www.tnentertainment.com
312 Rosa L. Parks Avenue, 27th Floor
Nashville, TN 37243
Phone: 615-741-3456   Email: tn.entertainment@tn.gov

Tennessee Entertainment Commission ("TEC") Production Incentive

Guidelines and Instructions for Application

DISCLAIMER: These are intended to be guidelines only and are subject to revisions. Please check with the Tennessee Entertainment Commission prior to submitting any applications to verify you are using the latest guidelines.

Contents

The definitions of capitalized terms used herein that are not found in the text below can be found in Section 9

Section 1 – Program Overview

1.1 Amount of Incentive

1.1.1 General Percentage

The Tennessee Entertainment Commission ("TEC") Production Incentive offers up to a twenty-five percent grant on Qualified Tennessee Expenditures to Production Companies filming within Tennessee. Production Companies will enter into a Grant Contract with the Tennessee Department of Economic & Community Development ("ECD") upon review and approval from the ECD Grants Committee. Funds are distributed to Qualified Production Companies through a Grant Contract and no expenditures will qualify until an effective date is assigned to the Grant Contract.

5% Tennessee Resident Labor uplift: If approved by TNECD Grant Committee and based on availability of funds, a Scripted TV Series accruing a minimum of $500,000 per episode in qualified TN expenditures and including an embedded Filmed in Tennessee logo in end credits, may be eligible for up to a 5% uplift on Tennessee Resident labor.

1.1.2 Program Funding

The TEC Production Incentive is funded through the Film/TV Fund. Funding for the Film/TV Fund is determined by the Tennessee General Assembly on an annual basis.

1.2 Purpose of Program

The program was enacted with the best interests of the State of Tennessee, which include, but are not limited to, marketing the state as well as job creation and economic development. This is not a "first come, first serve" program nor one of unlimited resources. The TEC & ECD shall have the sole discretion of awarding these incentives, in furtherance of the best interests of the State of Tennessee. The criteria for the Production Incentive are described herein. Any questions and/or requests for clarification can be directed to the TEC.

1.3 Production Credits to Tennessee

To access the rebate all qualified Productions are required to provide credits to the Governor, the State of Tennessee, Tennessee Entertainment Commission (TEC), Department of Economic and Community Development (ECD) and regional film commission(s) (if applicable) that provided services to the Production Company. All Qualified Productions are also required to include a static or animated Filmed in Tennessee logo (provided by the TEC) in the end credits — (if applicable) before the below-the-line crew crawl—for the life of the project and/or broadcast. Additionally, a logo linked to a state of Tennessee marketing website may be required on the project's promotional website upon request. Logo guidelines and assets will be provided to all approved grantees by the Tennessee Entertainment Commission.

Download the Filmed in TN Logos and Brand Guidelines

Section 2 – Eligibility Requirements

2.1 Types of Eligible Projects

Feature films, Scripted Television Series and Scripted Television Pilots are eligible to apply for the incentive program provided that such productions are filmed in the State of Tennessee.

Unless deemed in the best interest of the State, live and recorded events, including news, sports, concerts and awards shows; talk shows, variety show formats; documentaries or docudramas; music videos; webisodes; unscripted television, reality, scripted reality or all reality sub-genres; corporate marketing or training videos; projects consisting primarily of stock footage and/or interviews; trailers promoting theatrical films not filmed in Tennessee; photo shoots or still photography; website development; and anything that is not original content recorded in Tennessee, will NOT qualify to receive an incentive.

The script and resulting production must not be obscene in nature, as defined by TCA 39-17-901. Projects applying for the TEC Production Incentive will be evaluated on a case by case basis. All scripts will be reviewed to ensure the production is in the best interest of the State. The content of the production must also not require that records be maintained pursuant to 18 U.S.C. Sec. 2257 with respect to any performer portrayed therein. The Production Company must comply with all applicable state and federal laws.

2.2 Minimum Spend

Scripted Television Series, Feature Films and Television Pilots are required to have a minimum of $200,000 in Qualified Tennessee Expenditures (QTE). A Scripted TV Series applying for the 5% TN Resident Labor uplift must accrue a minimum of $500,000 per episode in TN Qualified Expenditures.

2.3 Principal Photography Start Dates

Principal Photography must begin in Tennessee within 120 days from the Effective Date as defined in the Grant Contract.

2.4 Date Requirements for Eligible Expenditures

Any expenses incurred before the Effective Date do not qualify as Qualified Tennessee Expenditures. Expenses must be incurred within 12 months following the Effective Date. However, a Qualification Period may be extended upon approval of the Commission. All financial obligations incurred in-state must be satisfied (see Section 5 for completion notification) prior to submission of application for grant.

Section 3 – Application Process and Requirements

3.1 Required Forms

- Form A- Registration for Certification of Conditional Eligibility (see Index of Appendices)
- Form A: Annex I- Due Diligence Questionnaire (see Index of Appendices)

3.2 Timing of Forms

TEC recommends submitting Form A and Form A: Annex I - Due Diligence Questionnaire at least four (4) months before the start of Principal Photography to allow for adequate time for the TEC to complete the application review and award process (see Section 4).

3.3 Other Required Information

- Detailed preliminary budget
- Written description of project, including script and synopsis
- List of creative elements, if known (i.e. principal cast director, line producer, location manager, etc.)
- Plans for distribution, including the names of any distributor(s) to the extent known
- Description of the source(s) of financing (including any private placement memorandum

Section 4 – Application Review and Award Process

4.1 Certificate of Conditional Eligibility

Upon the satisfaction of the initial application procedures by the Production Company and the approval of the Production by the ECD Grants Committee, the TEC will issue a Certificate of Conditional Eligibility ("CCE") for the TEC Production Incentive to the Production Company. The CCE will certify that the Form A and Form A: Annex I - Due Diligence Questionnaire filed on behalf of this Production for participation in the program have been approved and the requested funds have been reserved for the Production Company. The CCE will outline the approved estimate of Qualified Tennessee Expenditures and provide the anticipated incentive amount.

The receipt of the CCE does not guarantee availability of the incentive funds nor the amount of funds ultimately awarded, as these are contingent on the final budget and the production meeting the requirements of the incentive program. Application approval is at the discretion of the ECD Grants Committee.

4.2 Grant Contract

Production Companies will enter into a Grant Contract, typically within two weeks of the issuance of the CCE, with the Department of Economic and Community Development. No expenditures will qualify until a Grant Contract is fully executed by both parties and an effective date has been assigned. Any anticipated increase in the Production Company's Qualified Tennessee Expenditures, must be submitted to the TEC in writing and approved by the ECD Grants Committee or the additional expenditures will not be eligible for qualification. Any requests for the additional reservation of funds need to be submitted to the TEC on Form D and approved by the ECD Grants Committee (see Index of Appendices). The allocation of additional funds is subject to the availability of funds and the discretion of the Grants Committee. If it is determined that the Production Company has attempted to circumvent ANY of these guidelines, ECD may exercise its right to terminate the Grant Contract.

Upon the final award payment being received by the Production Company, the Grant Contract will be administratively closed out by ECD.

4.3 Pre-Production Meeting

The Production Company must meet with TEC to discuss the Production before Principal Photography begins.

Section 5 – Qualified Expenditures

- Expenditures are considered Qualified Tennessee Expenditures only to the extent that the costs are clearly and demonstrably incurred in Tennessee in the pre-production, production and post-production phases of a Qualified Production.
- Incurred in Tennessee means payments made for goods or services used in the state in connection with a Qualified Production AND purchased from a Tennessee Vendor or paid to a Tennessee Resident for a Qualified Production.
- Refer to Appendix B for an account by account description of eligibility

5.1 Common Eligible Expenditures and Criteria for Qualification

- Qualified Tennessee Expenditures directly associated with the production including art direction, wardrobe, make-up, hair, location fees, rental of facilities and equipment, scoring/soundtrack, special effects and all other customary post-production costs.
- Tennessee Resident wages, salaries, fees, per diem and fringe benefits (including pension, workers compensation and health and welfare payments) of Tennessee Resident cast and crew (whether paid to an individual, Loan-out Company or any other entity).
- Eligible payroll for feature films & TV Pilots are limited to the first $250,000 in gross wages, salaries, fees, per diem and fringe benefits paid to a Tennessee Resident. (See Section 5.6).
- A Scripted Television Series applying for the 5% TN Resident Labor uplift may be eligible for nonresident wages, salaries, per diems and fringe benefits for Qualifying Principle cast & crew positions. Total payroll compensation for nonresident wages is limited to the first $2,000,000 per season.
- All nonresident positions must be reviewed by the TEC and approved by the ECD Grants Committee to be deemed qualified for the rebate.
- Housing (in-state), living allowances and per diems paid to Tennessee Residents and nonresidents related to services performed in Tennessee during production.
- Travel of cast and crew to/from and within Tennessee, when purchased from a Tennessee Vendor (does not include private/charter flights).
- Insurance when purchased through a Tennessee Vendor and purchased specifically for a Qualified Production.
- Music related expenditures purchased from a Tennessee Vendor or Tennessee Resident including licensing, studio rentals, studio musicians, and equipment rental for the Qualified Production.

5.2 Common Ineligible Expenditures

The following are examples of common expenditures incurred by Production Companies that are not eligible for the Production Incentive. This is not intended to be a complete list and is only provided for reference for typical Productions.

- Wages, salaries, and/or fees, of nonresident cast and crew members unless deemed qualified by the department.
- Costs/fees associated with advertising, marketing, distribution, financing and completion bonds
- Alcohol and tobacco – including use as props
- Cell phone reimbursements
- Contingency fees & Development fees
- Profit sharing payments
- Gifts/prizes
- Wrap party expenses
- In-kind services/goods
- Expenditures incurred in Tennessee for portions of Productions occurring out-of-state. (i.e. travel, equipment rental, crew/talent hires, or post-production for any portions of projects filming outside Tennessee).
- Post-production of a project that did not shoot in Tennessee, or has already shot in Tennessee without receiving the required TEC approval in advance.
- Any expenditure for an approved project that is related to portions of a Qualified Production that did not physically occur in Tennessee.
- Payments made directly to the government (federal, state, county or city), including permits and employer payroll taxes (FICA, SUI, etc.).
- Expenditures made to Section 501(c), non-profit organizations (including Goodwill, Salvation Army, churches, museums, schools, etc.)
- No on-line purchases will be considered eligible as Qualified Tennessee Spend.

5.3 Pass-Through Companies

A Tennessee Vendor cannot be a pass-through company. If the vendor is a Tennessee Vendor but appears to be a pass-through company, then only those dollars that are of benefit to Tennessee will be allowed for the TEC incentive.

For example, ABC Productions pays Tennessee Supplier Company (TSC) to broker equipment and supplies for a film production. TSC finds equipment to lease from Jersey Film Supplies (JFS) in New Jersey for a $100,000 leasing fee. TSC charges ABC Productions $105,000 for equipment from JFS and $10,000 for supplies purchased in Tennessee and a $2,000 handling fee totaling $117,000. Only the $10,000 supplies expense, $5,000 up charge ($105,000 less $100,000) and $2,000 handling fee totaling $17,000 are Qualified Tennessee Expenditures.

5.4 Assets

For the purchase of office, post-production or effects equipment (including but not limited to computers, hardware and relevant components, printers, copiers, etc.), Tennessee Qualified Expenditures will include the lesser of the net costs of the asset after sales proceeds (if assets are sold) or 20% of the original cost.

For all assets, other than office, post-production or effects equipment, with an original purchase price over $5,000 the potential Tennessee Qualified Expenditures will be limited as follows:

- If the asset is sold, the Tennessee Qualified Expenditures shall be the lesser of the net costs of the asset after sales proceeds or 50% of the original cost of such asset.
- If the asset is retained, donated, gifted or lost, the Tennessee Qualified Expenditures shall be no more than 50% of the original cost of such asset.
- If the asset is destroyed during the process of production, the Production Company shall maintain documentation to support the destruction of the asset (e.g. call sheets, production reports, still photographs, video footage, etc.) and 100% of that asset shall qualify as a Tennessee Qualified Expenditure.

5.5 Related Party Transactions

Payments exchanged between immediate family of owners or management and/or multiple enterprises having the same or similar owners must be “arm’s-length” and must be disclosed in the request for incentive reimbursements. Related parties shall be interpreted to include companies approved to receive the incentive, payments that are made to that company’s owner, partner or principal. In order to substantiate that the Production is conducting transactions at “arm’s-length,” the Production Company must document the circumstances of all related party transactions. Compensation, such as payroll transactions or loans, made between related parties must be reasonably comparable to industry standards. With the exception of payroll-type transactions, the Production Company must solicit and maintain documentation of three bids from non-related parties, to perform the same services or provide the same products as the related party enterprise. To be a Qualified Tennessee Expenditure the amount paid to related party enterprise may be no more than the lowest of the three non-related party bids as well as meet the requirements as laid out in Section 5.

5.6 Residence and Related Reporting Requirements

Tennessee Residents must meet Tennessee Resident criteria, which require a Tennessee driver's license or identification (ID only) license. According to state law new residents or those returning to Tennessee and holding a driver's license from another state must obtain a Tennessee driver's license no later than thirty (30) days after establishing residency. All new or returning residents must surrender their out-of-state license at time of application for a Tennessee license. Tennessee law does not allow a resident of this state to hold more than one valid driver's license or ID. Only foreign country licenses/IDs may be retained. All applicants obtaining an ID only license must meet the same standards for proof of identity, legal presence and residency as required for any driver's license. In order for expenses to qualify the individual must have a Tennessee driver's license or Identification (ID Only) license prior to each payment by the Production.

5.7 Completion Notification

Upon the completion of Principal Photography, the Production Company must post a notice, once a week for three consecutive weeks, in local newspapers distributed in each Tennessee location where production took place, notifying the public of the need to file creditor claims with the Production Company by a specified date. The Production Company agrees that outstanding obligations are not waived by a creditor failing to file such claim by the specified date. The Production Company must include the production title, address, phone, fax, and contact name(s) of its primary or corporate office - not a temporary Tennessee production office - as vendors need to be able to contact the company after it has closed its local production office. Tennessee based companies should include their Tennessee primary or corporate office information. The Production Company must submit this information to the TEC and submit a copy of the newspaper bill for all three weeks to the TEC.

Section 6 – Financial Compliance (CPA Agreed Upon Procedures)

6.1 Process and Timing

A Certified Public Accountant ("CPA") hired by the Production Company will issue an Independent Accountants' Report on Applying Agreed Upon Procedures ("AUP") including the procedures required in Section 6.2 in accordance with attestation standards established by the American Institute of Certified Public Accountants. Unless an extension to the submission deadline is approved by the Commission, The AUP is to be submitted to TEC within 18 (eighteen) months of the Effective Date as defined by the Grant Contract. In the event that the Production Company needs additional time to submit the required documentation a written request can be submitted to TEC.

6.2 Specific CPA Agreed Upon Procedures

The agreed-upon procedures will be as follows:

1. The CPA will read the regulations and guidelines of the Production Incentive.
2. The CPA will obtain from the Production Company a general ledger listing of all expenditures the Production Company determines to be Qualified Tennessee Expenditures (“QTE"). **QTE includes only verifiable expenditures; adjusting or correcting entries to the General Ledger are not usually independently verifiable expenditures.*
3. Inspect the QTE in accordance with Appendix B - Production Incentive Guidelines. Remove any non-qualified expenses from the population to be sampled. Non-Qualified expenditures are including but not limited to:

    - Wages, salaries, and/or fees, of nonresident cast and crew members unless deemed qualified by the department.
    - Costs/fees associated with advertising, marketing, distribution, financing and completion bonds
    - Alcohol and tobacco – including use as props
    - Cell phone reimbursements
    - Contingency fees & Development fees
    - Profit sharing payments
    - Gifts/prizes
    - Wrap party expenses
    - In-kind services/goods
    - Expenditures incurred in Tennessee for portions of Productions occurring out-of-state. (i.e. travel, equipment rental, crew/talent hires, or post-production for any portions of projects filming outside Tennessee).
    - Post-production of a project that did not shoot in Tennessee or has already shot in Tennessee without receiving the required TEC approval in advance.
    - Any expenditure for an approved project that is related to portions of a Qualified Production that did not physically occur in Tennessee.
    - Payments made directly to the government (federal, state, county or city), including permits and employer payroll taxes (FICA, SUI, etc.).
    - Expenditures made to Section 501(c), non-profit organizations (including Goodwill, Salvation Army, churches, museums, schools, etc.)
    - No on-line purchases will be considered eligible as Qualified Tennessee Spend.
    - Costs paid or incurred before the effective date of the Grant Contract
    - Payroll handling fees processed outside TN
    - TN vendors acting as a passthrough company for out of state purchases.

4. The CPA will verify the amount of QTE meets the minimum spend. For Scripted TV Series, feature films and television pilots $200,000, for scripted television series approved for 5% TN Resident Labor up lift $500,000 per episode.

Expenditures (Payroll Non-Residents):

5. The CPA will obtain listing from the Production Company of all TN Qualified Non-Resident Expenditures approved by the TEC.

    a. The CPA will test all TN Qualified Non-Resident Expenditures, paid to individuals (payroll) selected from the general ledger, whether they were made to an individual or a loan-out company. For each item selected, the CPA will verify to supporting records (timecard or equivalent documentation):
        i. The agreement of the date the expense was incurred
        ii. The individual/loan-out company name
        iii. Amount of the expense
        iv. Tennessee Non-Resident status of the employee
        v. Qualification in accordance with the TEC Guidelines
        vi. The name, position and or amount agree with the approved TEC list.
        vii. Only the first $250,000 in gross wages, salaries, fees, per diem and fringe benefits are qualified.
        viii. The expenditure was paid or incurred for services rendered or goods used in TN.

    b. For scripted television projects approved as of September 1, 2018 with a minimum $500,000 QTE per episode and including a Film Tennessee Film Logo verify no more than $2,000,000 Qualified Non-Resident Expenditures are included in the TEC.

Expenditures (Payroll Residents):

6. The CPA will test certain QTE, paid to **TN Resident** individuals (payroll) selected from the general ledger, whether they were made to an individual or a loan-out company. The items will be selected in accordance with Appendix F. For each item selected, the CPA will verify to supporting records (timecard or equivalent documentation):
    a. The agreement of the date the expense was incurred
    b. The individual/loan-out company name
    c. Amount of the expense
    d. Tennessee Resident status of the employee
    e. Qualification in accordance with the TEC Guidelines
    f. For payments made to loan-out companies or other entities, the CPA will verify that the loan-out company or other entity is a Tennessee Vendor.
    g. Only the first $250,000 in gross wages, salaries, fees, per diem and fringe benefits are qualified.
    h. The expenditure was paid or incurred for services rendered or goods used in TN.

Expenditures (Excluding Payroll):

7. The CPA will test certain QTE, other than payments to individuals (non-payroll) selected from the general ledger. The items will be selected in accordance with Appendix F. For each item selected, the CPA will verify to supporting records (invoice or equivalent documentation):
    a. Inspect invoices, check copies, bank statements, receipts, credit card support, or other equivalent documentation and agree vendor, date and amount to the TN expenditure.
    b. Qualification in accordance with the TEC Guidelines
    c. For payments made to loan-out companies or other entities, the CPA will verify that the loan-out company or other entity is a Tennessee Vendor.
    d. The expenditure was paid or incurred for services rendered or goods used in TN.
    e. For payments to individuals verify Tennessee Resident status

8. The CPA will obtain fixed asset listings from the Production Company of all assets used in the Production as follows: (1) all office, post-production, and effects equipment; and (2) all other assets not considered office, post-production and effects equipment with an original purchase price over $5,000. The listings should indicate the status of the assets (e.g. retained, donated, gifted or lost, etc.). A copy of both listings should be attached to the report. For all assets on the listings perform the following procedures:

    a. For all office, post-production or effects equipment (including but not limited to computers, hardware and relevant components, printers, copiers, etc.), verify that the QTE is the lesser of the net costs of the asset after sales proceeds (if assets sold) or 20% of the original cost.

    b. For all assets over $5,000 not including office, post production and effects equipment, verify the following: (1) If the asset is sold, verify that the QTE is the lesser of the net costs of the asset after sales proceeds or 50% of the original cost of such asset; (2) If the asset is retained, donated, gifted or lost, verify that the QTE is 50% of the original cost of such asset; and (3) If the asset is destroyed during the process of production, verify that the production company maintains documentation to support the destruction of the asset (e.g. call sheets, production reports, still photographs, video footage, etc.) and allow 100% of the original cost of that asset.

9. The CPA will obtain from the Production Company a listing of all related party transactions included in the QTE. Related Party payments exchanged between immediate family of owners or management and/or multiple enterprises having the same or similar owners must be “arm’s-length” and must be disclosed in the request for incentive reimbursements. Related parties shall be interpreted to include companies approved to receive the incentive, payments that are made to that company’s owner, partner or principal. The CPA will inspect documentation of three bids from non-related parties, to perform the same services or provide the same products as the related party enterprise. To be a QTE the amount paid to related party enterprise may be no more than the lowest of the three non-related party bids

Wrap Up Procedures:

10. The CPA will apply the rate of misstatement of the exceptions identified in procedure 6 and 7 above, if any, to the respective populations tested. The rate of misstatement will be calculated by the total value of the exceptions identified, divided by the total dollar value tested, and multiplied by the respective populations tested. The total of all calculated misstatements for each population tested will be deducted from the original schedule of QTE to arrive at a revised amount of QTE. For exceptions noted in procedure 8, adjust the QTE for known misstatements noted and attach a listing of those misstatements.

11. Verify with a responsible official at the Production Company that any QTE included in insurance claims have been credited in the general ledger. If the production company filed an insurance claim and received funds, the CPA is to inspect the supporting documentation of the claim to ensure the expenditures were properly credited to the correct accounts in the general ledger.

12. The CPA will verify the amount of QTE after all adjustments meets the minimum spend. For Scripted TV Series, feature films and television pilots $200,000, for scripted television series approved for 5% TN Resident Labor Uplift $500,000 per episode.

13. The CPA will recalculate the amount of production incentive by multiplying the total QTE from the general ledger obtained in procedure 2 (above), as adjusted for the known and extrapolated misstatements identified in number 10 above by twenty-five percent (25%) plus 5% if applicable.

6.3 General Requirements

- The cost report must be in US dollars.
- The period during which the expenditures were incurred must be disclosed.
- For selected payments made to loan-out companies or other entities, the CPA must verify that the loan-out or other entities are Tennessee Vendors.
- The costs to be recorded are actual costs and shall not include any internal journal entries, mark-ups or profit additions on the part of the production entity receiving the rebate.
- It is the Production Company's responsibility to ensure that all of the required information is provided.
- CPA shall be a licensed firm who has undergone a successful peer review in the most recent reporting cycle. Prior to the State's acceptance of the Independent Accountants' Report the Production Company must submit to the State a copy of the CPA's license & most recent peer review.
- All Qualified Tennessee Expenditures must be net of any refunds, rebates or insurance claims.
- No internal journal entries.
- The production company should administer Petty Cash expenditures using standard accounting best practices. All documentation must be legible and must include the purchase date. The production company should maintain all Petty Cash Receipts and other pertinent documents in an orderly manner and available for review until after the final incentive payments have been processed.

Section 7 – Reporting Process

7.1 Forms

Form C: Incentive Application must be completed in its entirety and submitted to the TEC along with all required attachments prior to finalization and payment of the incentive.

7.2 Timing

Unless an extension has been approved by the Commission, expenditures must be incurred within the Twelve (12) Month Qualification Period and all required information shall be submitted to TEC within eighteen (18) months of the Effective Date.

7.3 Data Reporting Requirements

See Appendix D – "Tracking Tips and Data Requirements" for complete set of data submission requirements and helpful hints for recording expenses during the Production.

7.4 Demonstration of Work

Prior to finalization and payment of the incentive, the production company will provide access to a screener of the Production, or the most recent edited version of the Production, to TEC & ECD. The production company will also provide at least five production still photos in an electronic format with rights cleared for promotional use and, for feature films only, at least one poster for promotion of the project.

7.5 Final Credit Award and Payment

The Production Company will not be entitled to receive any incentives, nor will they file any of their claims with the state, until the internal evaluation of program requirements shows that the Production Company has complied with all its obligations under this program. Payments will be made by direct deposit **upon** the completion of the review process.

In order to receive the Production Incentive, the Production Company must enter into a payment contract with the State of Tennessee and will also be required to submit an invoice of the amount of adjusted Qualified Tennessee Expenditures , a substitute Form W-9 (download at http://tn.gov/film/PDF/Incentives/SubstituteW9.pdf), and the ACH Form (download at http://tn.gov/film/PDF/Incentives/ACHregistration.pdf) along with the required voided check or deposit slip.

7.6 Hold Harmless

The payment contract requires the Production Company to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Production Company, its employees, or any person acting for or on its or their behalf relating to the Production.

Section 8 – Confidentiality

8.1 Tennessee Public Records Act

The Tennessee Public Records Act is found in Tennessee Code Annotated ("TCA") § 10-7-101 and the sections that follow it. For purposes of access to public records, the operative provision is found in TCA § 10-7-503, which says: "All state county and municipal records ... shall at all times, during business hours, be open for public inspection by any citizen of Tennessee, and those in charge of such records shall not refuse such right of inspection to any citizen, unless provided by state law."

"Records" are defined in TCA § 10-7-301 as "all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics made or received pursuant to law or ordinance or in connection with the transaction of official business of any governmental agency."

In summary, documents that come into possession of a governmental agency either by virtue of receipt of the documents by the agency, or creation of the documents by the agency, are public records that must be made available for public inspection unless they are exempt from the disclosure by state law. TCA § 10-7-505(d) says the law "shall be broadly construed so as to give the fullest possible public access to public records."

TCA § 10-7-504 lists several records and categories of records that are exempt from disclosure. In addition, this same provision lists cross-references to many statutes that exempt certain records from disclosure.

8.2 ECD Public Records Provision

Supplemental to the Tennessee Public Records Act, the Department of Economic and Community Development ("ECD") has adopted departmental open records provisions found at TCA § 4-3-730. Unless a specific exception applies, the information and documents maintained, received, or produced by ECD are open for inspection by the public, including proprietary information, state contracts, and related documentary materials.

Section 9 - Definitions

Cable Network: Non-broadcast television programming that is transmitted to the viewer via cable, satellite, wireless, or internet protocol for a subscription, per program or per channel fee.

ECD Grants Committee: Committee made up of ECD senior management that oversees the allocation of ECD program funds.

Effective Date: Date of the finalization of the Grant Contract and the date at which Qualified Tennessee Expenditures are permitted to begin being incurred by the Production Company.

Eighteen (18) Month Submission Date: Eighteen (18) months after the Effective Date, the date by which the Agreed Upon Procedures must be submitted to TEC.

Estimated Tennessee Spend: The amount of Qualified Tennessee Expenditures a Production anticipates incurring in Tennessee through the Qualification Period.

Feature Film: Means a production of a film intended for commercial distribution to a motion picture theater, directly to the home video market, or via the Internet that has a running time of at least seventy-five (75) minutes in length.

Grant Contract: TN prescribed contract entered into between the Production Company and ECD setting the terms and periods of performance as related to the Production Incentive.

Key Crew Positions: Heads of a department hired by a production company, necassry for the purpose of producing a film or episodic series.

National Network: A broadcaster which carries television programs through a series of local affiliates across the country.

One Hundred Twenty (120) Day Start Date: One hundred twenty (120) days after the Effective Date, the date by which Principal Photography must begin**.**

Principle Cast: An ensemble cast is made up of cast members in which multiple principal actors and performers are assigned roughly equal amounts of importance and screen time in a dramatic production

Production: A Feature Film, Scripted Television Episode or Scripted Television Pilot.

Pre-Production: The process of preparation for actual physical production which begins after a qualified Production Company has received a firm agreement of financial commitment. Customarily includes but is not limited to activities such as location scouting, hiring of key crew members, and establishment of a dedicated production office.

Post Production: The final activities in a qualified motion picture's production, including but not limited to editing, foley recording, ADR, sound editing, negative cutting, color correction and sound mixing.

Principal Photography: Means the phase of production during which the motion picture is actually shot, as distinguished from preproduction and post-production. Principal Photography days refers to the number of days shot by the principal unit with the director and lead actors usually present.

Production Company: Any corporation, partnership, limited partnership, limited-liability Company or other entity or individual that is principally engaged in producing a Production and that controls the Production during pre-production, production and post-production. The applicant is the qualified taxpayer that upon final approval will receive the grant.

Qualified Tennessee Expenditures: Goods or services used in Tennessee in connection with a Qualified Production AND purchased from a Tennessee Vendor or paid to a Tennessee Resident for production occurring in Tennessee incurred within the Qualification Period.

Qualification Period: From the Effective Date through the Twelve (12) Month Completion Date.

Qualified Production: Is a Production filmed in Tennessee that has met all criteria of the program and been approved by ECD Grants Committee.

Scripted Television Series: A group of episodes for a television program broadcast in regular intervals with a break between each group, usually with one year between the beginning of each and made up primarily of principal actors and cast using scripted dialogue within a structure scene between actors.

Television Episode: A distinctive and separate twenty-two (22) to sixty (60) minute program which is part of a television series.

Television Series: A segment of content intended for broadcast on television. It may be a one-time production or part of a periodically recurring series.

Television Pilot: The initial episode produced for a proposed television series.

Tennessee Resident: An individual with a permanent Tennessee Driver's License or Identification (ID Only) license.

Tennessee Vendor: For procurement purposes, TCA 12-4-12 (c) (2) says that a Tennessee vendor/bidder means a business that "is incorporated in this state; that has its principal place of business in this state; or that has an established physical presence in this state."

Twelve (12) Month Qualification Period: Twelve (12) months after the Effective Date, the date by which all Qualified Tennessee Expenditures must be incurred.