



2010 Cultural District Annual Report Executive Summary

In 2007, the Louisiana Legislature created the Cultural Districts (CD) program. It is based on the premise that tax incentives in areas designated as cultural districts would 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. The CD program provides local governments an additional tool for community revitalization by allowing them to nominate an area for CD certification based on the area's 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 wholly compatible and complementary with many existing community and economic development programs and goals. Since applications opened in May 2008, 51 cultural districts in 20 parishes have been certified. The local governments have used the CD designation to attract people, businesses, and activities to the districts. In addition to the "branding" opportunities the program offers, state law also provides two targeted tax incentives: (1) the rehabilitation of older buildings may qualify for state historic tax credits and (2) the sale of original, one-of-a-kind qualifying works of art are exempt from state and local sales tax.

In accordance with R.S. 47:305.47, the Department of Culture, Recreation and Tourism is required to compile an analysis of reports submitted by the local governments that administer Cultural Districts within their boundaries. In January 2011, each district submitted an Annual Report for 2010 with updated information about factors related to cultural and economic development. The complete report including data about each Cultural District is available online for download at— www.crt.la.gov/culturaldistricts

Rehabilitation—

One of the goals of the Cultural District program is community revitalization. Local government liaisons reported an estimated 530 commercial renovation projects and 402 residential projects were begun in 2010 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 152 applications for commercial renovations of historic buildings in 21 different cultural districts in 7 parishes, in various stages of progress. 27 of those projects were completed by the end of FY 2009-10 representing an investment of \$72 million of Qualifying Rehabilitation Expenses and another \$41 million in associated costs. So, for \$18 million in earned tax credits in Cultural Districts the total dollars leveraged was \$113 million.

Sales Tax Exemptions–

Liaisons for the Cultural Districts reported approximately 489 businesses, 121 organizations, 548 events, and 3,096 artists benefitted from the sales tax exemption for original art.

Tax administrators in the 20 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 over \$1 billion.

Total value of tax exempt sales reported was just over \$6 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 businesses. So in 2010 the \$240,000 not collected by the state due to the original art tax exemption generated over \$6 million in art related sales to local 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 20 parishes.

Hubs of Cultural Activity–

The Cultural Districts report a total of 548 cultural events were held in 2010 with a total attendance of approximately 3.5 million people. While many cultural events in CDs are ongoing, liaisons report that attendance at art events is generally higher, sales at art markets are improved, and there is increased community identity.

Vacant Buildings–

33 districts reported a change in the number of vacant buildings – 29 reported the vacancy rate decreased by 1% - 15%; four districts reported that vacancy went up by 1% - 2%. Twelve districts reported no change.

New Businesses–

This is among the most encouraging of the report results. 47 CDs reported a total of 783 new businesses opened within the boundaries of their districts since certification. Of those, 191, or 24% were art/cultural businesses. The same districts reported 356 businesses closed; 40, or 11%, of which were art/cultural businesses. That is a net growth of 427 businesses in districts that were 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 Office of Cultural Development 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 diversifies and develops new economic opportunities. This locally driven program, supported by the state, is increasingly seen by local governments as a way to spark the cultural economy in their towns and neighborhoods. We expect the program will continue to grow with the assistance we can provide, local commitment of great volunteers, and creative determination to find resources. Eventually we hope to build even greater successes with funding to assist the certified CDs through state sponsored promotions and advertisement, competitive grants for infrastructure, promotions, and signage. The Louisiana Cultural District program is already a model recognized by the National Association of State Arts Agencies and featured in the Mayors' Institute on City Design's (MICD) most recent publication, *Creative Placemaking*. Louisiana can take pride in the creation of this initiative.

**To learn more about the Cultural District Program ~ www.crt.la.gov/culturaldistricts
Or contact Gaye Hamilton, 225-342-8161**