

**Department of State  
Division of Publications**

312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower  
Nashville, TN 37243  
Phone: 615-741-2650  
Fax: 615-741-5133  
Email: [register.information@tn.gov](mailto:register.information@tn.gov)

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Sequence Number: 08-11-13  
Rule ID(s): 5510  
File Date: 8/12/13  
Effective Date: 1/29/14

# Proposed Rule(s) Filing Form

*Proposed rules are submitted pursuant to T.C.A. §§ 4-5-202, 4-5-207 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by twenty-five (25) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.*

**Agency/Board/Commission:** Tennessee Department of Economic and Community Development  
**Division:** Film, Entertainment, and Music Commission  
**Contact Person:** Sharon Kolb, ECD General Counsel  
**Address:** 312 Rosa L. Parks Ave., 27<sup>th</sup> Floor, Nashville, TN  
**Zip:** 37243  
**Phone:** 615-532-8988  
**Email:** [Sharon.Kolb@tn.gov](mailto:Sharon.Kolb@tn.gov)

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

- Amendment
- New
- Repeal

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

Chapter Number	Chapter Title
0500-07-01	Tennessee Film, Entertainment, and Music Commission Production Incentive
Rule Number	Rule Title
0500-07-01-.01	Definitions
0500-07-01-.02	Procedures and Administration

(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>)

Proposed Rules  
of  
Department of Economic and Community Development  
Film, Entertainment, and Music Commission

Chapter 0500-07-01  
Tennessee Film, Entertainment, and Music  
Commission Production Incentive

Table of Contents

0500-07-01-.01 Definitions  
0500-07-01-.02 Procedures and Administration

0500-07-01-.01 Definitions

- (1) "ECD" means the Tennessee Department of Economic and Community Development.
- (2) "TFEMC" means the Tennessee Film, Entertainment, and Music Commission.
- (3) The "TFEMC Production Incentive" means the TFEMC-administered grant program by which moneys in the Tennessee Film/Television Incentive Fund are appropriated and expended to provide production incentive grants pursuant to T.C.A. § 4-3-4903.

Authority: T.C.A. §§ 4-3-702(c), 4-3-4901 et seq., and 4-3-4903(i).

0500-07-01-.02 Procedures and Administration

- (1) The award of a TFEMC Production Incentive grant must be approved by the ECD Grants and Loans Committee.
- (2) Qualified Tennessee expenditures made prior to the execution of a grant contract between the grant recipient and ECD will not count towards the grant recipient's incentive award per T.C.A. § 4-3-4903(c)(2).
- (3) Qualified Tennessee expenditures must be determined and reported by an independent Certified Public Accountant ("CPA") retained by the grant recipient and in accordance with incentive guidelines promulgated by TFEMC. The CPA must be licensed and have completed a successful American Institute of Certified Public Accountants ("AICPA") Peer Review by an AICPA-approved qualified peer reviewer in the most recent reporting cycle.
- (4) At the sole discretion of ECD, qualified Tennessee expenditures reported by the grant recipient may be audited by a CPA employed by or retained on behalf of the State of Tennessee. The results of the audit may be used to adjust the amount of qualified Tennessee expenditures eligible for reimbursement.
- (5) The script and resulting production must not be obscene in nature as defined by T.C.A. § 39-17-901(10).
- (6) The resulting production must provide production credits to the Governor; the State of Tennessee; the Tennessee Film, Entertainment, and Music Commission; and the Department of Economic and Community Development; as well as a "Filmed in Tennessee" logo acknowledging that the production was filmed in the State of Tennessee.

Authority: T.C.A. §§ 4-3-702(c), 4-3-4901 et seq., and 4-3-4903(i).

\* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Not applicable.					

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Department of Economic and Community Development on 07/17/2013 (date as mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

Date: 07-17-2013

Signature: [Handwritten Signature]

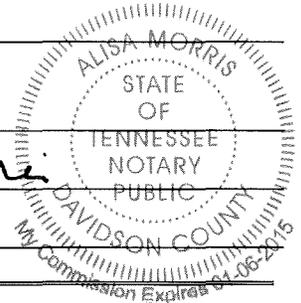
Name of Officer: William F. Hagerty

Title of Officer: Commissioner

Subscribed and sworn to before me on: July 17, 2013

Notary Public Signature: [Handwritten Signature]

My commission expires on: 01-06-2015



All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

[Handwritten Signature]  
Robert E. Cooper, Jr.  
Attorney General and Reporter  
8-5-13  
Date

**Department of State Use Only**

Filed with the Department of State on: 8/12/13

Effective on: 11/29/14

[Handwritten Signature]  
Tre Hargett  
Secretary of State

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DEPARTMENT OF STATE

**Regulatory Flexibility Addendum**

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

The proposed rule is not deemed to affect small businesses.

### **Impact on Local Governments**

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

The proposed rule is not projected to impact local governments.

**Additional Information Required by Joint Government Operations Committee**

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

Chapter 0500-07-01 of the Rules of the Department of Economic and Community Development provides procedures consistent with the Visual Content Act of 2006 at T.C.A. §§ 4-3-4901 et seq. for the administration of the Production Incentive program administered by the Tennessee Film, Entertainment, and Music Commission. This rule does not effectuate any relevant changes in previous regulations.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Chapter 0500-07-01 is promulgated under the authority of T.C.A. § 4-3-702(c), 4-3-4901 et seq., and 4-3-4903(i). No federal or state law or regulation specifically mandates or establishes guidelines relevant to the promulgation of the rules.

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

This rule would most directly affect the Department of Economic and Community Development, which administers the Production Incentive program, and the production companies that apply for Production Incentive grants. Production companies have urged neither adoption nor rejection of this rule.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

We are unaware of any attorney general and reporter opinions or judicial rulings that directly relate to the rule.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

The probable fiscal impact, if any, of this rule on state or local government revenues or expenditures is estimated to be minimal.

- (F)** Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

ECD General Counsel, Sharon Kolb and TFEMC Executive Director, Bob Raines

- (G)** Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

ECD General Counsel, Sharon Kolb

- (H)** Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Sharon Kolb, 312 Rosa L. Parks Ave., 27<sup>th</sup> Floor, Nashville, TN 37243; 615-532-8988; Sharon.Kolb@tn.gov

- (I)** Any additional information relevant to the rule proposed for continuation that the committee requests.

Not applicable.