



2015 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 designated 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.

This program has been widely embraced by local governments as an initiative compatible with their community and economic development goals. Effective July 1, 2015 78 cultural districts have been certified in 49 towns and 32 parishes. The Cultural District 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
- 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 results from the CD Annual Reports for 2015.

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 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%.

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 art, culture, and historic preservation programs generate a robust economic impact for the state, with a notable numbers of 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 704 commercial renovation projects and about 1,044 residential projects were begun in 2015 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 895 applications for commercial

renovations of historic buildings in 40 different cultural districts in 18 parishes. 483 of those projects were completed by the end of 2015 representing an investment over time of \$1.1 billion in Qualifying Rehabilitation Expenses and another \$384 million in Associated Costs. So, for \$281 million potentially awarded in tax credits in Cultural Districts the total dollars leveraged was \$1.5 billion.

Since 2008 there have been 303 applications for owner occupied residential properties, 85 of which were completed by the end of 2015, leveraging a total of over \$14.3 million in qualifying and associated rehabilitation expenditures.

Sales Tax Exemptions–

Liaisons for the Cultural Districts reported approximately 1,400 businesses, 240 organizations, 1,445 events, and 3,949 artists benefitted from the sales tax exemption for original art in 2015.

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 \$3.5 billion.**

***Total value of tax exempt sales reported was almost \$10 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 2015 the \$400,000 not collected by the state for tax exempt original art represents \$10 million in art sales to locals and tourists alike.

Hubs of Cultural Activity–

The Cultural Districts report a total of 2,730 cultural events were held in 2015 with a total attendance of almost 5.8 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 many people seeking special, one-of-a-kind items are finding treasures in these districts.

Vacant Buildings–

About three quarters of the districts reported the vacancy rate decreased by 3% - 15%; one quarter reported almost no change; and no districts reported an increase in vacancy in 2014.

New Businesses -

Among the most encouraging of the report results, CDs reported a total of 653 new businesses opened in districts in 2015. Of those, 203 were art/cultural businesses. The same districts reported 200 businesses closed, for a net growth of 453 businesses in districts that are targeted for cultural development. Even more impressive is the fact that the percentage, or density, of art/cultural businesses in our Cultural Districts is increasing, up to approximately 29%.

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
or contact Gaye Hamilton, 225-342-8161**

* Orleans Parish Revenue implemented new queries to secure overall revenue and art sales figures in cultural districts, which accounts for a change in the trends reported since 2010.