I. Applicability

These guidelines outline the terms and conditions that apply to eligible recipients of payments distributed in the form of "grants" under *2 CFR §200.40* from the State of Tennessee's funds received under the State Fiscal Recovery Fund ("SFRF") established within section 602 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act ("ARPA"). The interests and responsibilities of the State will be executed by the Tennessee Department of Tourist Development (TDTD) unless otherwise indicated herein or as required by law. These requirements are in addition to any that can be found within the Tennessee Tourism & Hospitality Recovery Fund portal (the "Portal"), to which recipients agree when accepting the funds. Other state and federal requirements and conditions may apply to the funds, including but not limited to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at *2 C.F.R. §200*[1], and applicable subparts; the state funding announcement under which funding payments are distributed; and any applicable documents referenced in the documents and sources listed herein.

II. Background

A. The American Rescue Plan Act (ARPA)

Under Title IX of ARPA, the Social Security Act was amended to establish the State and Local Fiscal Recovery Fund ("SLFRF"), a $350B appropriation in assistance to eligible States, local, territorial, and Tribal governments intended to provide support in responding to the impact of the COVID-19 pandemic. The U.S. Treasury managed the initial distribution of these funds in two separate sections. Section 602 establishes a fund for States, territories, and Tribal governments (the SFRF), while section 603 establishes a fund for metropolitan cities, non-entitlement units of local governments, and counties, as defined in the Act ("LFRF"). The State of Tennessee is making available approximately $48M from the State's SFRF balance for funding to be allocated to Destination Marketing Organizations (DMOs) in every county as approved by TDTD, for the purpose of increasing visitor engagement and assisting with recovery of the tourism and hospitality industries in Tennessee. The total amount allocated to each county can be found in the appendices at the end of the guidelines.

B. U.S. Department of Treasury ARPA Guidance

The U.S. Department of the Treasury has released ARPA guidance via their website

- Coronavirus State and Local Fiscal Recovery Funds Relief Fund Final Rule[2]
- Coronavirus State and Local Fiscal Recovery Funds Relief Fund Frequently Asked Questions[3]

The State of Tennessee encourages all recipients to review this guidance to understand federal guidance on eligible and ineligible expenditures. Please also note that Tennessee has its own requirements, in addition to the Federal requirements, which are described further below.

---

[1] https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1
[2] https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf
[3] https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf

III. Roles and Responsibilities

A. U.S. Department of the Treasury

The U.S. Department of the Treasury is the national treasury of the federal government of the United States and serves as an executive department. The Treasury was directed by the U.S. Congress under ARPA to make payments available to States, local, territorial, and Tribal governments via the SLFRF totaling $350B through fiscal year 2026 no later than 30 days after enactment of the Act.

B. Office of Inspector General

The Office of Inspector General ("OIG") conducts independent audits, investigations, and reviews to help the Treasury Department accomplish its mission; improve its program and operations; promote economy, efficiency and effectiveness; and prevent and detect fraud and abuse. Under ARPA, if there is a determination that a State, Tribal government, or unit of local government has failed to comply with the eligible use of funds requirement in ARPA or the associated regulatory guidance, the amount equal to the amount of funds used in violation of such requirement shall be booked as a debt of such entity owed to the Federal Government. Amounts recovered shall be deposited into the general fund of the Treasury.

C. State Government

Under ARPA, the term "State" means the 50 States and the District of Columbia. The State of Tennessee has the authority to use the funds provided under the SFRF to cover eligible costs of the State. The State of Tennessee is making available approximately $48M of their available SFRF funding to the applicable Destination Marketing Organizations for their eligible expenditures related to tourism industry recovery efforts to aid the response to COVID-19. Please see the appendices below for a summary of these available amounts.

D. Pass-through Entity

Under the U.S. Code of Federal Regulations, *2 CFR §200.74*, the term "Pass-Through entity" means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program. The Tennessee Department of Tourist Development (TDTD) will serve as a pass-through entity between the U.S. Treasury and the eligible subrecipients. TDTD will oversee the administration of the program. This will allow funds to be administered timely and effectively.

E. Subrecipients

Under this program, the State of Tennessee has allocated funds among designated DMOs throughout the state. A table listing the allocated funding amounts by county can be found in the appendices below. According to the definition provided in the Final Rule, the DMOs are considered subrecipients and therefore must comply with the applicable requirements in the Uniform Guidance. These requirements include eligible uses of funds, procurement, and reporting requirements.

Subrecipients have been divided into three classifications for ease of program management: Tier 1, Tier 2, and Tier 3. Each subrecipient was notified of their classification in their award email. DMOs identified as Tier 3 must complete a strategic planning session with TDTD prior to executing the grant agreement for this program. In order to access the following years' funds, all DMOs must complete any annual reporting requested by TDTD.

F. Tennessee Disbursing Entity

The Department of Finance & Administration will manage the disbursement process for the State of Tennessee's SLFRF. Funds will be disbursed using the state's enterprise accounting system.

IV. Available Allocations

A. Funding Allocations

The State of Tennessee has designated approximately $48M of SLFRF funds to be distributed to designated DMOs in each Tennessee county.

Each DMO will be required to submit their plans detailing their planned reimbursement expenditures as well as their transformational change plans. Upon approval of a Spending Plan for Reimbursement, the DMOs may request funds only on a reimbursement basis. Supporting documentation must be provided to substantiate qualifying expenses up to the amount of allocated funds. Funds must be fully committed and obligated by December 31, 2024 and fully expended by November 30, 2026. As appropriate, sufficient documentation evidencing obligation of the funds and expenditure of the funds will be required in order to receive all funds.

Allocations will be made available for disbursement incrementally over the life of the program. Each entity's yearly allocation breakdown will be provided to them via their grant contract.

V. Use of Funds

ARPA provides that payments from the SFRF may only be used to cover costs that:

1. aid in the economic response to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
2. address and specifically responds to the harmful consequences;
3. are obligated between the period of March 3, 2021 and December 31, 2024.

The guidance that follows sets forth the Department of the Treasury's interpretation of these limitations.

A. Aid in the economic response to the pandemic or its negative economic impacts

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency.

B. Address and specifically respond to the harmful consequences

ARPA funds should be used to respond to harmful consequences caused by COVID-19's impact on the tourism, travel, and hospitality industries. These consequences could be immediate or may have manifested over months or years. The responses should be reasonably proportional to the harm caused for the population impacted.

C. Costs obligated during the period that begins on March 3, 2021, and ends on December 31, 2024

Finally, ARPA provides that payments from the Fund may only be used to cover costs that were obligated during the period that begins on March 3, 2021, and ends on December 31, 2024 (the "covered period"). Additionally, the period of performance ends November 30, 2026. Putting this requirement together with the other provisions discussed above, section 602 may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover costs that aid in the economic response to the pandemic, by addressing or specifically responding to the harmful consequences, and which are incurred during the covered period. Goods delivered in the covered period must be used during the covered period. Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, e.g., the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by November 30, 2026, the failure of a vendor to complete delivery or services by November 30, 2026, will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient's control. This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

VI. Eligible Expenses

The following list represents what are expected to be the most common types of expenses but is not intended to be all-inclusive. DMOs must submit their planned expenditures in spending plans for reimbursement periodically to receive approval that items will be eligible before requesting reimbursement.

DMOs should note that as subrecipients of ARPA funds, the funds must be spent in accordance with Uniform Guidance requirements at *2 CFR §200* as referenced previously, including procurement requirements.

Operating Expenses

- Reference FAQs for examples of eligible operating expenses.

Advertising Expenses

- Digital, Social, Print, TV, Radio Marketing, Billboards
- Distribution Costs for Marketing Materials
- Website Updates
- Marketing Plans
- Marketing Research
- Marketing Co-ops

Events

- Industry Education Event Expenses
- Festival Reset Funding (funding to re-launch events that have been disrupted in prior years due to COVID-19)
- Trade Shows
- Familiarization Tours (including expenses for hosting, transportation, meals, lodging, activities for tour participants)
- Travel Expenses for Employees While Attending Events (transportation, lodging, food, etc.)

Professional Services

- Agency Production Costs
- Graphic Designer Fees
- Influencer Content
- Itinerary Content/ Design
- Photography/Videography/Production Services

Note that commissions paid to a production agency will not be reimbursable. Therefore, it may be wise to agree upon a fixed fee in lieu of a commission in your contract with an agency.

Materials & Supplies

Materials and supplies that directly support eligible marketing projects will be eligible.

- Audio/Visual
- Branded Promotional Items
- Software for Video Editing/Creative Design

Improvements

- Digital Kiosks
- Display Updates
- Signage
- Equipment Rental
- Wayfinding Signage (Excluding LED community event signs)

VII. Ineligible Expenses

- Commission fees (a set fee can be used in lieu of commission %)
- Rainy day funds or financial reserves
- Acquisition of land or buildings
- Construction projects
- Motor Vehicles
- Equipment
- Ads or content that appear on a political or unsavory website or publication, determined at the discretion of TDTD
- Purchase of alcohol for meetings, events, sponsorships, etc.

- Cash and cash equivalents
- Tennessee Vacation Guide & Website Sponsored Content
- Digital Content in TDTD Welcome Centers
- LED community event signs
- Purchase or production of items for resale
- Expenses incurred prior to 12/1/2021
- Fines, penalties, damages, and other settlements resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations
- Any items that undermine COVID-19 mitigation practices in line with CDC guidance and recommendations
- Any item that has already been reimbursed with federal or state dollars.

VIII. Payments and Required Documentation

A. Program Portal

Tennessee Tourism & Hospitality Recovery Funds will be reimbursed through an online portal. The portal is a user-friendly tool that allows recipients to submit Spending Plans and Requests for Funding and upload the necessary supporting documentation for each request. The portal will allow recipients to monitor the status of these requests and keep track of the remaining available funds. The following sections include further description of the portal's functions.

B. Spending Plan Form Components

The portal contains a form for DMOs to utilize in order to submit their periodic spending plans for reimbursement. Submission of a spending plan is required for access to funds. Spending plans will be reviewed and once approved, the DMO may begin requesting reimbursement for the expenses included in the approved plan. The spending plan form includes:

1. Spending Plan for Reimbursement – DMOs will provide information about the expenses they intend to submit for reimbursement.
2. Transformational Change Plan – DMOs will provide details for the transformational change projects they will complete with a transformation change narrative for approval by TDTD.
3. Attestation Statement – DMOs will attest that they understand the reimbursement grant requires that they expand their marketing budgets beyond the reimbursement to allow for completion of projects that will inspire transformational change for the tourism industry within their region as planned in the Transformational Change Plan.

C. Reimbursement Request Form

The Reimbursement Request module allows recipients to submit requests for reimbursement including the associated expense documentation. Expense documentation is submitted directly in the portal. The module enables the recipient to attach supporting documentation, monitor the approval process, and the subsequent payment.

Reimbursement Requests must be at least $1,000 to be submitted and reviewed.

D. Required Supporting Documentation

The portal will provide the user with the ability to upload the necessary supporting documentation related to their costs incurred. Such documentation shall include, but not be limited to, copies of checks issued for payment, executed contracts, itemized vendors' and suppliers' invoices or vouchers, a description of the purpose of the expenditure, and other supporting documentation. Required documentation for payroll shall include, but not be limited to, documentation that details calculation of gross pay and demonstrates proof of payment for each employee being claimed (employee name can be redacted if preferred, however, documentation must show a unique identifier for each employee). If the DMO is also claiming additional employer payroll costs such as employer portion of FICA and Medicare and retirement contributions, then documentation provided will need to provide support for those amounts as well. Generally, a payroll register will provide the required documentation. However, time sheets and copies of checks may be required in instances where payroll registers or other payroll reports are unavailable.

The expense documentation process will require the user to upload supporting documentation for the expenses they would like to access reimbursement funds for. This exchange of information through the portal will streamline the reimbursement process and help accelerate the transfer of funds to the recipient.

IX. Closeout of Funds

The funding provided to a recipient will be closed-out when all available funds have been distributed, required administrative actions have been completed, and all supporting documentation has been provided by that recipient. TDTD will perform a final accounting of funds provided to the recipient and all access to the portal previously provided to the recipient will be closed.

In the case that a recipient does not utilize all of their allocated funding within the covered period, they will be unable to receive the remainder of their allocated funds, and their access to the portal will be closed.

Additionally, recipients will be subject to the following provisions from the Grant Contract:

> The Grantee shall submit any final invoice and a grant disbursement reconciliation report within thirty (30) days of the Grant Contract end date, in form and substance acceptable to the State.
>
> a) If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by the section C, payment terms and conditions of this Grant Contract, the Grantee shall refund the difference to the State. The Grantee shall submit the refund with the final grant disbursement reconciliation report.
> b) The State shall not be responsible for the payment of any invoice submitted to the State after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.
> c) The Grantee's failure to provide a final grant disbursement reconciliation report to the State as required by this Grant Contract shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the State pursuant to this Grant Contract.

d) The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

Appendix I
Allocations by County

County	Allocation
Anderson	$ 326,715
Bedford	$ 95,000
Benton	$ 95,000
Bledsoe	$ 95,000
Blount	$ 873,172
Bradley	$ 356,873
Campbell	$ 139,083
Cannon	$ 95,000
Carroll	$ 95,000
Carter	$ 96,901
Cheatham	$ 95,000
Chester	$ 95,000
Claiborne	$ 95,000
Clay	$ 95,000
Cocke	$ 116,177
Coffee	$ 232,906
Crockett	$ 95,000
Cumberland	$ 286,495
Davidson	$ 13,818,564
Decatur	$ 95,000
DeKalb	$ 112,183
Dickson	$ 172,557
Dyer	$ 155,988
Fayette	$ 95,000
Fentress	$ 95,000
Franklin	$ 95,000
Gibson	$ 124,139
Giles	$ 95,000
Grainger	$ 95,000
Greene	$ 223,392
Grundy	$ 95,000
Hamblen	$ 255,188

Hamilton	$	2,666,566
Hancock	$	95,000
Hardeman	$	95,000
Hardin	$	100,997
Hawkins	$	95,000
Haywood	$	95,000
Henderson	$	95,000
Henry	$	129,840
Hickman	$	95,000
Houston	$	95,000
Humphreys	$	95,000
Jackson	$	95,000
Jefferson	$	152,411
Johnson	$	95,000
Knox	$	2,387,326
Lake	$	95,000
Lauderdale	$	95,000
Lawrence	$	102,552
Lewis	$	95,000
Lincoln	$	95,000
Loudon	$	145,563
Macon	$	95,000
Madison	$	504,572
Marion	$	95,000
Marshall	$	95,000
Maury	$	330,648
McMinn	$	114,286
McNairy	$	95,000
Meigs	$	95,000
Monroe	$	95,477
Montgomery	$	595,707
Moore	$	95,000
Morgan	$	95,000
Obion	$	130,931
Overton	$	95,000
Perry	$	95,000
Pickett	$	95,000
Polk	$	95,000
Putnam	$	330,136
Rhea	$	95,000
Roane	$	167,035
Robertson	$	151,761
Rutherford	$	877,085

Scott	$	95,000
Sequatchie	$	95,000
Sevier	$	5,472,478
Shelby	$	7,026,368
Smith	$	95,000
Stewart	$	95,000
Sullivan	$	878,565
Sumner	$	381,718
Tipton	$	95,000
Trousdale	$	95,000
Unicoi	$	95,000
Union	$	95,000
Van Buren	$	95,000
Warren	$	95,000
Washington	$	629,266
Wayne	$	95,000
Weakley	$	95,000
White	$	95,000
Williamson	$	1,115,360
Wilson	$	403,020
Total	**$**	**47,500,000**