STATE OF THE ARTS AND CULTURE

An Economic Assessment of New Hampshire’s Arts and Culture Industries

Presented to the New Hampshire Arts and Culture Commission

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EXECUTIVE SUMMARY

New Hampshire is a state of long-held cultural values and a strong history of arts from performance to design. Evaluating how these massive assets contribute to the economy and how the state can continue to provide an environment where people and firms can flourish in these fields is important to the long-term health of the state economy. Existing reports show that New Hampshire’s arts and cultural sector far exceeds national averages in economic impact. Non-profits alone contribute over $115 million dollars to the economy annually, with an additional $6 million in government revenues. Although the state government’s direct per capita arts spending (via the biennial Budget process) is significantly lower than in other states, New Hampshire arts are thriving the state has a large regional influence in terms of attracting out-of-state audiences. Continuing the practices that create this excellence and adapting to changes in the industry are important to remaining competitive in this sector.

To better understand the current environment for arts and culture, a telephone survey approach was used to gain in-depth qualitative data on what is helping and hampering those actors in the state today through interviews with arts stakeholders. Stratification to individual, non-profit, and for-profit enterprises allowed greater granularity of data. These surveys were conducted over the course of the winter and then assessed to uncover broader patterns that reveal sectoral trends as well as the current state of the arts statewide. Overall, the findings reflect that the arts and culture industries are facing similar challenges and opportunities to the rest of the state. The increasing role of technology and networks presents firms and artisans with new tools to overcome barriers of distance and independent operation through greater online exposure and alliances that leverage their collective impact. An aging population and expanding Boston urban market provide large potential future demand for live arts in the region, but these potential new audiences will require infrastructure and tax structure changes if the organizations attracting them are to remain profitable. New Hampshire has been fortunate to be home to many cultural and artistic endeavors, but unless it continues to prioritize this industry and its unparalleled ability to draw audiences and residents to the state, those same people may begin to turn to alternatives elsewhere.

1. INTRODUCTION

Defining Arts and Culture for the HB 279 Commission
The New Hampshire Arts and Culture Commission has defined a state’s culture as “the common activities, places, traditions, and beliefs” of the local population and a “shared way of life” passed from one generation to the next. Culture encompasses a broad range of industries that positively influence quality of life in a state, including performing, visual, fine and applied arts; crafts; music; architecture; film; humanities; literature; and many more. The industries span the non-profit, private and public sectors, creating a truly unique ecosystem of creativity, innovation, and prosperity.
The NH RSA 21-K:1 established the New Hampshire Department of Cultural Resources comprised of the State Library, the Council on the Arts, the Division of Historical Resources and the Film and Television Office. The department’s goal is to highlight and embrace the essential nature of pursuits which broaden our minds and spirits and preserve our history and culture for future generations.

2. INDUSTRY OVERVIEW
New Hampshire’s arts and cultural industries suffered during the 2008 Great Recession. According to the Arts Index USA, New Hampshire’s arts and culture industry has been recovering slowly, with the industry regaining jobs and businesses beginning in 2012. This is likely due to consumer behavior; many consumers have not felt confident in their financial situation and therefore are unlikely to spend money on arts and cultural products. With charitable donations down, non-profit art businesses are still struggling to recover financially.

According to Americans for the Arts, New Hampshire spends significantly less on state arts appropriations than Vermont and Maine. In 2016 New Hampshire’s direct state appropriation to the New Hampshire State Council on the Arts was $291,489, while Vermont and Maine spent $974,629 and $645,307, respectively. This lack of spending concerns many people in the arts industry who believe the state should make more of a commitment to the arts and cultural industry. Similar gaps appear in related fields, such as libraries. Maine has 261 publicly-funded libraries, while New Hampshire has only 240. Vermont, with less than half the population, has more than half as many libraries at 189.

Americans for the Arts also reports that there are 3,505 arts-related businesses in New Hampshire which employ 10,346 people. This makes up 4.0 percent of the businesses in the state and 1.5 percent of workers. The vast majority of these businesses are located in the southeastern part of the state where the larger cities are located.

3. METHODOLOGY
3.1 Identifying New Hampshire’s Creative Industry
A broad range of occupations, events, and businesses fall under the umbrella of the creative economy. Establishing the parameters of the creative economy is essential to effectively and accurately understand New Hampshire’s arts and cultural environment. A definition of the creative economy seeks to answer the following questions:

- Which industries are in the creative economy?
- Who contributes to the creative economy?
- Which events promote arts and culture?
- What constitutes as a creative organization?

Creativity may mean cultural expression as well as innovation. Typically, the definition of creative economy follows two distinct research models: 1) One that emphasizes the production of cultural goods and services as a valuable contributor to society, and 2) One that emphasizes the role of intellectual innovation as an economic driver of particular
value. Both are important to consider in considering the promotion and continuity of a healthy creative economy. The map below demonstrates the diversity of institutions assessed.

3.2 NEFA’s Cultural Core and Cultural Periphery
In its report titled, “The Creative Economy: A New Definition,” the New England Foundation for the Arts (NEFA) has created a comprehensive methodology to define and investigate the creative economy of New England. According to its report, NEFA posits that a creative economy is represented by its cultural core. The cultural core is nested within the cultural periphery, and both are encompassed by the general creative industry. The cultural core includes occupations and industries that focus on the production and distribution of cultural goods, services, and intellectual property. Thus, the cultural core has both tangible and intangible characteristics. Tangible commodities include the production and distribution of goods, whereas intangible commodities consist of the protection and distribution of intellectual property. Based on the nature of commodities
produced, cultural core industries and occupations are divided based on United States Census categories which classify occupations and industries. Categories in the cultural core need to meet the basic test of categorical completeness; the aggregate data of cultural economic activity is available anywhere in the United States for each category defined in the cultural core. Each of these categories should be reported separately so that their measurement can be reproduced or compared with similar research studies.

The cultural core and cultural periphery are intertwined and specific to geography. The core is influenced by the periphery and consists of specialty occupations and industries that make each creative economy unique. It is important to identify the industries and occupations in the cultural periphery, as it builds upon the core and considers local circumstances. Industries and occupations are also sorted into categories; however, these categories are not wholly representative of the culture component of the creative economy. Some categories may produce cultural goods and services, and others may produce goods and services indirectly related to culture. These categories do not need to meet the test of categorical completeness because they are geographically specific and may only be present in certain areas in the United States. For example, New Hampshire is home to many science, technology, engineering, and math (STEM) professions, specifically the smart manufacturing/high technology (SMHT) industry. These industries are integral to New Hampshire’s cultural periphery. Other states in the United States may not have this concentration of STEM industries, thus each state and each locale will have a distinct cultural periphery. Presentation of the cultural periphery should be separate from the cultural core to facilitate comparison as well.

Following the NEFA methodology to identify a cultural core and periphery will draw distinct parameters of study and allow for collaboration with and comparison against future studies. Moreover, this methodology allows for specific adaptation to a particular region of interest. The cultural core of New Hampshire will be identified using the federal industry categories, while its periphery will be identified according to its particular resources, geographical attributes, and unique specialties. In sum, the cultural periphery will highlight New Hampshire’s strengths and what makes its culture truly unique. Additionally, each of the New Hampshire regions will be analyzed separately with respect to their cultural core and periphery.

3.3 Qualitative Methods
New Hampshire is home to a wealth of commercial companies, non-profit organizations, and individual artists that are passionate about arts and culture. Surveys and interviews were conducted on three levels to qualitatively gather data on the New Hampshire’s creative economy. Previous publications have focused primarily on voluntary-response surveys from larger firms. The information collected at the three primary tiers of the creative economy—commercial, nonprofit, and individual—is more reflective of the diverse needs of the arts and cultural landscape as a whole.

Each aggregate level had its own specified survey tailored to the respondent. Each
interview began in a similar manner with cataloging questions, such as the respondent’s name, years in their business, educational attainment, etc. These were followed by specific questions involving taxation, audiences, employment, and income. Lastly, qualitative assessment questions for each category were asked.

3.3.1 Individual-artist level surveys
Interview questions at this level concentrated on an individual artist’s range of audiences, scope of attended cultural events and retail platforms, and extent to which they are connected to the arts and culture community of New Hampshire. There were also questions inquiring about personal stories, as this presents relatable narratives and real examples of how arts and culture are enriching individual lives. Thus the objective of this survey level was to target a geographically representative selection of individual artists with a range of specialties, from painting to poetry, to obtain relevant data and personal accounts of the arts and culture economy of New Hampshire. Participants were randomly selected from the League of New Hampshire Craftsmen juried roster and from the New Hampshire Council on the Arts artist rosters. Refer to Appendix A for more detail.

3.3.2 Non-profit level surveys
Surveys at the non-profit level primarily targeted the scope of initiatives the organization supports, the organization’s range of participants, and their role in their immediate community. There were two sections, one on quantitative data such as operating budgets and visitors, and one on the interactions an organization has with the state. This survey also served to provide personal stories to support individual level narratives, asked for at the end in open-ended queries. The non-profit respondents were selected based on their size, geographical location, and specialty. Refer to Appendix B for more detail.

3.3.3 For-profit level surveys
At the for-profit level, target respondents were for-profit institutions within the state that fall into the major (top ten) creative economy industries in New Hampshire, which were identified using the NEFA cultural core methodology. Most businesses contacted were found through the New Hampshire Division of Travel & Tourism website. Questions in the survey mostly addressed income, taxes, and data on audience and sales. Other questions asked business owners to elaborate on opinions on government policies pertaining to arts and culture regulation or expansion. Business owners were also asked about their involvement in their community and industry-wide organizations. Refer to Appendix C for more detail.

3.4 Quantitative Methods
Statistical assessment of the creative economy is essential for two purposes: 1) Concise aggregate analysis of the financial contribution of the arts and culture, and 2) Establishment of a baseline of economic activity for assessing the impacts of future policy. Challenges to arts funding or support are often based in the lack of concrete quantifiable returns to investment. By identifying a set of specific indicators across industries, as well as tracking the variation across regions, the Commission will be
prepared to demonstrate how the arts contribute to the creative economy, as well as how various changes would affect those contributions.

The indicators of choice are as follows:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Expenditures</td>
<td>Spending by organizations and firms directly to the economy of New Hampshire, i.e., utilities, rents. This isolates direct from indirect, i.e., audience spending on local amenities.</td>
</tr>
<tr>
<td>Full-Time Equivalent Jobs (FTEs)</td>
<td>Assessing the total labor employed by a firm, in FTEs, rather than total number of employees. While a small percentage of state employment, the arts and cultural industry represents an important indicator of economic diversity.</td>
</tr>
<tr>
<td>Local and State Government Revenue</td>
<td>Revenues paid for local and state taxes including but not limited to licensing and processing fees. This is crucial for identifying ways in which policies that affect the arts from a revenues perspective can help or hinder economic activity.</td>
</tr>
</tbody>
</table>

This set of indicators is used not only in Economic Prosperity IV, but by the New Hampshire Council on the Arts and other similar state organizations. They allow for easy comparison to other industries and states, without over-burdening our selected subjects.

4. OVERARCHING COMMON IMPACTS

Comparing across the analyses levels—individual, non-profit, and for-profit—we note three common impacts. First, the arts and culture industry functions in conjunction with New Hampshire’s Division of Travel & Tourism. Second, actors in the creative industry find that arts and culture organizations and networks help boost revenue and reputation. And third, the economic impact of arts and culture enterprises are magnified through the use of technology.

The New Hampshire Department of Cultural Resources and the state’s Division of Travel & Tourism are developing a strong relationship, which informs Travel & Tourism’s emphasis on arts and culture as one of the state’s top attractions for out-of-state audiences. The Division provides also networking advantages. The Hooksett Welcome Center on the I-93 was mentioned specifically as an example of how tourism highlights arts and culture. The Hooksett venue is a full-service welcome center, complete with Common Man eateries (a locally-owned chain of inns and restaurants), New Hampshire Liquor and Wine Outlets, and a hand-made water wheel feature constructed with 150-year old spokes. The projected gas sales amount to eight million per year, while food and liquor sales are projected to be $13.5 million and $40.5 million per year respectively. The Hooksett Center, as well as the other rest stops throughout the state,
serves to welcome out-of-state audiences, who spend approximately $87 per day when visiting New Hampshire.\textsuperscript{10} For every dollar the Division of Travel & Tourism spends, nine dollars is returned in state and local taxes and fees.\textsuperscript{11} Furthermore, many non-profit and for-profit enterprises seek support from the Division of Travel & Tourism, creating a tight-knit business community.

Across the board, professional networks have played a key role in increasing revenue, boosting participation, and enhancing reputation. Individual artists primarily connect through statewide arts and culture organizations, such as the League of New Hampshire Craftsmen, New Hampshire Art Association, and the New Hampshire State Council on the Arts, as well as specialty-specific organizations, such as Artistic Roots and the New Hampshire Theatre Project. Their membership links individual artists with not only a broader audience, but also connects the artists to each other. Furthermore, events hosted by these organizations bring in a large portion of annual revenue for individual artists. For example, the Craftsmen Fair hosted by the League of New Hampshire Craftsmen is a highly participated and profitable event, with annual sales in excess of $2 million. In contrast, non-profit organizations not only connect through the NH Division of Travel & Division of Travel & Tourism, but also serve as connectors for individual artists. Non-profit organizations of common disciplines often collaborate to bring in big name performance groups, to create a well-rounded vacation itinerary, and to maximize revenue. For example, the New Hampshire Heritage Trail includes 14 museums throughout the state, providing an immersive cultural experience for visitors. For-profit enterprises are largely united by the New Hampshire Business Committee for the Arts; however, membership is not limited to for-profit businesses, as it includes many non-profits. For-profit businesses are also linked by the local and regional Chambers of Commerce and the Business and Industry Association (BIA). Furthermore, specific industries, such as architects, have specialized associations and networks.

More and more actors in the arts and culture community are turning to technology as the primary platform to reach their audience. With the rise of online purchasing, many individual artists and for-profit businesses have turned to the internet to sell and/or advertise their art form. Non-profit organizations’ websites are increasingly vital, as they connect audiences with the necessary contact information of various performers, artists, and galleries throughout the state. The arts and culture environment overall is moving from a pen-and-paper world to a digitalized world, where contact information, arts and cultural events, and products can be accessed online by a wider range of audiences across the country.

5. INDIVIDUAL-ARTIST LEVEL IMPACT
The individual artists of New Hampshire not only enhance the quality of life in the state but they also play a vital role in stimulating economic growth. Individual artists are at the core of the creative industries; however, the decentralized nature of the creative industries, especially at the individual level, makes their overall economic impact difficult to assess. The New England Foundation for the Arts’ Creative Ground database
registers individual artists in the state, in order to gain a better count of the artistic community. So far, the database has registered 540 New Hampshire individual artists, with specialties ranging from pottery to theatre. According to the Americans for the Arts’ Arts Index by county, in 2013, Grafton County has 376 solo artists per 100,000 residents, the highest concentration of individual artists and a slight increase from 2009 (364 per 100,000 population). The lowest concentration of solo artists is found in Belknap and Merrimack Counties, which both have concentrations of 242 artists per 100,000 population. Additionally, Belknap County leads in national arts education members, with 50 members per 100,000 residents. The surveys conducted in this report serve to consolidate trends in the individual artist community and assess their economic impact in New Hampshire.

5.1 Arts Organizations
The two prominent arts organizations in New Hampshire are the New Hampshire State Council on the Arts, a state agency, and the League of New Hampshire Craftsmen. All of the individual artists surveyed in this study belong to either one or both organizations. The individual artists surveyed have expressed great enthusiasm about their memberships in arts organizations. The organizations give artists the means to connect and promote their art, the opportunity to participate in revenue-generating and reputation-boosting events, and the chance to receive grants to develop their art form and pass on traditional craft.

The New Hampshire State Council on the Arts and the League of New Hampshire Craftsmen have established membership criteria for affiliated artists and craftsmen. The Arts Council has juried artist rosters for arts in education, traditional arts and folk-life, and arts in health. The League of New Hampshire Craftsmen has a directory of juried members. These memberships serve as a sign of validation and legitimacy. It means these artists have achieved a high level of expertise in their specialty and met high standards of creativity and innovation. Furthermore, The League of New Hampshire Craftsmen has galleries across the state, exhibiting their members’ artwork and promoting their members’ art programs. Arts organizations help individual artists get their names out to the community, which engages broader in-state and out-of-state audiences. Finally, the New Hampshire State Council on the Arts’ rosters make artist collaboration much easier, as contact information and artist specialties are readily available.

The arts organizations of New Hampshire sponsor many events that individual artists attend on a regular basis. The League of New Hampshire Craftsmen Fair at Mount Sunapee State Park is the largest single source of income for many of the individual artists surveyed; annual sales are over $2 million. The fair is held every August for one week. There are craft demonstrations, craft workshops, performances, crafts shops, and is attended by more than 350 craftspeople every year. An artist from the Lake Sunapee region says that the Fair is a great event because it concentrates all of the craftspeople and that it is a significant event for many people over many decades. Other events and
programs individual artists tend to participate in are the Hollis Old Home Day, Hillsborough Living History Event, Open House at Sanborn Mills Farm, the Traditional Arts Apprenticeship Program, the Open Doors Program, Guild of Woodworkers, Artistic Roots, New Hampshire Theatre Project, New Hampshire Writers’ Project and the New Hampshire Humanities Council.21

The final integral aspect of arts organizations is their generosity to fund the endeavors of individual artists. A musician from the Seacoast region stated that the New Hampshire State Council on the Arts helped him stay in business.22 The Council helped him promote and preserve his traditional art forms, as well as provided him funding to perform at special state events.23 Since he joined the Council’s Traditional Arts Listing, towns in New Hampshire have applied for grants in order to fund him to perform locally for special events.24 Furthermore, he still receives grants continuously from the Council to develop his music and continue bringing music to communities throughout the state.25 Another artist from the White Mountains region received grants from the Council and used the money efficiently to develop her website and her educational materials for her eco-art programs.26 Grant funding allows individual artists to make their creative ideas a reality, which boosts overall state revenue and productivity. According to Americans for the Arts’ Arts Index by county, on average, the success rate of state arts grants is 78 percent in 2009.27 However, the New Hampshire State Council on the Arts currently only administers Traditional Arts Apprenticeships as direct artist funding. Fellowship and Artist Entrepreneurial Grants were eliminated when the budget was drastically cut in 2008-2009. Americans for the Arts reports that between 2003 and 2009, state arts agency grants are highest in Grafton County ($14.89 per capita) and lowest in Strafford County ($1.96 per capita).28

5.2 Funding cuts in education and lack of funding for the arts in general
New Hampshire’s population is aging, as those who are aged 65 and above will make up 30 percent of the total state population by 2040.29 Following this trend, the state has seen dramatic cuts to spending on education and a general lack of funding available to individual artists.30 Many individual artists must supplement their income from their craft with other jobs, and often these jobs are at educational institutions. Many individual artists surveyed worked part time as an elementary or high school arts teacher or taught college-level arts courses in order to earn a livable salary. Furthermore, many artists are involved with universities to promote their artwork. An artist from the White Mountains region partners with the Karl Drerup Art Gallery, which is owned by Plymouth State University, to promote her educational art programs.31

Even though arts organizations in the state provide funding for artists, there are not many grants available each year and there are not many arts organizations large enough to provide grants. Individual artists often seek out private donors with mandates related to the arts, but they often have to compete with projects from other disciplines. A playwright from the Seacoast region noted that there is a lack of funding to promote initiatives for small presenters, and for individual artists.32
5.3 New Hampshire’s tax environment makes it an attractive state for an individual artist
The lack of an income tax makes New Hampshire an attractive state in which to be an individual artist. Individual artists often only pay a self-employment tax or a state business profits tax. The high property tax in New Hampshire disadvantages individual artists to the extent that they have to pay high housing costs and rent, like all residents of New Hampshire. However, the taxes do not disproportionately disadvantage individual artists, as they generally do not need to pay for venues if they are hired by a client. Individual artists often go out-of-state for fairs, performances, and other events. In these cases, they need to consider out-of-state tax collections. For some artists, out-of-state tax collection has proved burdensome. For a blacksmith from Merrimack County, payment and reporting for out-of-state sales tax collection has been so difficult that he has chosen to stop participating in out-of-state craft shows.

5.4 The difficulties of rural state
The rural nature of New Hampshire poses some particular challenges for the arts and culture industry. First, transportation to cultural sites is difficult. An eco-artist and educational artist from the White Mountains region finds that she faces the challenge of getting the word out about her craft and that there are very few cultural centers in New Hampshire. Because of the geographic spread of the state, it is hard for her to provide programs for schools if the schools cannot afford to travel to her. Second, the sprawl of the state and lack of cultural centers have also conditioned the population to be less receptive of arts as it could be. A musician from the Seacoast region finds that living as an artist, without a traditional job can be challenging. For example, he finds that obtaining a mortgage as a musician is difficult; musicians also do not have basic retirement benefits such as pensions and retirement packages. Furthermore, some artists find that making a connection with the New Hampshire audience can be very difficult. For instance, the aforementioned eco-artist finds it difficult to convey the importance of art and culture to the New Hampshire audience. Moreover, she finds that New Hampshire audiences often do not understand her art form.

5.5 Tourism and out-of-state audiences
Many individual artists surveyed reported that a large part of their consumer base is from out-of-state. A furniture maker from the Lakes region reports that approximately 50 percent of his customers are from in-state and 50 percent from out-of-state. However, before 2008, almost 100 percent of his customers were from out-of-state. A woodprint artist from the Lake Sunapee region reports that his breakdown of in-state to out-of-state customers is approximately 30 percent to 70 percent, respectively. However, performers report that in-state audiences make up the majority of their audience base. A performer from the Seacoast region commented that one thing that New Hampshire accomplishes very well is connecting arts with tourism as a state attraction. Examples include the new Hooksett Welcome Centers on I-93.
5.6 Local artists invest in the local economy
Individual artists not only contribute to the economy directly through their craft, but also indirectly through the buying of material and community involvement. A woodprint artist from the Sunapee region purchases approximately $10,000 of New Hampshire made wood products annually. His consumption boosts the state’s economy and generates revenue locally. Furthermore, a musician from the Seacoast region hosts a radio show during his time off from performing. The show brings in half of the radio station’s income each year and has internet listeners from all around the country.

5.7 Beyond economic impact – cultural and societal
When surveyed about personal income, some individual artists declined to respond, as income is largely irrelevant for them. The main objective of their craft is the production of their work itself. A blacksmith from Merrimack County estimates that his annual income is $10,000, but he feels that his artwork, which is beautiful and contributes to the quality of life, is of far greater value than the value of his income. A musician from the Seacoast region believes his income is irrelevant, as he doesn’t have to be rich to feel “enriched.” His work largely focuses on dispelling the negative stereotypes associated with blues music by dominant white society. His craft involves a creative mix of music and activism, advocating for equality and working closely with human rights movements. A tapestry weaver from Lake Sunapee Region designs projects to build public awareness around specific economic features of a region that need greater attention and appreciation. She has been working on a mural-sized tapestry for the past decade, which depicts scenery that integrates the industrial economy, culture, and beauty of her hometown.

6. NON-PROFIT LEVEL IMPACT
New Hampshire is fortunate that Americans for the Arts offers states the opportunity to participate in state-level studies of the impact of arts and cultural nonprofits, Arts and Economic Prosperity. The fourth edition came out in 2012 and covers many of the questions of interest for this committee. In addition to this source, this report conducted interviews with a dozen organizations around the state to bolster the findings.

6.1 Arts and Economic Prosperity Report Findings
By the estimates of Arts and Economic Prosperity, a sample of 161 nonprofit arts and culture organizations have $53,028,067 in direct spending every year. This spending supports over 2,000 full time job equivalents. The impact of the audiences for these organizations adds another $62,054,161 and 1,500 jobs. To put this in perspective, the total spending by firms and their audiences amounts to 0.2 percent of the state’s entire GDP. Again, this is only for nonprofits, excluding for-profit businesses and individual artists, in a small sample of less than 20 percent of total nonprofit arts organizations in New Hampshire. This out means that the full order of all nonprofits would amount to one percent of total state GDP. On the jobs side this would amount to 3.5 percent of all employment. These results also estimated the total nonprofit arts and cultural organization count near 800, in line with the estimates of our own research. In the limited
sample of interviews conducted, we found an average annual income of approximately $1 million and 10 full time employees supported per institution.

6.2 Out-of-state Audiences are crucial
The divide between economic output of organizations and their audiences is indicative of one of the primary findings of this research: attracting out-of-state visitors is an enormous boon to local communities. Both Arts and Economic Prosperity and our research found that approximately 20 percent of arts and culture audience members come from out-of-state. These visitors spend an average of $34.70 over and above their ticket price, compared to $19.25 for local participants.49 Beyond the factor of overnight lodging associated with visitors, non-residents spend more in every category, from meals to retail and even child care. This underscores the importance of the New Hampshire Division of Travel & Tourism. Their efforts to expand the draw of local performing arts centers and cultural hubs to the markets in greater Boston and Montreal are essential to drawing greater economic activity into the state.

6.3 Challenges
Beyond these high-level statistics, our efforts dove deeper into what challenges and opportunities are seen on the ground today by some of the nonprofits across the state. In the interview process, questions addressing the impacts of local and state regulations and taxes elicited specific responses that suggest areas of opportunity for policy improvement. Using open-ended questions also provided space for participants to share narratives of how their organizations are contributing to the community in specific ways that are not reflected in economic impact reports. Overall, these responses can be summarized into burdensome tax minutiae, the importance of networks, and contributions of these organizations to essential community operations which would not occur without their support.

In the area of taxation, two factors are significant in their burden on nonprofits. First, organizations cited several instances where properties or assets that they could not currently demonstrate contributed to their nonprofit mission (such as land owned for future development) still incurred property taxes. Given the high property tax rates in New Hampshire, this is a particularly large burden to place on nonprofits. For example, the Keene Colonial Theatre pays property taxes on some rooms in its facility that are characterized as non-performing arts spaces.50 The New Hampshire Boat Museum owns property they are using to expand their facility, but until it is operational they are facing high property payments.51 There is legal precedent for this kind of taxation being exempted, as in The Town of Peterborough v MacDowell Colony, 2008. Organizations are seeking clarification on such situations to extend their nonprofit exemption to all organized property. The second taxation burden comes from peculiarities that affect the kinds of operations associated with but not directly stemming from nonprofit activities. An example is the sales tax on food served in an open container. This unfortunately applies to such items as popcorn, thus pushing increased taxes on performing arts centers.
and performance organizations that serve light refreshments such as popcorn to their patrons.

6.4 Networks Boost Reputation and Revenue
Across the various types of firms interviewed, almost all identified some kind of network they belong to that was helpful for facilitation of greater audiences and economies of scale. Many of these had ties to the Division of Travel & Tourism, and cited it as a source of high support and satisfaction. Some performance centers collaborate to bring in acts that would not find it financially worth it to perform in one venue in the state, but can make money when they string together several halls. The Music Hall in Portsmouth and the Nashua Community Concert Association both detailed such arrangements that were successful in attracting larger names to the area.\(^\text{52}\) Other networks combined similar cultural offerings, such as the New Hampshire Heritage Trail. This network of 14 museums, including the New Hampshire Boat Museum interviewed, have cooperative deals and endorsements towards that allow visitors to create a well-rounded trip through the state that captures a variety of cultural interactions.\(^\text{53}\) These kinds of networks benefit greatly from facilitation and assistance from the Division of Travel & Tourism in advertising and infrastructure.

6.5 Importance of Institutions
The passionate responses from many individuals stressed the importance of their institutions beyond the economic impacts. Many of these institutions serve their community and region beyond their official capacity as nonprofits, thanks to the spaces they can create and collaborations they can foster among groups. In Rochester the Opera House provides a location for many organizations to offer theatre classes for homeless residents. This kind of interaction between arts, education, and social services is a dynamic way to utilize resources for community betterment. In Portsmouth, The Music Hall regularly hosts visiting political figures and speakers and serves as a community dialog space, hosting discussions on local issues such as homelessness.\(^\text{54}\) In February they brought together Seacoast-area leaders from food pantries, the Housing Authority, and other organizations to combine their efforts. Stories like this came through consistently as ways that nonprofit arts and cultural organizations are able to serve as the glue holding communities together, particularly in tough times.

7. FOR-PROFIT LEVEL IMPACT
New Hampshire’s for-profit artistic community is a small but strong part of New Hampshire’s business and artistic community. For-profit creative industries are a stimulus to the national and state economy. According to the National Endowment for the Arts, every $1 increase in demand for America’s arts and culture in 2012 generated $1.69 in total output for the economy. Further, employment in the creative industries begets more employment opportunities for the economy at large. The National Endowment for the Arts also reported in 2012 that for every arts job created in the United States in 2012, an additional 1.62 positions outside of the arts were created as a result.\(^\text{55}\) Though New Hampshire does not have state figures for its creative industries, Hawaii published a
report on its creative industries in 2015. With very similar Gross Domestic Product statistics, Hawaii is a fair comparison to New Hampshire. In 2015, Hawaii reported that its creative industries generated $3.3 billion in 2014, accounting for 4.2 percent of Hawaii’s GDP according to Hawaii’s Department of Business, Economic Development & Tourism. The table below presents relevant figures to New Hampshire’s Arts and Culture Economy.

Table 1: Arts and Culture Economy

<table>
<thead>
<tr>
<th></th>
<th>Arts and Culture share of all employees, 2013</th>
<th>Arts and Culture share of all payroll, 2013</th>
<th>Arts and Culture share of all establishments, 2013</th>
<th>&quot;Creative Industries&quot; share of all employees, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belknap</td>
<td>0.001</td>
<td>0.006</td>
<td>0.0199</td>
<td>0.0155</td>
</tr>
<tr>
<td>Carroll</td>
<td>0.004</td>
<td>0.003</td>
<td>0.0202</td>
<td>0.0154</td>
</tr>
<tr>
<td>Cheshire</td>
<td>0.004</td>
<td>0.0073</td>
<td>0.0247</td>
<td>0.0143</td>
</tr>
<tr>
<td>Coos</td>
<td>N/D</td>
<td>N/D</td>
<td>0.0105</td>
<td>0.0097</td>
</tr>
<tr>
<td>Grafton</td>
<td>0.002</td>
<td>0.0048</td>
<td>0.0279</td>
<td>0.0087</td>
</tr>
<tr>
<td>Hillsborough</td>
<td>0.003</td>
<td>0.0054</td>
<td>0.0203</td>
<td>0.0162</td>
</tr>
<tr>
<td>Merrimack</td>
<td>0.004</td>
<td>0.0042</td>
<td>0.0228</td>
<td>0.0116</td>
</tr>
<tr>
<td>Rockingham</td>
<td>0.006</td>
<td>0.0041</td>
<td>0.02</td>
<td>0.0185</td>
</tr>
<tr>
<td>Strafford</td>
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<td>0.0002</td>
<td>0.0154</td>
<td>0.012</td>
</tr>
<tr>
<td>Sullivan</td>
<td>N/D</td>
<td>N/D</td>
<td>0.0128</td>
<td>0.0127</td>
</tr>
</tbody>
</table>

(Source: Arts Index USA, 2015)

It was difficult to establish contact with creative industry owners and employees. Of the approximately forty businesses contacted, seven responded, and six were interviewed. These six businesses are situated in different parts of the arts and cultural economy and different parts of the state. Of the five businesses, four described a positive business experience of late. One business owner, a small gallery owner in the Lakes Region, described drastically declining revenues since the Great Recession.

7.2 New Hampshire Taxation

All six businesses reported a generally positive perception of the state’s tax policies. The lack of income tax helps them keep revenues up. The lack of entertainment tax and low sales tax helps them draw out-of-state customers and audiences, particularly from Massachusetts who pursue nearby, cheaper entertainment options. Arenas and concert halls report that they are grateful that New Hampshire defeated the casino gambling bill. They are worried that the bill will be reintroduced in the future. The small gallery owners were pleased, that in their current state, that the state’s tax brackets excluded them from paying taxes. Though this helped them in their current state, they hoped to expand their businesses, which would ultimately place them in a tax-paying bracket.
7.4 Community Involvement

Many of the businesses in the study reported a high level of community involvement, whether in their local community or their industry-specific community. The level of community involvement serves the businesses in promoting their business and industry. The owner of a music studio in the Merrimack Valley region hosts high school students for a job shadow program. He also reported being very involved with the music business. 60 Verizon Wireless Arena also engages in charitable work by supporting smaller, local venues through volunteering and donations. 61 The gallery owner in the Lakes Region reported a declining level of community involvement since the Great Recession. For many years he hosted free, weeknight recitals for his community in the barn he used for his showroom. He lamented that as he has downsized his business due to declining revenue, he was forced to sell his space and discontinue the recitals.62

7.3 New Hampshire Policies

When asked to describe policies or taxes that affected them in negative ways, most business owners did not have a succinct answer. This is an achievement for the state that business owners do not feel hurt by one singular policy. Across the board however, they all wish that the state would invest more money into promoting the state’s arts and cultural industry. Small to medium sized businesses reported weak audience and customer interest in their products. One gallery owner is part of the New Hampshire Citizens for the Arts, with whom she lobbies in Concord for more state funding for the arts.63

Small and medium sized business owners had suggestions for potential state policies or programs that could help them. Large business employees are mostly content. A successful web designer remarked that he would like an adult education business class for business owners. Such classes are in fact available, though not widely advertised. Educated in computer science but not business administration, he said he would be nervous to expand his business without the proper training.64 Other business owners hope for a bolstered interest in the arts and consumer confidence, both which they think the state could help.

Of the small and medium business owners, the web designer was the most successful.65 From this, one can surmise that arts and culture in New Hampshire are shifting away from traditional conceptions of the arts and into more modern, technologically dependent fields.

8. LOOKING FORWARD

In the coming decades, the trends affecting the rest of New Hampshire’s economy and demographics will also be present in the domains of arts and culture. An aging population, expansion of urban sprawl northwards from Boston, continued economic shift towards high capital firms, and other shifts will dominate the years ahead. These changes
may be met by proactive policymaking to position New Hampshire to continue to create a home for dynamic, productive industries in these areas. The following comprise a set of policy options well suited to these challenges.

Preparing firms and individuals to properly harness the potential of the internet is essential to expanding their market bases and regional visibility. A combination of expanded business education programs as well as investments in broadband access will further this interconnected industry. From enabling artisans to market their products across state lines to generating cyber-alliances between like-minded cultural firms, the internet has not yet been fully leveraged into the arts economy.

Public commitment to the arts and culture has taken many forms, but in some states it has a concrete identifiable redistributive nature. Colorado has imposed a cultural tax that applies specifically to those kinds of firms that benefit most from the audiences and attractive power of the arts and culture, directing those collected funds into better support for those attractors. In New Hampshire, this may look something like a tax on restaurants and inns that is spun back into the performance halls and fairs that do so much to bring people into the state.

The overwhelming response from our surveys indicated support for the Division of Travel & Tourism and their activities. Combining this celebrated organization with some of the initiatives that are well suited to its capabilities, such as cultural organization networks and performance hall alliances and infrastructure improvements would be a key to expanding the states competitiveness in arts and culture.

Finally, as the economy is increasingly dependent on high technology firms, creating more incentives for those aspects of arts and culture that fall in this category is important. Investing in modern arts, technological design, and other rapidly expanding applications of technology is a huge opportunity for a state like New Hampshire to carve out a market for itself in the years to come.

9. CONCLUSION
The arts and culture industry of New Hampshire is not only an integral industry in the state’s recovering economy, but is also an essential characteristic of life in this state. Arts and culture non-profits, businesses, and individual artists breathe life into our granite mountains and our deciduous forests. They keep the traditions of New Hampshire alive. As the economy improves, arts and culture consumption around the country is projected to rise.

This report serves to quantitatively and qualitatively highlight the importance of the state’s creative economy in and of itself, and as a supportive backbone to the services industry. Creative enterprises at all three aggregate levels contribute uniquely to generate jobs, generate revenue for local and state government, and leverage additional spending by both in-state and out-of-state audiences. Although there is a wealth of readily available
macro-level data for non-profits, there is a lack of quantitative data for individual artists, who work in conjunction with for-profit enterprises.

Looking across the board, qualitatively, we find that the arts and culture industry goes hand in hand with the tourism industry. We also find that professional networks are very important to gain information, audiences, and funding. Finally, innovations in technology have changed audience engagement and arts delivery models. Many enterprises in New Hampshire have already embraced online marketing, online databases, and digital displays; however, many have not.

Qualitatively, we find that consumer spending power on arts and culture has increased, while government allocation of funds to and non-profit spending on the arts has decreased. Spending on the arts and culture also varies by county, with Grafton County being the highest. As the national economy recovers, Granite Staters will have more discretionary income to engage personally, as consumers and as contributors to the arts and culture industries of New Hampshire.
10. APPENDICES

10.1 Appendix A: Individual-artist level surveys

Name:
Contact Information (phone number and/or email):
New Hampshire region (Great North Woods, White Mountains, Dartmouth/Lake Sunapee, Monadnock, Lakes, Seacoast, and Merrimack):
Specialty/medium:

Largest source of income:
Income per year:
Taxes paid per year:

What kind of community events do you participate in?
  • What kind of events brings you the most revenue?
  • What are some notable county-wide or community initiatives that have promoted arts and culture? Do you think they were effective?
Are you connected to the arts and culture community in New Hampshire? For example, an arts organization.
  • Are you involved in any programs or coalitions to target or bring in out-of-state business?
  • How much of your business comes from out-of-state? In state?
Have you partnered with other individual artists or New Hampshire enterprises?
What are the biggest New Hampshire-specific challenges you face as a self-employed artist?
  • What taxes and policies are most burdensome to you?
What do you think New Hampshire does well in promoting arts and culture?
  • What tax breaks or policies are most beneficial to you?
  • Have you received any grants from arts and culture organizations in the state or nationally?

10.2 Appendix B: Non-profit level surveys

Name:
Contact information (office only):
Official title:
Responsibilities:
Region:

Size of firm:
Annual revenues:
Annual customers/audience:
  • Breakdown of in-state vs out-of-state:
Taxes paid:

What taxes or policies are most burdensome to you?
What tax breaks or policies are most beneficial to you?
What is the primary change the government could make to help expand your business?

How is your business involved in the community?
Are you involved in any programs or coalitions to target or bring in out-of-state business?

10.3 Appendix C: For-profit level surveys

Name:
Contact information:
Official Title:
Responsibilities:
Region:

Size of Firm:
Annual Revenues:
Number of customers/Audience
  • Breakdown of sales, in-state vs. out of state

Taxes paid:

What taxes or policies are most burdensome to you?
What tax breaks or policies are most beneficial to you?
What is the number one thing the government could do to help you expand your business?
How is your business involved in the community?
Are you involved in any programs or coalitions to target or bring in out of state business?
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