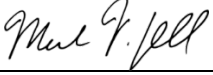


Approved by: Mark Ezell, Commissioner	Policy Number: 2024-001
Signature: 	Supersedes:
Application:	Effective Date: January 1, 2024
Authority: T.C.A. §68-140-401 et seq and Tenn. R. & Regs. 1200-12-1-.19.	Rule: N/A

Tennessee Special Event Fund Policy

1. Overview.

As Tennessee’s number two industry, tourism is a significant contributor to the overall economic development and vitality of Tennessee. With recent years marking the largest visitor spending nationally in Tennessee’s history, it is imperative for the State to continue making key investments in events that drive job creation, tax revenue, and stimulate visitor spending.

The purpose of the Tennessee Special Event Fund (Fund) is to provide monetary resources for bidding on and securing major events capable of generating \$10,000,000 or more in direct economic impact or \$1,000,000 in state and local tax generation unless determined to be an Underrepresented Event Location. The Fund demonstrates a monetary commitment on the state level to attract and maintain high-profile events to call Tennessee home. This incentive-based grant program allows Tennessee a competitive advantage in securing events that promise measurable performance outcomes, including tangible economic impact to communities. This policy governs the respective requirements for the Fund.

2. Administration.

The Fund is administered by the Tennessee Department of Tourist Development, hereinafter TDTD. In 2022, the Tennessee General Assembly allocated \$25,000,000 to TDTD’s budget for consideration of incentives for qualifying events. The Fund will provide matching dollars for bid fees to Eligible Applicants attracting high economic impact events to Tennessee. TDTD is tasked with reviewing all applications for the Fund. Final approval for allocations of funds is the decision of the Commissioner of the Department of Tourist Development and any state entities so needed.

3. Definitions.

i. Good Standing: means the Eligible Applicant has not had a vendor complaint within the last five (5) years filed with the state of Tennessee Central Procurement Office and is legally authorized to conduct business in the state of Tennessee.

ii. Local organizing committee (“LOC”): is a nonprofit corporation that has been authorized by one or more endorsing municipalities or counties to bid on and/or host the event. The LOC must include representatives from the event location, local convention and visitors bureau and other community and business leaders.

iii. Underrepresented Event Location: means an area of the state which is outside of a Sports Authority or Tourism Development Zone.

4. Eligible Applicants.

To be eligible to apply for the Fund, the applicant and Qualifying Event, as set out in Section 5, must meet criteria established by TDTD. Eligible Applicants must be in Good Standing, as applicable, and could include a county, city, local convention visitors bureau or tourism agency, destination marketing organization, or local organizing committee.

5. Qualifying Events.

A qualified event for consideration under the Fund:

- i. Must have an Event organizer, i.e., entity requesting proposals, requiring a host, bid, sanctioning or site fee as a determining factor in bringing the event to Tennessee. Examples of Events include but are not limited to: Professional sports draft celebrations, motor vehicle racing, Athletic Combine Events, Professional Sport All-Star Game/Festivities, Annual Conventions and Awards Shows.
- ii. Must generate at least \$10 million in direct economic impact or a minimum of \$1 million across state and local sales and use taxes, occupancy taxes, and state liquor by the drink taxes.
- iii. Must be a new event to Tennessee and/or significantly expanding the scope of direct economic impact and tax collections for an existing Tennessee event.
- iv. Eligible applicant must submit letters of commitment evidencing financial support by local government/development agencies and/or by private supporters.
- v. Must be ticketed and have a minimum number of attendees.

A qualified event will be given preference based upon the following:

- i. May be single-day events, but preference is given to multi-day events with the aim of generating overnight visitation and stays.
- ii. May include measurable and significant broadcast and/or international media attention.
- iii. Should align with targeted markets and demographics identified by the Tennessee Department of Tourist Development.
- iv. Should be supported by local and state elected officials representing the district(s) where the event will occur.

Grant Period. Grant funding for the qualified event may not exceed three (3) years. Any annual event recurring for periods longer than three (3) years without multiple host fees will not be eligible for state

grant funding beyond the third year. Grant period may be extended when an existing Tennessee event expands the scope of direct economic and tax collections.

6. Application Process.

Timeframe:

- i. The timeframe for application is rolling, i.e., continuously open.
- ii. Funding awards will be considered once received and disseminated to qualified applications until funds are exhausted.
- iii. Deadline for submission. Applications must be submitted no later than the thirtieth day before the Qualified Event's first day.

Application Submission. Applicant must submit the following documents through the method prescribed by TDTD. An incomplete application may be ineligible for processing. The application must include, at minimum, the following criteria and information:

- i. Name of the event
- ii. Primary Date(s) of event(s)
- iii. Date(s) when event setup will begin
- iv. Day when event load-out will be complete
- v. Event Location (city)
- vi. Date of application submission
- vii. Description of the event
- viii. Event organizer website (URL) and Applicant Website (URL), if available
- ix. Estimated attendance at the event, including estimates of
 - a. the number of out-of-state visitors who will attend the event
 - b. the number of in-state attendees traveling from 50+ miles from event location
 - c. the number of international visitors who will attend the event
- x. List locations of the event for the previous five years (descending order)
- xi. Other locations outside Tennessee considered to host the event
- xii. Requesting organization name and contact information
- xiii. Individuals/representatives of the requesting organization (name, address, contact info)
- xiv. Event organizer entity/company/individual and contact information
- xv. Overall bid amount needed to secure the event
- xvi. Breakdown of financial commitments made by others toward meeting the overall bid amount
- xvii. Due date for bid payment to event organizer to secure the event
- xviii. Is this event recurring/multi-year? If yes, are you requesting grant funding for multiple years?
- xix. The following metrics should be entered into form fields and substantiated with documentation uploaded in the attachments:
 - a. Estimated Direct Economic Impact (\$) for first year of event
 - i. See Appendix.
 - b. (If applicable) Estimated Direct Economic Impact (\$) for subsequent event years
 - c. Estimated state tax totals from Direct Economic Impact
 - d. Estimated local tax totals from Direct Economic Impact

- xx. Is this event occurring in an area that statutorily receives a tax incentive, such as a Tourism Development Zone or Sports Authority and the amount?
- xxi. What is the proposed, affected Market Area (i.e., the area that will receive economic impact due to the Qualified Event's occurrence)?

Required Application Attachments.

- i. At least one year (most recent), but preferably the two (2) most recent years, of post-event PDF reports showing economic and media impact evaluation from previous event host city/county/state, when available.
- ii. Pre-event economic impact calculation using the Destination International Event Impact Calculator, Tourism Economics impact analysis, an approved IMPLAN model for event impact calculations or mutually agreed upon documentation of event calculation estimation.
- iii. Documentation around financial assistance or bid from other states or local authorities to secure the event in previous years.

Optional Attachments.

- i. Letters of commitment from state and local elected officials.
- ii. Neilson ratings or comparable media valuation and documentation.
- iii. Sponsor packet for the event(s).

7. Review and Award Process.

Application Review.

- i. Fully completed applications only will be reviewed, and those will be reviewed in the order received.
- ii. Following a review of the application TDTD may issue a letter of intent to award prior to execution of a formal contract for Eligible Applicant to submit to the Event Organizer, if necessary.

Award Determination.

The award of the incentive-based grants will be based on measurable economic criteria that will be predicted during the application process and confirmed after event completion based upon the following:

- i. Application judgment will be based on the overall direct economic impact and tax generation of the proposed event.
- ii. The State of Tennessee will base funding primarily on a formula weighing state sales tax revenue generation potential and the value of media exposure to Tennessee's brand.
 - a. Economic Impact Investment (EII) = Projected Direct Visitor Spend (\$) X State Sales Tax Rate (max: 7%).
 - i. The baseline formula will define an award amount up to 40% of the EII calculation for those events hosted outside of Underrepresented Event Locations.

- ii. Events hosted within Underrepresented Event Locations may qualify for a baseline formula allocation up to 60% of the EII.
- iii. The state, at the discretion of the commissioner of the department of tourist development, can evaluate the event for additional tangible and intangible values and increase the grant allocation above the baseline formula calculation. Such additional valuation inputs include, but are not limited to:
 - a. Estimated media value of events with large broadcast or international reach.
 - b. Strategic and competitive benefit of attracting such an event to Tennessee.
 - c. Regional impact an event may have on leisure & hospitality industry employment and direct economic impact.
 - d. Economic benefit such an event may generate in neighboring rural, at-risk and/or distressed counties.

Award Disbursement.

- i. No funds shall be awarded without consultation and approval from the department of tourist development and the disbursement approval through the department of finance and administration.
- ii. The State of Tennessee will work to ensure all investments are capable of reasonable return. As such, no award may exceed the total of the EII calculation.
- iii. No payment shall be made from the Fund unless authorized by the department.
- iv. Eligible applicants must contribute a significant amount as a match to the state contribution awarded through this grant process. A “significant amount” may be achieved in the following ways:
 - a. Show measurable in-kind or monetary contributions toward the overall bid or host fee. These can come from local contributions, donations, sponsors, etc., and

Such monetary contributions account for at least 5% toward the financial commitment of the overall bid or host fee.

8. Post-Certification Reporting and Fund Distribution.

- i. The requesting organization or event organizer must provide a post-event economic impact analysis conducted by Tourism Economics or a vendor whose data is capable of implementation into existing TDTD utilized systems without additional agreement. Fund cannot be used to pay for this economic impact analysis.
- ii. The economic impact analysis must be completed and submitted within 180 days of the event. Failure to provide post-event report will impact future grant opportunities.
- iii. No claw back clause exists for this grant award. However, failure to meet or exceed estimated economic impacts may affect future award eligibility or allocation amounts.
- iv. Failure for the Event to transpire as scheduled may be considered a material breach resulting in remission of funds.

9. Construction of Policy.

This policy may not be construed as creating or requiring a state guarantee of an obligation to a county, city, local convention visitors bureau or tourism agency, destination marketing organization, or LOC under an event support contract or another agreement relating to hosting an event in this state.

Appendix

Explanation of direct, indirect and induced impact

- Direct Economic Impact are those dollars that come directly from hotel bookings, dining, retail, transportation, ticket sales, and other expenditures by event attendees. Indirect and induced economic impacts should not be included in this calculation.
- Indirect Economic Impact are secondary transactions (ex: business-to-business sales) that are a product of tourism activities.
- Induced economic impact are those activities that come from wages and earnings derived from those laboring in the visitor economy.

Example of economic impact calculation

A local organizing committee is pursuing an event with an estimated economic impact of \$100 million direct economic impact event. The \$100 million in spending from hotels, dining, retail, transportation, and accommodations would generate \$7 million (7%) in state sales tax collections.

- The state portion of economic impact tax collections does not include the hotel/motel taxes, local options taxes collected by the local governments, liquor by the drink, etc.
- This economic impact does not include indirect or induced spending from visitors.

Example of Economic Impact Investment

A local organizing committee is pursuing an event with an estimated economic impact of \$100 million direct economic impact event. The \$100 million in spending from hotels, dining, retail, transportation, and accommodations would generate \$7 million (7%) in state sales tax collections.

- An event held outside of an Underrepresented Event Location may qualify for a grant award up to \$2,800,000.00 (40%) at the baseline event calculation.
- An event held at an Underrepresented Event Location may qualify for a grant award up to \$4,200,000.00 (60%) at the baseline event calculation.
- Either event may qualify for additional funding above these baseline thresholds based on tangible and intangible values as determined by the department of tourist development.