

**Department of State**  
**Division of Publications**  
 312 Rosa L. Parks, 8th Floor Snodgrass/TN Tower  
 Nashville, TN 37243  
 Phone: 615.741.2650  
 Email: publications.information@tn.gov

**For Department of State Use Only**

Sequence Number: 02-03-16  
 Notice ID(s): 2455  
 File Date: 2/1/16

# Notice of Rulemaking Hearing

*Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.*

<b>Agency/Board/Commission:</b>	Tourist Development
<b>Division:</b>	Administration
<b>Contact Person:</b>	Nancy Hargiss-Tatlock William R. Snodgrass Tennessee Tower 312 Rosa L. Parks Avenue, 13th Floor Nashville, Tennessee 37243
<b>Address:</b>	Nashville, Tennessee 37243
<b>Phone:</b>	(615) 741-9065
<b>Email:</b>	Nancy.Hargiss-Tatlock@tn.gov

*Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:*

<b>ADA Contact:</b>	Sharon Reed William R. Snodgrass Tennessee Tower 312 Rosa L. Parks Avenue, 13th Floor Nashville, Tennessee 37243
<b>Address:</b>	Nashville, Tennessee 37243
<b>Phone:</b>	(615) 741-1762
<b>Email:</b>	Sharon.Reed@tn.gov

**Hearing Location(s)** (for additional locations, copy and paste table)

Address 1:	3rd Floor, William R. Snodgrass Tennessee Tower, Conference Room C		
Address 2:	312 Rosa L. Parks Avenue		
City:	Nashville, Tennessee		
Zip:	37243		
Hearing Date :	04/04/16		
Hearing Time:	8:00 A.M. – 12:00 P.M.	<input checked="" type="checkbox"/> CST/CDT	<input type="checkbox"/> EST/EDT

**Additional Hearing Information:**

The rulemaking hearing is for the purpose of updating the Tennessee Department of Tourist Development's rules for its matching grant division so as to conform to revisions in the Tennessee Code Annotated which have increased the maximum amount of matching grants payable to regional tourism promotion organizations and expanded the types of business entities a regional tourism promotion organization must be to entitle an organization to receive matching funds up to the maximum liability amount set forth in Tennessee Code Annotated Section 4-3-2207(b).

Oral or written comments are invited at the hearing. In addition, written comments may be submitted during the comment period to: Tennessee Department of Tourist Development; Attention: Nancy Hargiss-Tatlock, William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, 13th Floor, Nashville, Tennessee 37243; telephone

(615) 741-9065 or fax (615) 741-7225. However, such written comments must be received by 4:30 PM CST, April 4, 2016, in order to assure consideration. For further information, please contact Nancy Hargiss-Tatlock at the above address or telephone number or by e-mail at Nancy.Hargiss-Tatlock@tn.gov.

**Revision Type (check all that apply):**

- Amendment  
 New  
 Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
1670-05-01	Guidelines for Organization Applying for Tourist Promotion Matching Funds
Rule Number	Rule Title
1670-05-01-.01	Purpose
1670-05-01-.02	Application and Certification
1670-05-01-.03	Requirements and Audit
1670-05-01-.04	Approval and Funds
1670-05-01-.05	Expenditure of Approved Funds
1670-05-01-.06	Repealed

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to <http://state.tn.us/sos/rules/1360/1360.htm>)

Chapter 1670-05-01-01  
 Guidelines for Organization Applying for Tourist Promotion Matching Funds

Amendments

Chapter 1670-05-01 Guidelines for Organization Applying for Tourist Promotion Matching Funds is amended by deleting it in its entirety and substituting instead the following:

TABLE OF CONTENTS

1670-05-01-.01	Purpose	1670-05-01-.04	Approval and Funds
1670-05-01-.02	Application and Certification	1670-05-01-.05	Expenditure of Approved Funds
1670-05-01-.03	Requirements and Audit	1670-05-01-.06	Repealed

1670-05-01-.01 PURPOSE.

- (1) By the provisions set forth in T.C.A. § 4-3-2207, State Matching Funds may be distributed to any chartered, non-profit tourist promotion organization or tax exempt public agency representing all the area within a planning region of the State of Tennessee as delineated by the State Planning Commission and by Executive Order No. 17.
- (2) It is further stated that each said Organization operating under the provisions of this chapter shall operate in complete accordance with T.C.A. § 4-3-2207, and that funds appropriated to implement the provisions of this chapter are subject to the recommendation of the Commissioner of Tourist Development and approval of the Commissioner of Finance and Administration.
- (3) Pursuant to the above and in compliance with T.C.A. § 4-3-2207, the following guidelines are hereby established, compliance with which is necessary for any organization requesting certification for State Matching Funds.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206 and 4-5-201 et seq.

1670-05-01-.02 APPLICATION AND CERTIFICATION.

- (1) The applying Organization shall submit annually, with its initial application for State Matching Funds in a fiscal year, a roster of its membership, together with the annual dues paid to the Organization and dues structure which shall act as certification that the applying Organization represents all the counties within its Planning Region relative to the promotion of tourism. Annual dues paid for membership in the Organization or donations made to the Organization shall constitute the acceptable matching local funds.
- (2) The applying Organization shall submit annually proof of its charter and non-profit status as a non-profit corporation or a tax exempt public agency.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206 and 4-5-201 et seq.

1670-05-01-.03 REQUIREMENTS AND AUDIT.

- (1) The applying Organization shall be required to furnish the Department of Tourist Development with an annual report of its activities each year which has been conducted by an independent public accountant registered with the Tennessee State Board of Accountancy for the preceding fiscal year (commencing July 1 of the initial year and ending June 30 of the subsequent year). This report must be received by the Commissioner of Tourist Development before consideration will be given to approving said Organization for new fiscal year funding. Additionally, the applying Organization shall be subject to an audit annually by the Office of the Comptroller of the Treasury, State of Tennessee.
- (2) Bylaws of the applying Organization shall accompany the applying Organization's request for State Matching Funds, together with a roster of the Organization's Officers, Directors and Members of the Board showing representation from each county represented by the Organization. The applying Organization will operate under generally accepted good business practices and each fiscal year shall furnish the Department with the following:
  - (a) Minutes from at least two (2) meetings of the Board of Directors of the Organization held during each fiscal year with a quorum present;
  - (b) The signature of at least one (1) authorized person from said Organization shall be required on all checks written on the Organization's account.
  - (c) Proof that paid Executive(s) and other persons having access to the funds of said Organization are bonded at least to the amount of the State Matching Funds portion of its annual budget; and,
  - (d) Documentation of the dues structure of the Organization.
- (3) The applying Organization shall submit, together with its application for State Matching Funds at the beginning of a fiscal year (July 1), a copy of its marketing plan and total budget projections for the full fiscal year.
- (4) No application for Matching Funds will be considered at the commencement of a fiscal year until an independent public accountant registered with the Tennessee State Board of Accountancy has furnished the Department of Tourist Development with an annual report of the Organization's activities for the previous fiscal year has been received and reviewed by the Commissioner of the Department of Tourist Development and found to be in compliance with these guidelines and the intent of T.C.A. § 4-3-2207.
- (5) The applying Organization must submit a letter, signed by its officers, stating that the Organization's officers fully comprehend and intend to adhere to these guidelines.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206 and 4-5-201 et seq.

1670-05-01-.04 APPROVAL AND FUNDS.

- (1) The above mentioned documents must be sent to the Department of Tourist Development before any Organization can receive State Matching Funds. After review by the Department of Tourist Development, the applying Organization will be notified of its eligibility to receive such State Matching Funds.
- (2) An approved Organization must forward to the Department of Tourist Development the following:
  - (a) The complete name and mailing address of the Organization.
  - (b) Xeroxed, or a similar method, of copies of checks received from the Organization's membership which are being used as local matching money along with copies of deposit slips showing that such funds have been deposited into the Organization's account. Only those monies collected during the fiscal year for which the Organization is applying may be used as the Organization's matching money.
- (3) The Chief Executive Officer of an approved Organization shall meet with representative(s) of the Department of Tourist Development at least semi-annually during a fiscal year for the purpose of reviewing the marketing goals of an approved Organization.
- (4) In order for the applying Organization to be eligible to retain the allocated State Matching Funds, up to a maximum of \$35,000.00, said Organization must, during the fiscal year, spend a total of Seventy Thousand Dollars (\$70,000.00) with 35,000.00 of State monies, and \$35,000.00 Region-raised funds) on tourist promotion including administrative expenses in the Region. If the Organization should spend less than the total of the maximum liability amount allocated for a given fiscal year period, the appropriate amount of State Matching monies will be returned to the Department of Tourist Development at the end of the fiscal year, which will, in turn, revert to the General Fund.
- (5) The final request for State Matching Funds in a fiscal year must be received by the Department of Tourist Development no later than May 31<sup>st</sup> of that fiscal year.
- (6) Upon receipt of a completed application for State Matching Funds, said application must be approved by the Commissioner of Tourist Development. Such funds or portions thereof shall only be paid only upon certification by the appropriate official of the applying Organization that Region-raised matching funds are available. State Matching Funds shall be distributed to any such Organization only upon the recommendation of the Commissioner of Tourist Development and approval of the Commissioner of Finance and Administration on the basis of two dollars (\$2.00) in State Matching Funds for each one dollar (\$1.00) contributed as membership fees in the Organization or through donations to the applying Organization up to a maximum of thirty-five thousand dollars (\$35,000.00) annually, according to the provisions of the law.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206, 4-3-2207 and 4-5-201 et seq.

1670-05-01-.05 EXPENDITURE OF APPROVED FUNDS.

- (1) The following provisions prevail as to use of State Matching Funds by an approved Organization and is the evidence required to show an Organization's receipt of local matching contributions.
  - (a) All Organizations applying for and receiving State Matching Funds should maintain a separate Disbursement Journal pertaining to that portion of its budget funded by State Matching Funds. The following shall be adhered to as to expenditures of State Matching Funds monies:
    1. No more than forty percent (40%) of the total of State Matching Funds monies received in a fiscal year may be used for the administrative expenses of operating said Organization. Administrative expenses include: salaries, in part or in total, of any employee, commissions, rent, machinery, office equipment, utilities, furnishings, taxes, payroll or otherwise, postage, insurance, telephone and other amenities generally considered essential in the day-to-day operation of a business.

2. No State Matching Funds monies may be used to reimburse any member or contributor of said Organization for monies received which are used as locally raised matching funds money, either by cash transaction, development of promotional materials for the contributor or in-kind services.
3. Travel expenses to bona fide tourism travel/trade shows, exhibits, conventions, seminars, meetings, by authorized personnel representing the Organization are deemed to be eligible for State Matching Funds, provided attendance at such functions is in accordance with the Organization's marketing plan and the State's Travel Regulations.
4. Expenditures for promotional materials and events of the Organization's planning area, i.e., brochures of the Region, advertising through travel/trade press, billboards, new media, including radio, television, newspapers, periodicals, and other such outlets as are approved by the Commissioner of the Department of Tourist Development and outlined in the Organization's marketing plan.
5. Sponsoring familiarization trips within a Planning Region to expose the area to travel/trade writers, travel agents, bus operators, tour brokers and wholesalers, airline personnel, and other groups capable of bringing visitors to the Region is deemed an acceptable use of State Matching Funds.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206, 4-3-2207. and 4-5-201 et seq.

1670-05-01-.06 REPEALED.

Authority: T.C.A. §§ 4-3-2201 et seq., 4-3-2206, 4-3-2207, and 4-5-201 et seq.

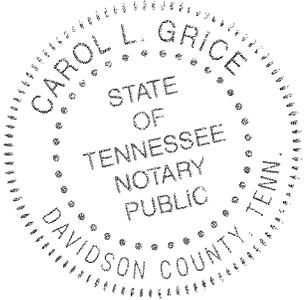
I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: February 1, 2016

Signature: *Nancy Hargiss-Tatlock*

Name of Officer: Nancy Hargiss-Tatlock

Title of Officer: General Counsel



Subscribed and sworn to before me on: February 1, 2016

Notary Public Signature: *Carol L. Grice*

My commission expires on: June 21, 2016

**Department of State Use Only**

Filed with the Department of State on: 2/1/16

*Tre Hargett*

Tre Hargett  
Secretary of State

RECEIVED  
2016 FEB - 1 PM 1:29  
SECRETARY OF STATE  
PUBLICATIONS