

LOUISIANA CULTURAL DISTRICTS & ORIGINAL ART TAX EXEMPTION

AREAS OF IMPACT



Artisans

All original art sold by the maker is exempt from state and local tax.* 2

*This was amended in 2020, as all local art is now subject to state sales tax. Artisans may exempt local sales tax. 1



Cultural Products Districts

CPDs allow for sales of goods in areas within a cultural district, providing "increased occupancy, property renovations, an improved sense of community, and increases in cultural activities and related jobs." 3



Architecture

Renovating a historic/culturally-significant structure comes with large "residential and commercial state historic income tax credits." 1



Film

The Motion Picture Production Tax Credit "provides motion picture productions up to a 40% tax credit on total qualified in-state production expenditures, including resident and non-resident labor." 4

Louisiana's Cultural Districts were established in 2007 through ACT 298. By law, cultural districts must have identifiable and distinguishable cultural resources that are vital to daily life, center around an existing cultural anchor, be actively engaging in promoting the arts, and encourage opportunity for affordable housing and work space.

As of October 1, 2020, there are 115 cultural districts in 71 towns and 41 parishes in all corners of Louisiana. 1

Why did Louisiana implement Cultural Districts?

Cultural Placemaking

To recognize the historic significance of many of Louisiana's renowned artistic districts, and to revitalize blighted and economically-challenged areas. 2

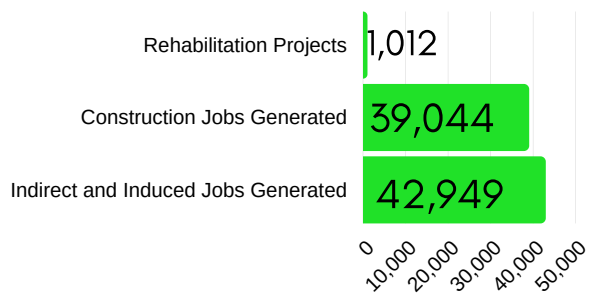
Physical Revitalization

With ACT 298, it was now economically incentivized for developers to rebuild and develop historic buildings, rather than put up new developments.

IMPACTS

Between 2009 and 2018

Over \$3.7 billion dollars have been invested in Louisiana's historic buildings because of these tax credit programs and there have been: 5



A PlaceEconomics study of the historic tax credit from 2007-2016 showed that an estimated \$1.27 billion investment using the federal historic tax credit - nearly 60 percent of the total - would not have taken place were it not for the State Commercial Tax Credit. Had this investment not been made, each of those 10 years would, on average, have seen: 5

1,497

Fewer Jobs

\$7.8 Million

Less In Labor Income

\$10.7 Million

Less In State Tax Collections

While some say the tax credit system works as best as it can, history has shown that it is flawed and open to abuse. Eriq Gardner in the Hollywood Reporter tells the story of Peter Hoffman, who was federally charged "with wire fraud for submitting false expense reports on a Louisiana mansion being transformed into a post-production facility. Hoffman did so to get \$1.13 million in movie tax credits issued by Louisiana." 7

According to Sam Karlin for *The Advocate* in Baton Rouge, "New preliminary figures unveiled Thursday show for every dollar spent on the tax credit programs for the entertainment industry in Louisiana - mainly the film tax credit - state and local governments get about 36 cents back in tax revenue. This is a major discrepancy, especially given that the state has made large cuts in funding to education, infrastructure, and social services in the last decade." 6