/cultural-development/historic-preservation/tax-incentives/index>

Reporting Requirements

Business List

The Cultural District must create and maintain a list of cultural businesses within the district. The list should include businesses, organizations, and individuals that promote, handle, or sell original art and other cultural products. Include businesses and organizations even if they do not sell original art or if art sales are only a portion of the total business volume. The list should include:

- antique stores
- art organizations with retail outlets
- art events and markets
- artists
- boutiques
- design shops
- galleries
- gift shops
- museums
- photography shops/studios
- restaurants
- salons

The first Business List should be compiled as soon after notification of Conditional Approval as possible, and must be submitted by June 15 in order to achieve final certification. Annual updates reflecting new and closed businesses within the district must be submitted each year thereafter on the date designated by the Department of Culture, Recreation and Tourism.

The Business List is used to understand the scope of business and commerce in the district. It is used to identify art selling businesses so local tax authorities can track and report sales tax exemptions for

original art claimed in each Cultural District to the Department of Culture, Recreation and Tourism annually. The information contributes to the biannual reports required by the Louisiana legislature.

The Business List includes:

- Legal Name of the Business or individual
- Type of business (Ex. Restaurant, salon, gift shop, antique store, gallery, museum, theatre, artist, printer, etc.)
- Address
- Name of Contact Person and Phone Number
- Indicate if the business sells original art

Business List Forms and Requirements are available online under Other Forms at:

<http://www.crt.la.gov/cultural-development/arts/cultural-districts/forms-applications/>

Annual Reports

By January 31 of each year beginning one year after certification, the LGA must complete an annual report on the impact of the Cultural District reflecting the activity of the prior calendar year. The Annual Report is an automated online survey provided to the LGA in December each year. Supplemental materials to the Annual Report should be scanned and emailed to Kelsea McCrary at kmccrary@crt.la.gov.

The report requests the following information each year:

1. Name of Cultural District.
2. Name and contact information for the person completing the report
3. List of accomplishments for the past year. (Information may include art and cultural events, renovations, youth programs, community development projects; infrastructure improvements; marketing efforts; impact on tourism; crime rate, etc.)
4. Tax incentive information- estimates of the number of businesses and individuals taking advantage of the original art sales tax exemption
5. Estimate of the number of renovation projects begun
6. Number of new and closed businesses; the percent of vacant buildings; compare this to the vacancy before certification
7. List any additional local incentives offered to businesses and/or qualifying residing artists in the district
8. Estimate the number of cultural events and programs, and attendance estimates
9. Describe progress toward goals stated in the initial application related to Artistic, Community, and Economic development

Additional Questions on the annual report are about the organizational structure, communication and promotion techniques, and needs of the cultural district. Annual Report Supplemental Materials may be provided optionally

1. Promotional materials: brochures; web site notices; any marketing collateral
2. Publicity: newspaper, magazine, TV/radio; web postings

The information gathered from the annual reports is used to monitor and evaluate the impact of the Cultural Districts program overall and for biannual reporting to the legislature in odd years. The reports are also used to monitor and evaluate the impact on individual Cultural Districts and communities for compliance with the Cultural Districts criteria. Successes and challenges of the Cultural Districts program gleaned from the reports inform program improvements and other initiatives.

If the Cultural District fails to submit the annual report by January 31, the OCD must report such failure to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs. The OCD may initiate action to revoke Cultural District certification for failure to submit an annual report. See Termination section of the guidelines.

Procedure to Submit a Request for Boundary Change

After two years of certification, if the LGA decides a change in the boundary of a cultural district is desirable, and following any locally required public notice and period for public comment, it may submit a Two-Part Boundary Change Application to the OCD. The application deadline for Part 1 is March 1 each year.

The application to change a Cultural District boundary should reflect a desirable improvement that contributes to the goals and plans for the district proposed in the original application, and be compatible with the criteria for certification. A boundary change should not be motivated for the benefit of an individual business or project unless it can be shown to benefit the overall district and is supported broadly by residents and cultural stakeholders.

Part 1 of the Boundary Change Application includes:

1. Description of the boundary of the proposed cultural district, including a map that matches the proposed district exactly.
2. The reasons for the proposed change, why the change is being requested
3. A description of how the requested change is compatible with the certification criteria and how it contributes to the goals and plans for the district as proposed in the initial application
4. A signed Resolution by the local governing authority acknowledging specifics of the boundary change (consider time needed for locally required public notice and meeting schedules)
5. Documentation that the public and stakeholders were notified of the proposed boundary change and had an opportunity to respond in writing to support or oppose the change
6. Letters, statements, surveys or other indicators of support for the boundary change, or of opposition to the boundary change, to the extent such are known or should be known to the LGA

Requests for boundary changes will be reviewed and acted upon during the annual application review cycle beginning each March 1. In April the OCD will notify the LGA whether the proposed boundary change has been approved as proposed or declined.

If a boundary change is conditionally approved the LGA must complete Part 2 of the Boundary Change Request form, providing an updated Business List, Assets, and Feature information about the district, inclusive of the proposed boundary. Part 2 must be received by June 15.

If a boundary change request is declined, the OCD will notify the LGA in April, providing specific reasons whereby the criteria for boundary change were not met and identify those areas in the request. If the issues can be resolved the before June 15 the boundary change may be approved. If the issues cannot be resolved the LGA may submit a future request for boundary change with no penalty or prejudice.

The effective date of the approved boundary change shall be the date specified in the final written notice of approval from the department, typically July 1.

Termination Procedures

By the Local Governing Authority

Following any locally prescribed public notification and a period for public comment, an LGA may terminate the existence of an established Cultural District by resolution or ordinance.

At a minimum, the LGA shall publish notice of its intent to terminate the Cultural District in the local newspaper and shall take all necessary and reasonable steps to contact by mail all property owners, tenants, the OCD, and any other organization or individual who has requested to receive such notices.

The notice shall include:

1. Identification of the Cultural District to be terminated
2. The reasons for the proposed termination
3. The name and contact information for the individual to whom the public submitted comments to support or oppose the termination
4. The date, time, and location of a public hearing, if any
5. The deadline to receive public comment

The effective date of the termination shall be the date specified in the written notice, and shall not be less than one year from the date of the notice.

By the State

The Department may initiate procedures to revoke certification of a Cultural District under the following circumstances:

1. The LGA fails to submit the required reports and documentation set forth in the Reporting Requirements section above.

2. The LGA fails to submit the required reports and documentation set forth in the Business List section above

3. The LGA fails to submit the required reports and documentation timely, accurately, or completely.

4. The mandatory criteria, goals, or objectives are no longer met.

5. A cost-benefit analysis conducted or approved by the Department reveals that the Cultural District is no longer in the public interest.

Following adequate public notification and a period for public comment, the Department may proceed with the revocation of certification of a cultural district as follows.

1. The Department shall provide the public notice of its intent to revoke certification of the Cultural District through advertisement in the local journal and through written notice by mail to the LGA through its designated contact.

2. The notice shall set forth the facts that warrant termination, the proposed date of termination, and the procedure by which a member of the public may submit comment, feedback, or opposition.

3. Any person who would be aggrieved by the proposed revocation shall have sixty (60) days to request reconsideration of the revocation, which request shall include documentation or other evidence that revocation is not warranted.

4. The Department shall issue its final decision no less than ninety (90) days following its initial notice of intent to revoke certification.

The effective date of the revocation shall be the date specified in the written notice of intent, and shall not be less than one year from the date of public notice.

For Additional Information:

About the Cultural Districts Program—

www.crt.la.gov/cultural-development/arts/cultural-districts

or contact Kelsea McCrary, 225-342-8161, kmccrary@crt.la.gov

About Historic Tax Credits contact the Division of Historic Preservation—

<http://www.crt.state.la.us/cultural-development/historic-preservation/tax-incentives>

or call 225-342-8160.