



State of Tennessee

PUBLIC CHAPTER NO. 959

HOUSE BILL NO. 2384

By Representatives Crawford, Kevin Brooks

Substituted for: Senate Bill No. 2380

By Senator Lundberg

AN ACT to amend Tennessee Code Annotated, Title 4; Title 5; Title 6; Title 7; Title 9; Title 11; Title 57 and Title 67, relative to revenue from certain events and related activities.

WHEREAS, the State of Tennessee is home to a wealth of natural beauty, historical sites, attractions, restaurants, resorts, museums, theme parks, music events and festivals, and sports and entertainment venues that attract visitors from all over the world; and

WHEREAS, the General Assembly recognizes the significant benefits of tourism in the State through economic impact, job creation, and increased sales tax collections from visitors from outside of the State; and

WHEREAS, the General Assembly desires to encourage more visitors to enjoy the beauty and hospitality of the State by encouraging the creation and enhancement of events at various sites around the State; and

WHEREAS, the General Assembly recognizes that development of new events and enhancement of existing events often requires significant resources, which may deter event venues from exploring new events or expanding existing events; and

WHEREAS, the General Assembly desires to create a mechanism by which a sponsoring county or municipality and event venue may receive reimbursement for certain event-related expenses out of the sales tax revenues generated in connection with a qualified event; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 1, is amended by adding the following as a new section:

- (a) This section shall be known and may be cited as the "Event Tourism Act."
- (b) As used in this section:
 - (1) "Department" means the department of finance and administration;
 - (2) "Endorsing local authority" means a county or municipality that contains a site suitable for hosting an event;
 - (3) "Event":
 - (A) Means an event:
 - (i) Organized by a site selection organization or a sanctioning body;
 - (ii) For which the site is determined through a competitive selection process that includes consideration of one (1) or more sites that are not located in this state; or
 - (iii) That is a new or non-annual event not exceeding two (2) years; and

(B) Includes any activities related to or associated with an event;

(4) "Event period" means a period of time in which the department determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the event;

(5) "Event revenue" means the revenue generated from collection of state sales and use taxes, pursuant to this chapter, and from the privilege tax imposed on the sale of alcoholic beverages for consumption on the premises pursuant to § 57-4-301(c), from all businesses at an event venue for the event period;

(6) "Event venue" means the facility or facilities where an event will take place;

(7) "Event venue host" means a person, corporation, limited liability company, association, governmental entity, or other entity that owns or operates a facility suitable for hosting an event that enters into an agreement with a local organizing committee to host an event at the facility;

(8) "Fund" means the event tourism fund established by this section;

(9) "Local organizing committee" means a nonprofit corporation that:

(A)

(i) Has been authorized to pursue an application to a site selection organization or a sanctioning body for selection as the site of an event by an endorsing local authority or multiple local endorsing authorities acting collectively;

(ii) Has executed an agreement with a site selection organization or a sanctioning body regarding a bid to host an event with the authorization of an endorsing local authority or multiple endorsing local authorities acting collectively; or

(iii) Has created a new event or secured a non-guaranteed event with the authorization of an endorsing local authority or multiple endorsing local authorities acting collectively; and

(B) Is governed by a board of at least three (3) members, of whom:

(i) One (1) or more is a representative of a business, which may be for-profit or not-for-profit, that is qualified to do business in the state;

(ii) One (1) or more is a local elected official; and

(iii) One (1) or more is a representative from a nonprofit entity that promotes tourism in the local area, such as a convention and visitor's bureau, chamber of commerce, or destination marketing organization;

(10) "Qualified expense":

(A) Means any expense of a local organizing committee, endorsing local authority, or event venue host directly related to the event and approved by the department;

(B) Includes the following, if approved by the department:

(i) Reasonable labor and equipment costs directly related to the event beyond the scope of normal employment;

(ii) Reasonable costs related to improvements or renovations to existing facilities in preparation for the event; and

(iii) Reasonable costs related to acquisition or construction of new facilities for the event; and

(C) Does not include usual and customary maintenance of a facility; and

(11) "State building commission" means the state building commission created by § 4-15-101.

(c)

(1) There is created the event tourism fund. Moneys deposited in the event tourism fund shall be expended in accordance with this section. Any unencumbered funds and any unexpended balance of the fund remaining at the end of any fiscal year shall not revert to the general fund, but shall be carried forward until expended in accordance with this section.

(2) No payment shall be made from the event tourism fund unless authorized by the department.

(d) A local organizing committee may apply to the department for the certification of an event in accordance with this section. An application for certification of an event must include:

(1) A proposed event venue and event period;

(2) An estimate of the event revenue to be collected within the event venue during the event period that is directly attributable to the preparation for and presentation of the event;

(3) Estimated attendance at the event;

(4) Financial information related to the projected revenue and expenses of the event;

(5) An estimate of the number of out-of-state visitors who will attend the event;

(6) A marketing plan for the event; and

(7) Any other relevant information as determined by the department.

(e) No funds shall be spent from the event tourism fund for an event unless the event is certified by the department of tourist development and the department of finance and administration. An event shall not be certified unless:

(1) The event is expected to have a measurable economic impact;

(2) The event would not be held in this state without certification of the event;

(3) An event venue and an event period have been approved;

(4) The state building commission has defined the boundaries of the event venue for the purposes of the event;

(5) The proposed expenses of the event are directly related to the event; and

(6) The event is located outside of a sports authority or tourism development zone that receives allocations pursuant to § 67-6-103(d), § 67-6-103(e), or § 7-88-106.

(f)

(1) Following the completion of an event, a local organizing committee shall apply to the department for reimbursement of qualified expenses incurred by the local organizing committee, an endorsing local authority, and an event venue host related to the event. The total reimbursements paid for an event may not exceed the total event revenue deposited into the event tourism fund related to the event.

(2) Any allocations to the event tourism fund shall not include any amounts allocated to a sports authority or a tourism development zone pursuant to § 67-6-103(d), § 67-6-103(e), or § 7-88-106.

(3) To receive any reimbursement of qualified expenses, the event venue host must register the event and all associated vendors with the department of revenue on forms prescribed by the department. Any failure by the event venue host to register associated vendors with the department may reduce the total eligible reimbursement amount.

(g) All applications, documents, communications, and reports related to this section are public records subject to disclosure pursuant to title 10, chapter 7, part 5, except for any tax information or tax administration information that is confidential pursuant to chapter 1, part 17 of this title.

(h) Financial records directly related to the event that receives reimbursement for qualified expenses pursuant to this section are subject to audit by the comptroller of the treasury.

SECTION 2. Tennessee Code Annotated, Section 57-4-306, is amended by adding the following as a new subsection:

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(1) Notwithstanding this section to the contrary, fifty percent (50%) of the event revenue from gross receipt taxes collected under § 57-4-301(c) for privileges exercised in an event venue during an event period that would not otherwise be earmarked for educational purposes shall be deposited in the event tourism fund.

(2) One and one hundred twenty-five thousandths percent (1.125%) of funds deposited in the event tourism fund shall be retained by the department of finance and administration to be used for costs associated with administering the fund and this section. The department of finance and administration shall cause to be paid to the department of revenue an amount to offset the department's costs in administering this section.

(3) As used in this subsection ():

(A) "Event period" has the same meaning as defined in Section 1 of this act;

(B) "Event revenue" has the same meaning as defined in Section 1 of this act; and

(C) "Event venue" has the same meaning as defined in Section 1 of this act.

SECTION 3. Tennessee Code Annotated, Section 67-6-103, is amended by adding the following as a new subsection:

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(1) Notwithstanding the allocations provided for in subsection (a), fifty percent (50%) of the event revenue from the state taxes collected under this

chapter for privileges exercised in an event venue during an event period that would otherwise be deposited in the general fund and not otherwise be earmarked for educational purposes shall be deposited in the event tourism fund established by Section 1 of this act.

(2) One and one hundred twenty-five thousandths percent (1.125%) of funds deposited in the event tourism fund shall be retained by the department of finance and administration to be used for costs associated with administering the fund and this section. The department of finance and administration shall cause to be paid to the department of revenue an amount to offset the department's costs in administering this section.

(3) As used in this subsection ():

(A) "Event period" has the same meaning as defined in Section 1 of this act;

(B) "Event revenue" has the same meaning as defined in Section 1 of this act; and

(C) "Event venue" has the same meaning as defined in Section 1 of this act.

SECTION 4. The provisions contained in this act shall terminate on July 1, 2023.

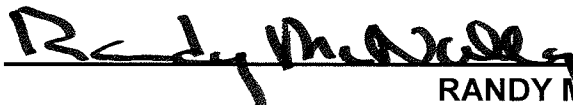
SECTION 5. This act shall take effect January 1, 2019, the public welfare requiring it.

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PASSED: April 23, 2018

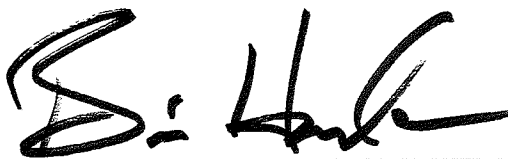


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 15th day of May 2018



BILL HASLAM, GOVERNOR