

**RULES  
OF  
TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT  
MATCHING FUNDS DIVISION**

**CHAPTER 1670-05-01  
GUIDELINES FOR ORGANIZATION APPLYING FOR TOURIST  
PROMOTION MATCHING FUNDS**

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**1670-05-01-.01 PURPOSE.**

- (1) By the provisions set forth in Tennessee Code Annotated (“T.C.A.”) § 4-3-2207, State Matching Funds may be distributed to any regularly chartered, non-profit tourist promotion organization or tax exempt public agency promoting tourism throughout all the area within a planning region of the State of Tennessee as delineated by the [former] State Planning Commission and reiterated by Executive Order No. 17 issued by Governor Buford Ellington on October 14, 1968 (hereafter an “Organization”).
- (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. §§ 4-346, 4-3-2201 et seq., 4-3-2206, and 4-5-201 et seq. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendments filed June 3, 2016; effective September 1, 2016.

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

- (1) The applying Organization shall submit with its initial application for State Matching Funds each 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 (“Region”) relative to the promotion of tourism. Annual dues paid for membership in the Organization or donations made to the Organization shall constitute acceptable matching local funds.
- (2) The applying Organization shall annually submit proof of its charter and non-profit status as either a non-profit corporation or a tax exempt public agency.

**Authority:** T.C.A. §§ 4-346, 4-3-2201 et seq., 4-3-2206, and 4-5-201 et seq. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendments filed June 3, 2016; effective September 1, 2016.

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

- (1) The applying Organization is required to furnish the Department of Tourist Development an annual report of its activities conducted by an independent public accountant registered with the Tennessee State Board of Accountancy for the prior fiscal year (July 1 of the prior year through June 30 of the present 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 of State Matching Funds. Additionally, each applying Organization shall be subject to 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 Bylaws shall require that the applying Organization will operate under generally accepted good business practices. In addition, the applying Organization must provide the following:
  - (a) Documentation showing the signature of at least one (1) authorized person from the Organization shall be required on all checks written on the Organization's account;
  - (b) 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 the Organization's annual budget; and,
  - (c) 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 the Organization's marketing plan and total budget projections for the full fiscal year.
- (4) No application for State 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 and it 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 applicable provision of the Tennessee Code Annotated.
- (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 and the applicable Sections of the Tennessee Code Annotated.

**Authority:** T.C.A. §§ 4-346, 4-3-2201 et seq., 4-3-2206, and 4-5-201 et seq. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendments filed June 3, 2016; effective September 1, 2016.

**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 of the submitted documents by the Department of Tourist Development, the applying Organization will be notified of its eligibility to receive the applied for State Matching Funds.
- (2) An approved Organization must forward to the Department of Tourist Development the following:

(Rule 1670-05-01-.04, continued)

- (a) The complete name and mailing address of Organization;
  - (b) By Xerox, or another similar method, copies of checks received from the Organization's membership which are being used as local matching money, along with copies of deposit slips showing such funds as actually having been deposited in the Organization's account. Only those monies collected during the fiscal year for which the Organization is applying may be used as that Organization's matching money; and,
  - (c) Minutes of at least two (2) meeting of the Board of Directors of the Organization will be held during a fiscal year with a quorum present.
- (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 marketing goals of an approved Organization.
  - (4) In order for the applying Organization to be eligible to retain up to the entire \$35,000.00 in State Matching Funds, said Organization must, during the fiscal year spend a total of \$52,500.00 (\$35,000.00 of State Matching Funds, \$17,500.00 of Region-raised funds based on a ratio of \$2.00 of State Matching Funds for every \$1.00 of locally raised funds) on tourist promotions which may include use of up to forty percent (40%) of State Matching Funds for administrative expenses in the Region. If the Organization does not have sufficient local matching funds to request up to a total of \$35,000.00 within a fiscal year period, then the appropriate amount of State Matching Funds will be retained by the Department of Tourist Development.
  - (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 will be sent to the Commissioner of Tourist Development for recommendation and the Commissioner of Finance and Administration for approval and payment upon certification by the appropriate official of the applying Organization that Region-raised matching funds are available. State Matching Funds shall be distributed to the Organization on the basis of two dollars (\$2.00) in State Matching Funds for each one dollar (\$1.00) contributed by the membership or through donations to the applying Organization up to a maximum of thirty-five thousand dollars (\$35,000.00) each fiscal year, according to the provisions of the law.

**Authority:** T.C.A. §§ 4-346, 4-3-2201 et seq., 4-3-2206, 4-3-2207, and 4-5-201 et seq. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendments filed June 3, 2016; effective September 1, 2016.

#### **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 shall be considered evidence of that Organization's receipt of local matching contributions.
- (2) 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:
  - (a) No more than forty percent (40%) of the total of State Matching Funds received in a fiscal year may be used for the administrative expense of operating said Organization. Administrative expenses include: salaries, in part or in total, of any employee,

(Rule 1670-05-01-.05, continued)

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.

- (b) No State Matching Funds may be used to reimburse any member or contributor of said Organization for monies received which are used as locally raised matching funds, by cash transaction, development of promotional materials for a contributor or in-kind services.
- (c) 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.
- (d) 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.
- (e) Sponsoring familiarization tours within the 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 are deemed acceptable uses of State Matching Funds.

**Authority:** T.C.A. §§ 4-346, 4-3-2201 et seq., 4-3-2206, 4-3-2207, and 4-5-201 et seq. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendment filed September 24, 1985; effective December 14, 1985. Amendments filed June 3, 2016; effective September 1, 2016.

**1670-05-01-.06 REPEALED.**

**Authority:** T.C.A. §§ 4-346, 4-3-2201 et seq., 4-3-2206, 4-3-2207, and 4-5-201 et seq. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal filed August 27, 1979; effective October 10, 1979. Amendments filed June 3, 2016; effective September 1, 2016.