



JASON E. MUMPOWER  
*Comptroller*

**TENNESSEE STATE FUNDING BOARD  
NOVEMBER 17, 2021  
AGENDA**

1. Call Meeting to Order
2. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:

- **Faurecia Interior Systems Inc – Spring Hill (Maury Co.)**  
FastTrack Economic Development Grant \$ 855,000
- **Virnig Manufacturing Inc. – Pikeville (Bledsoe Co.)**  
FastTrack Economic Development Grant \$ 810,000
- **iHeart Media + Entertainment, Inc. – Nashville (Davidson Co.)**  
FastTrack Economic Development Grant \$1,250,000
- **TBA**  
FastTrack Economic Development Grant \$1,250,000
- **uLab Systems, Inc. – Memphis (Shelby Co.)**  
FastTrack Economic Development Grant \$1,750,000

3. Revenue Estimating Presentations:

Presenters:

- A. Ms. Laurel Graefe, Regional Executive,  
Federal Reserve Bank of Atlanta, Nashville Branch
- B. Dr. William Fox, Professor of Economics,  
Boyd Center for Business and Economic Research, University of Tennessee
- C. Dr. Jon Smith, Professor and Director of Business and Economic Research,  
Dr. Joseph Newhard, Assistant Professor of Economics,  
Dr. Fred Mackara, Associate Professor of Economics,  
East Tennessee State University
- D. Commissioner David Gerregano,  
Mr. Jeff Bjarke, Director of Research,  
State of Tennessee, Department of Revenue
- E. Mr. Bojan Savic, Assistant Director,  
Mr. Joe Wegenka, Chief Economist,  
State of Tennessee, Fiscal Review Committee

4. Lottery Revenue Estimating Presentations:

Presenters:

- A. Mr. Bojan Savic, Assistant Director,  
Mr. Joe Wegenka, Chief Economist,  
State of Tennessee, Fiscal Review Committee
  - B. Ms. Rebecca Hargrove, President and CEO,  
Mr. Andy Davis, Chief Financial and Technology Officer  
Tennessee State Lottery Corporation
  - C. Mr. Tim Phelps, Associate Executive Director for Grant and Scholarship Programs,  
Tennessee Student Assistance Corporation
5. Request to the Board for Consideration for Program Funding for the Fiscal Year 2022-2023 from Net Lottery Proceeds Pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B)
6. Recess (to reconvene November 23, 2021, at 2:00 p.m. in the Cordell Hull Building, House Hearing Room I)

URL for video stream: [http://tnga.granicus.com/MediaPlayer.php?publish\\_id=181e49a9-3b89-4688-afed-567099046ce4](http://tnga.granicus.com/MediaPlayer.php?publish_id=181e49a9-3b89-4688-afed-567099046ce4)

## FastTrack Report to State Funding Board

11/10/2021

1. Previous FastTrack Balance, as of Last Report	373,802,371.96	
2. + New Appropriations:	0.00	
3. + Newly Deobligated Funds:	149,800.00	
4. + Funds Transferred to FastTrack:	0.00	
5. - Funds Transferred from FastTrack:	0.00	
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	(2,750,000.00)	
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(2,598,000.00)	
8. - FastTrack Administration	(162,353.33)	
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		368,441,818.63

10. Total Amount of Commitments:	331,747,230.80	
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11. Uncommitted FastTrack:		36,694,587.83
12. Percentage Committed:		90.0%

13. Amount of Proposed Grants or Loans:	5,915,000.00	
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		30,779,587.83
15. Percentage Committed:		91.6%

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

Robert Ross

Date: 11/10/21

Commissioner of Economic and Community Development



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training, and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements, and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed \$750,000 per eligible business within a three (3) year period.

**1. Faurecia Interior Systems Inc – Spring Hill (Maury County)**

Founded in 1997, Faurecia is a top ten global automotive supplier with 266 industrial sites and approximately 39 R&D centers in 35 countries worldwide and provides innovative solutions to automotive challenges across four business groups: Seating, Interiors, Clarion Electronics and Clean Mobility. The Spring Hill expansion will support Faurecia's position as one of the world's leading suppliers of seat systems, full interior systems, electronics and display technologies, and ultra-low and zero emission solutions.

Faurecia will expand its existing facility by nearly 100,000 square feet to increase manufacturing capabilities, specifically the production of door panel assemblies for several major OEMs. This expansion comes two years after Faurecia located its manufacturing operations in Tennessee, at which time the company invested \$30 million and committed to create nearly 150 new jobs in Maury County.

Faurecia Interior Systems Inc has committed to create 171 net new jobs and make a \$18,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$17.71 for the new positions.



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit, building expansion, building improvements, and lease payments. **(\$855,000)**

**Total FastTrack funds for this project - \$855,000**

### **2. Virnig Manufacturing Inc. – Pikeville (Bledsoe County)**

Established in 1989, Virnig Manufacturing has served its clients through the engineering and manufacturing of skid steer attachments. Today, with roughly 180 full-time employees, the company's product lines support many industries including construction, landscaping, forestry and agriculture.

Headquartered in Rice, Minnesota, the family-owned company will expand its Midwest operations to Tennessee. The expansion will help the company meet its growing product demands outside its current Midwest territory.

Virnig Manufacturing's 62,000-square-foot facility, located at 403 Allen P. Deakins Road in Pikeville, will allow the company to fabricate, weld, paint, assemble and ship products to its customers.

Virnig Manufacturing Inc. has committed to create 70 net new jobs and make a \$11,583,500 capital investment within five (5) years. The company will have an average hourly wage of \$19.48 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit, building expansion, building improvements, fixture improvements, and acquisition of real property. **(\$810,000)**

**Total FastTrack funds for this project - \$810,000**

### **3. iHeart Media + Entertainment, Inc. – Nashville (Davidson County)**

iHeartMedia is a leading global media and entertainment company specializing in radio, digital, mobile, social, live events and on-demand entertainment.

iHeartMedia, a New York-based broadcast radio streaming company, is establishing a second headquarters in Nashville next year, further strengthening Nashville's music and technology sectors.



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

iHeart Media + Entertainment, Inc. has committed to create 180 net new jobs and make a \$2,850,000 capital investment within five (5) years. The company will have an average hourly wage of \$51.82 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit, fixture improvements, lease payments and tenant improvements. **(\$1,250,000)**

**Total FastTrack funds for this project - \$1,250,000**

#### **4. 86 Pearson Lane, LLC – Lexington (Henderson County)**

86 Pearson Lane, a commercial heat exchanger manufacturer, will purchase the Ayers Building, located at 15365 Highway 22 North and expand the facility by an additional 60,000 square feet. Upon completion, the new operations should cover 120,000 square feet and is expected to be operational by early 2022.

86 Pearson Lane, LLC has committed to create 155 new jobs and make a \$16,050,000 capital investment within five years. The company will have an average wage rate of \$20.21 per hour for the new positions.

FastTrack Economic Development Grant funds will be used to offset expenses such as building improvements, building expansion, and fixture improvements. **(\$1,250,000)**

**Total FastTrack funds for this project - \$1,250,000**

#### **5. uLab Systems, Inc. – Memphis (Shelby County)**

uLab Systems, Inc. is an orthodontics services company providing next generation case planning software and newly added turnkey manufacturing services for clear aligners, retainers, and attachment templates.

uLab Systems, Inc. has committed to create 231 new jobs and make a \$30,731,000 capital investment within five years. The company will have an average wage rate of \$33.85 per hour for the new positions.



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

FastTrack Economic Development Grant funds will be used to offset expenses such as building retrofit, fixture improvements, rent/lease payments and any tenant improvements paid to the building owner as part of a rent/lease payment. **(\$1,750,000)**

**Total FastTrack funds for this project - \$1,750,000**

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

### State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Industrial Development Board of Maury County, Tennessee	\$855,000	
<b>TOTAL</b>		<b>\$855,000</b>	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Faurecia Interior Systems Inc

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  Yes  No  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

**Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

**Applicant must answer "Yes" to a or b.**

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.



**TRAINING**

7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

**Applicant must answer "Yes" to a or b.**


12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

**ECONOMIC DEVELOPMENT**

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.

  
\_\_\_\_\_  
Commissioner of Economic and Community Development

  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

June 22, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Faurecia Interior Systems, Inc. intends, in good faith, to create 171 private sector jobs in Spring Hill, Maury County and make a capital investment of \$18,000,000 in exchange for incentives that will be memorialized in a grant agreement between Faurecia Interior Systems, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 150 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 855,000
<b>Total ECD Commitment:</b>	<b>\$ 855,000</b>

Please sign your name in the space below to signify Faurecia Interior Systems, Inc. 's acceptance of ECD's offer set forth above and return it by August 21, 2021 to:

Tennessee Department of Economic and Community Development  
Attn: Joey Viola  
312 Rosa Parks Avenue, 27th Floor  
Nashville, TN 37243  
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: David Shirley  
(Authorized Representative of Company)

Date: Aug 20<sup>th</sup>, 2021

DAVID SHIRLEY  
DIVISION INDUSTRIAL STRATEGY  
DIRECTOR



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Maury County, Tennessee for the benefit of Faurecia Interior Systems Inc in the amount of \$855,000 to offset expenses such as building retrofit, building expansion, building improvements, and lease payments. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of net new jobs. Faurecia Interior Systems Inc has committed to create 171 net new jobs and make a \$18,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$17.71 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

### State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	The Industrial Development Board of the County of Bledsoe	\$810,000	
<b>TOTAL</b>		<b>\$810,000</b>	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Virnig Manufacturing Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  Yes  No  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

**Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

**Applicant must answer "Yes" to a or b.**

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

**TRAINING**

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

**Applicant must answer "Yes" to a or b.**

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

**ECONOMIC DEVELOPMENT**

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.

  
\_\_\_\_\_  
Commissioner of Economic and Community Development

  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

October 13, 2021

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Virnig Manufacturing, Inc. intends, in good faith, to create 70 private sector jobs in Pikeville, Bledsoe County and make a capital investment of \$11,583,500 in exchange for incentives that will be memorialized in a grant agreement between Virnig Manufacturing, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 810,000*
<b>Total ECD Commitment:</b>	<b>\$ 810,000*</b>

\*This incentive amount reflects an increase of 50% due to the company's investment in a distressed county.

Please sign your name in the space below to signify Virnig Manufacturing, Inc.'s acceptance of ECD's offer set forth above and return it by January 11, 2022 to:

Tennessee Department of Economic and Community Development  
Attn: Joey Viola  
312 Rosa Parks Avenue, 27th Floor  
Nashville, TN 37243  
Joey.Viola@tn.gov

**Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.**

Signature:   
(Authorized Representative of Company)

Date: 10/21/21



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to The Industrial Development Board of the County of Bledsoe for the benefit of Virnig Manufacturing Inc. in the amount of \$810,000 to offset expenses such as building retrofit, building expansion, building improvements, fixture improvements, and acquisition of real property. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this distressed community due to the number of net new high paying jobs. Virnig Manufacturing Inc. has committed to create 70 net new jobs and make a \$11,583,500 capital investment within five (5) years. The company will have an average hourly wage of \$19.48 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

**State Funding Board FastTrack Checklist**

*FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).*

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Industrial Development Board of the Metropolitan Government of Nashville and Davidson County	\$1,250,000	
<b>TOTAL</b>		<b>\$1,250,000</b>	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): iHeart Media + Entertainment, Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  Yes  No  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

**Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

**Applicant must answer "Yes" to a or b.**

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.



**TRAINING**

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

**Applicant must answer "Yes" to a or b.**

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

**ECONOMIC DEVELOPMENT**

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.

Robert Roefe  
Commissioner of Economic and Community Development

11/10/21  
Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

March 26, 2021

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that iHeart Media + Entertainment, Inc. intends, in good faith, to create 180 private sector jobs in Nashville, Davidson County and make a capital investment of \$2,850,000 in exchange for incentives that will be memorialized in a grant agreement between iHeart Media + Entertainment, Inc. and the State of Tennessee. New jobs must be in addition to the company’s baseline of 1 job at the project site in Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 1,250,000
<b>Total ECD Commitment:</b>	<b>\$ 1,250,000</b>

Please sign your name in the space below to signify iHeart Media + Entertainment, Inc.’s acceptance of ECD’s offer set forth above and return it by June 24, 2021 to:

Tennessee Department of Economic and Community Development  
Attn: Joey Viola  
312 Rosa Parks Avenue, 27th Floor  
Nashville, TN 37243  
Joey.Viola@tn.gov

**Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.**

Signature:   
(Authorized Representative of Company)

Date: 5/10/2021



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County for the benefit of iHeart Media + Entertainment, Inc. in the amount of \$1,250,000 to offset expenses such as building retrofit, fixture improvements, lease payments and tenant improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of net new high paying jobs. iHeart Media + Entertainment, Inc. has committed to create 180 net new jobs and make a \$2,850,000 capital investment within five (5) years. The company will have an average hourly wage of \$51.82 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

### State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	The Industrial Development Board of the City of Lexington	\$1,250,000	
<b>TOTAL</b>		<b>\$1,250,000</b>	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): 86 Pearson Lane, LLC

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  Yes  No  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

**Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

**Applicant must answer "Yes" to a or b.**

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

**TRAINING**

7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

**Applicant must answer "Yes" to a or b.**

12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

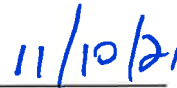
**ECONOMIC DEVELOPMENT**

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.



Commissioner of Economic and Community Development



Date



## Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

July 13, 2021

### INCENTIVE ACCEPTANCE FORM

This form serves as notice that James M German intends, in good faith, to create 155 private sector jobs in Lexington, Henderson County and make a capital investment of \$16,050,000 in exchange for incentives that will be memorialized in a grant agreement between James M German and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

#### ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 1,250,000
<b>Total ECD Commitment:</b>	<b>\$ 1,250,000</b>

Please sign your name in the space below to signify James M German's acceptance of ECD's offer set forth above and return it by September 11, 2021 to:

Tennessee Department of Economic and Community Development  
Attn: Joey Viola  
312 Rosa Parks Avenue, 27th Floor  
Nashville, TN 37243  
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: James M German  
(Authorized Representative of Company)

Date: 8/20/2021



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to The Industrial Development Board of the City of Lexington for the benefit of 86 Pearson Lane, LLC in the amount of \$1,250,000 to offset expenses such as building improvements, building expansion, and fixture improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this At-Risk community due to the number of net new high paying jobs. 86 Pearson Lane, LLC has committed to create 155 new jobs and make a \$16,050,000 capital investment within five years. The company will have an average wage rate of \$20.21 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

**State Funding Board FastTrack Checklist**

*FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).*

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee	\$1,750,000	
<b>TOTAL</b>		<b>\$1,750,000</b>	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): uLab Systems, Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).  Yes  No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

**Identify which of the following apply:**

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
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- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

**Applicant must answer "Yes" to a or b.**

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.



Yes  No

**TRAINING**

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?

Yes  No

Yes  No

**INFRASTRUCTURE**

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?

Yes  No

Yes  No

**Applicant must answer "Yes" to a or b.**

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
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**ECONOMIC DEVELOPMENT**

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?
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- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.

Yes  No

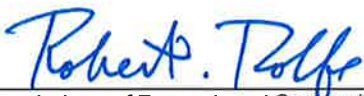
Yes  No

Yes  No

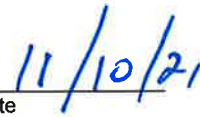
Yes  No

Yes  No

I have reviewed this document and believe it to be correct.



Commissioner of Economic and Community Development



Date



Department of Economic and Community Development

Bob Rolfe  
Commissioner

Bill Lee  
Governor

September 27, 2021

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that uLab Systems intends, in good faith, to create 231 private sector jobs in Memphis, Shelby County and make a capital investment of \$30,731,000 in exchange for incentives that will be memorialized in a grant agreement between uLab Systems and the State of Tennessee. New jobs must be in addition to the company's baseline of 31 jobs at the project site in Tennessee.

**ECD OFFER SUMMARY**

FastTrack Economic Development Grant:	\$ 1,750,000
<b>Total ECD Commitment:</b>	<b>\$ 1,750,000</b>

Please sign your name in the space below to signify uLab Systems' acceptance of ECD's offer set forth above and return it by December 26, 2021 to:

Tennessee Department of Economic and Community Development  
Attn: Joey Viola  
312 Rosa Parks Avenue, 27th Floor  
Nashville, TN 37243  
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature:   
(Authorized Representative of Company)

Date: 10-11-2021



## Department of Economic and Community Development

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Bob Rolfe  
Commissioner

Bill Lee  
Governor

November 17, 2021

Comptroller Jason Mumpower  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee for the benefit of uLab Systems, Inc. in the amount of \$1,750,000 to offset expenses such as building retrofit, fixture improvements, rent/lease payments and any tenant improvements paid to the building owner as part of a rent/lease payment. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of net new high paying jobs and capital investment. uLab Systems, Inc. has committed to create 231 new jobs and make a \$30,731,000 capital investment within five years. The company will have an average wage rate of \$33.85 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in blue ink that reads "Robert P. Rolfe".

Bob Rolfe

BR/js

Per ECD, please see the weighted average wage for the company versus the county median wage below.

**Faurecia Interior Systems Inc – Spring Hill (Maury County)**

Project weighed average wage: \$17.71

County Median Wage: \$17.61

**Virnig Manufacturing Inc. – Pikeville (Bledsoe County)**

Project weighed average wage: \$19.48

County Median Wage: \$16.76

**iHeart Media + Entertainment, Inc. – Nashville (Davidson County)**

Project weighed average wage: \$51.82

County Median Wage: \$21.03

**86 Pearson Lane, LLC – Lexington (Henderson County)**

Project weighed average wage: \$20.21

County Median Wage: \$15.85

**uLab Systems, Inc. – Memphis (Shelby County)**

Project weighed average wage: \$33.85

County Median Wage: \$18.44

# Economic Update: Where do we go from here?

November 2021

Laurel Graefe



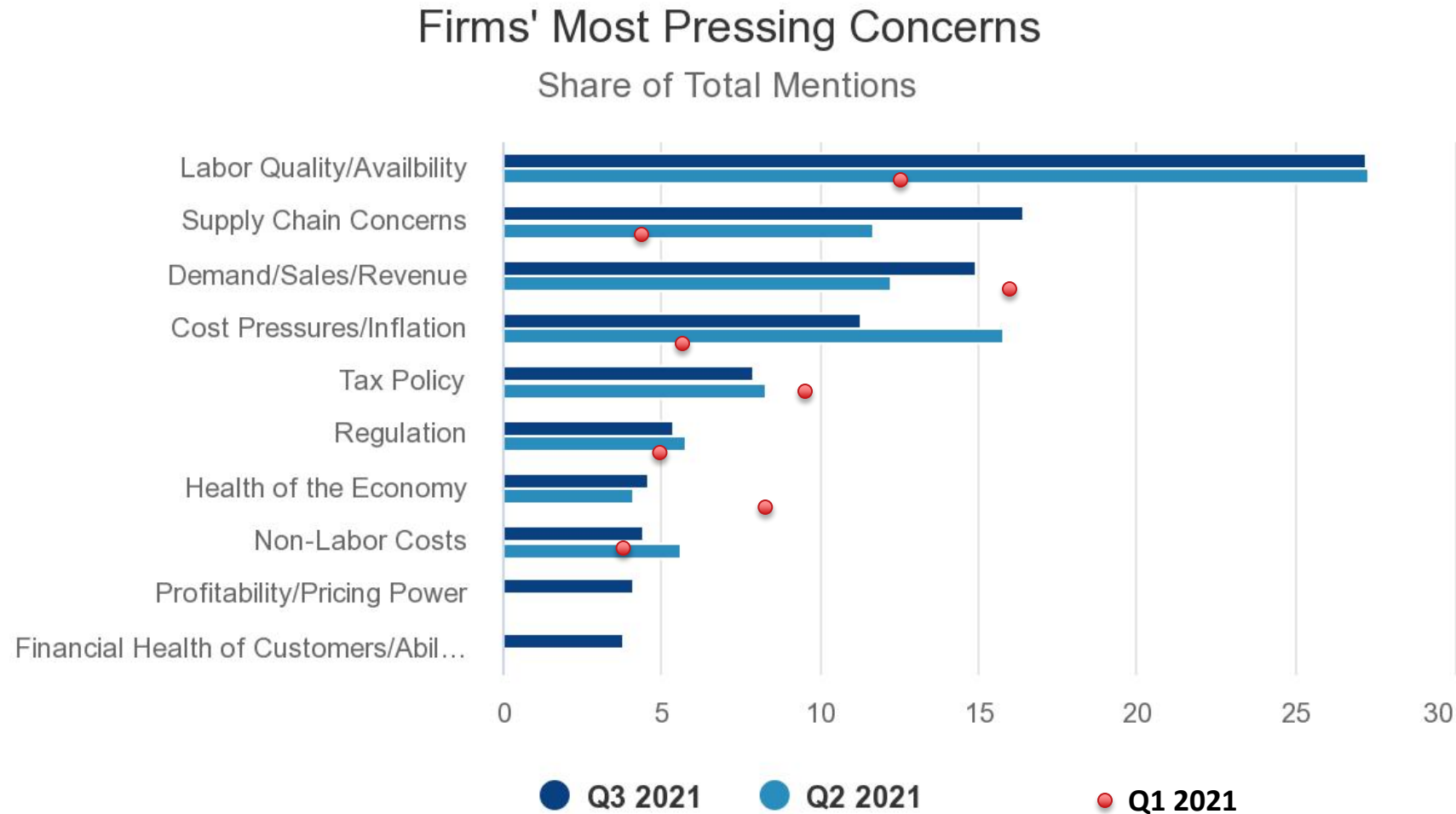
Federal Reserve Bank of Atlanta  
Nashville Branch

## Summary

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- Businesses expect demand to remain resilient, despite challenges
- Supply chain concerns, labor market tightness, and rising costs are weighing on confidence and adding uncertainty to the outlook

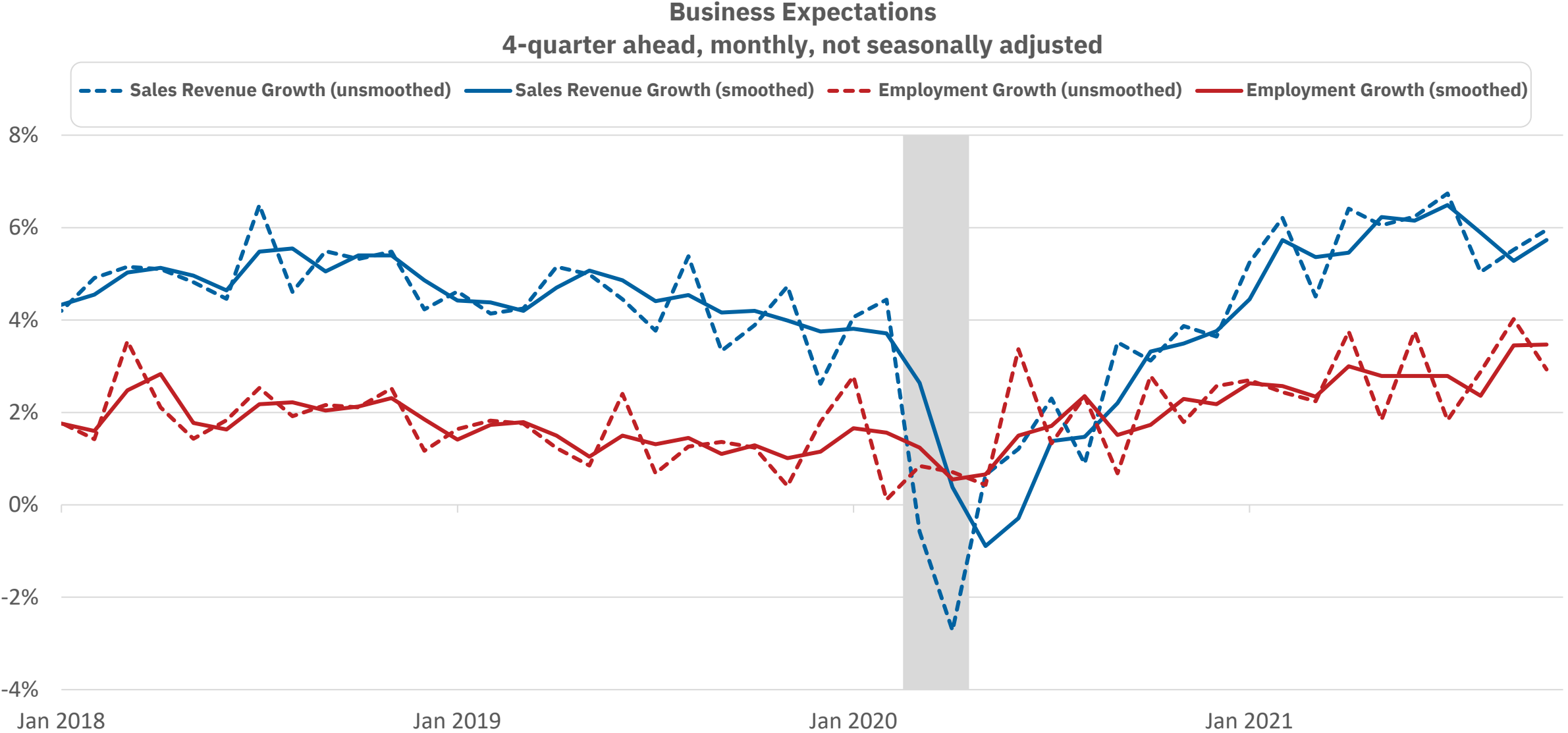
# Businesses' most pressing concerns have shifted from Demand toward Labor, Supply Chains, and Costs since the start of the year



Note: Results from Q2 2021 survey (June 21 to July 2, 2021) are shown for comparison. A topic without a Q2 frequency of mentions is one that moved into the top ten in Q3.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

# Though firms continue to expect both sales growth and hiring to remain robust in the coming year

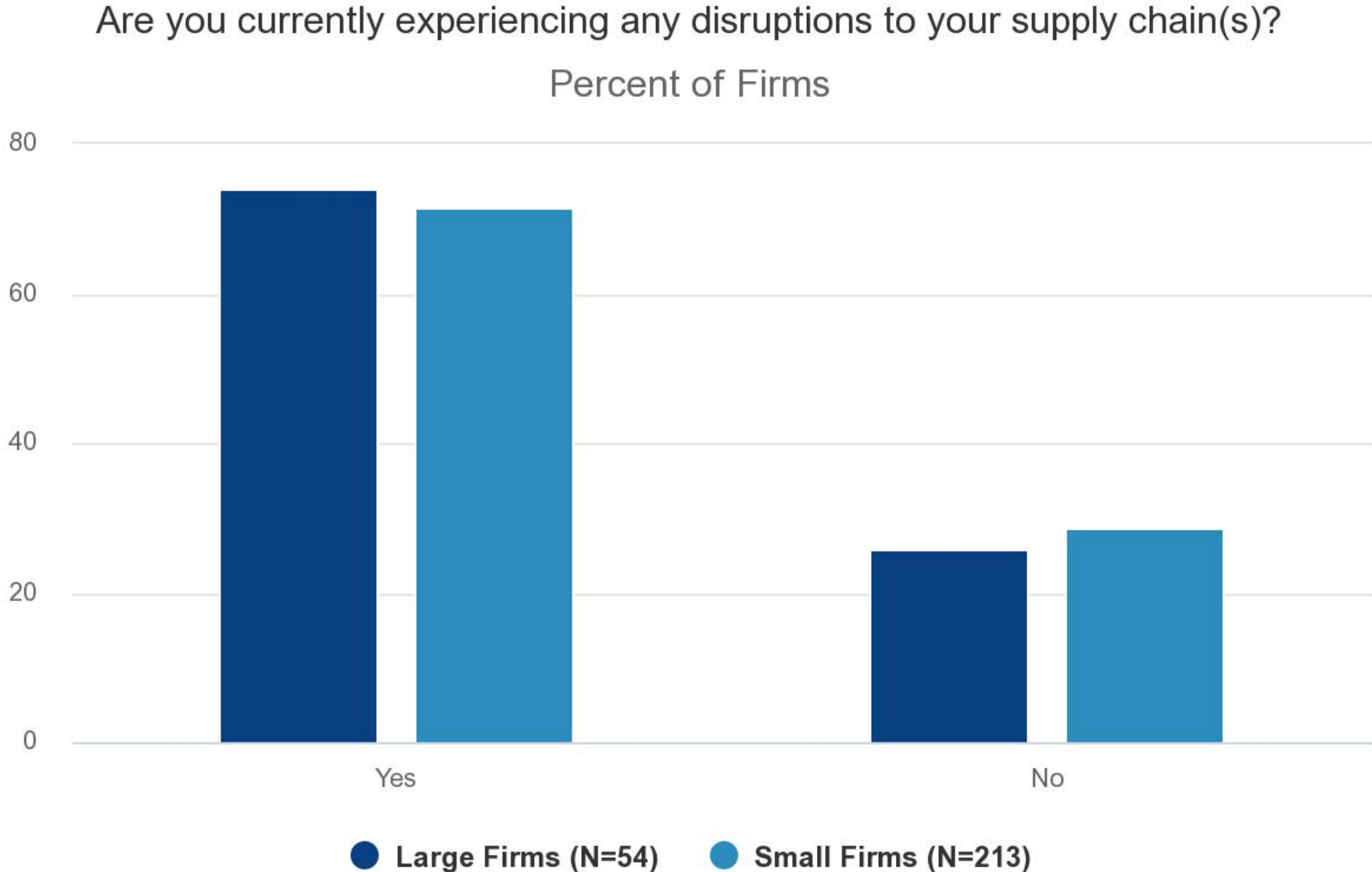


Sources: Atlanta Fed/Chicago Booth/Stanford; National Bureau of Economic Research; Haver Analytics

through October 2021

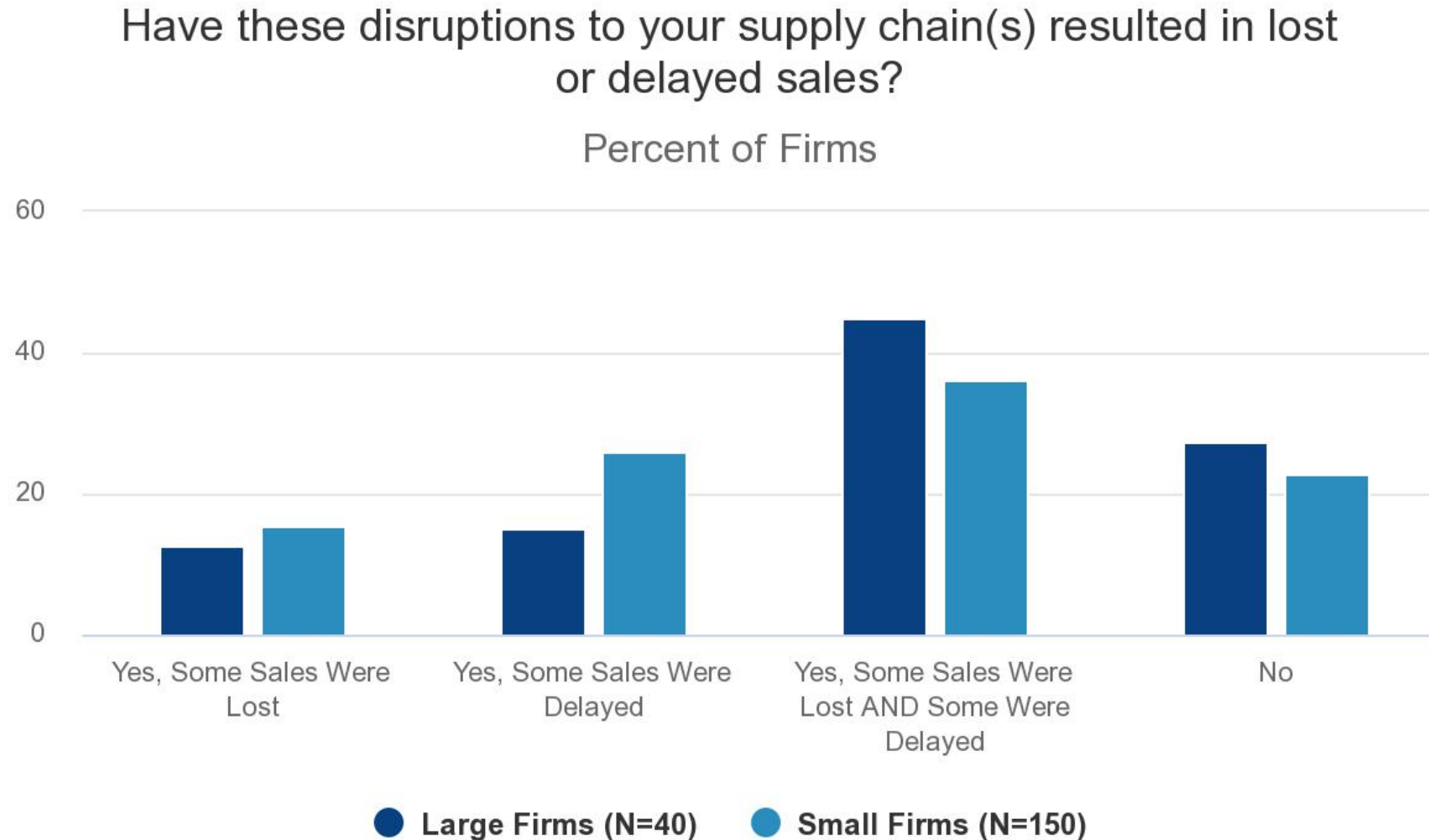


# Over 70 percent of firms report that supply chains are disrupting business



Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

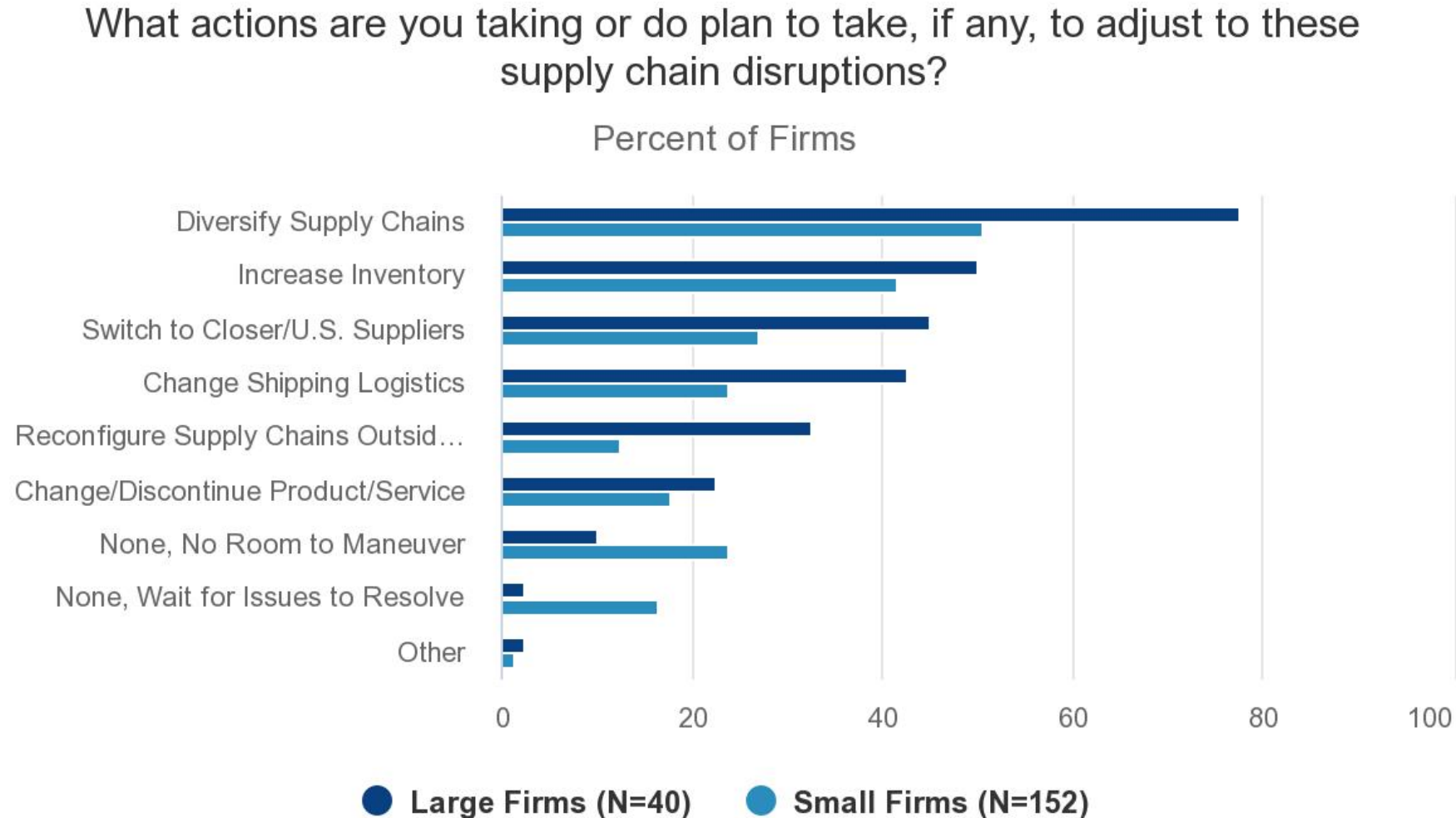
## And those disruptions have resulted in delayed or lost sales



Note: Chart shows responses from firms that indicated they are experiencing supply chain disruptions.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

## Most firms are taking measures to adapt to supply chain challenges; smaller businesses appear to have more limited options



Note: Chart shows responses from firms that indicated they are experiencing supply chains disruptions. Percentages do not sum to 100 because respondents could report more than one action.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

# Disruptions are expected to persist at least into next year

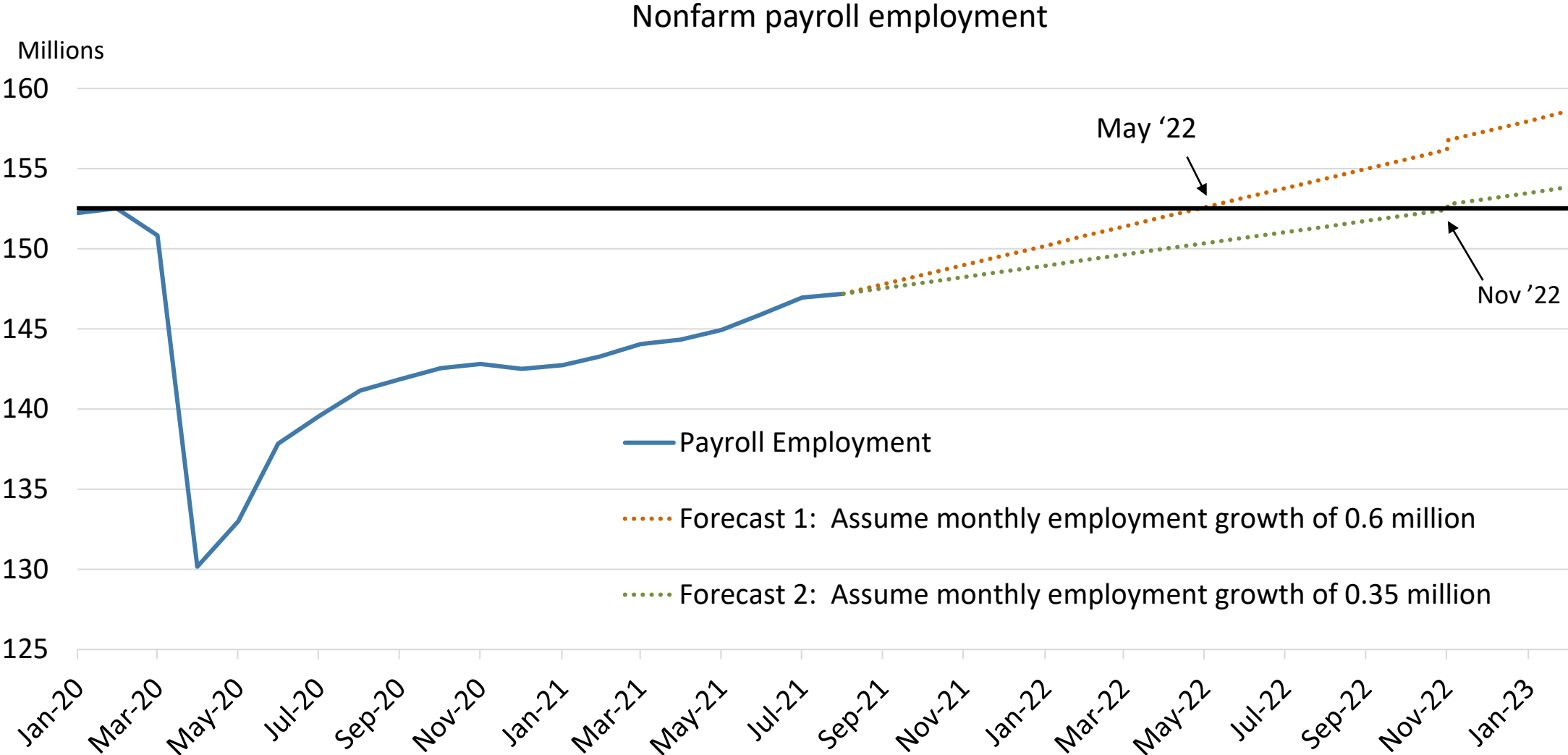
When do you anticipate these areas of supply chain disruptions will be resolved?



Note: Chart shows responses from firms that indicated they are experiencing supply chain disruptions. The "Other" category for nature of disruptions is not shown due to a low number of responses.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

# Meanwhile, labor demand remains strong. The U.S. economy added 531k net jobs in October and is on pace to return to pre-covid employment levels in 2022

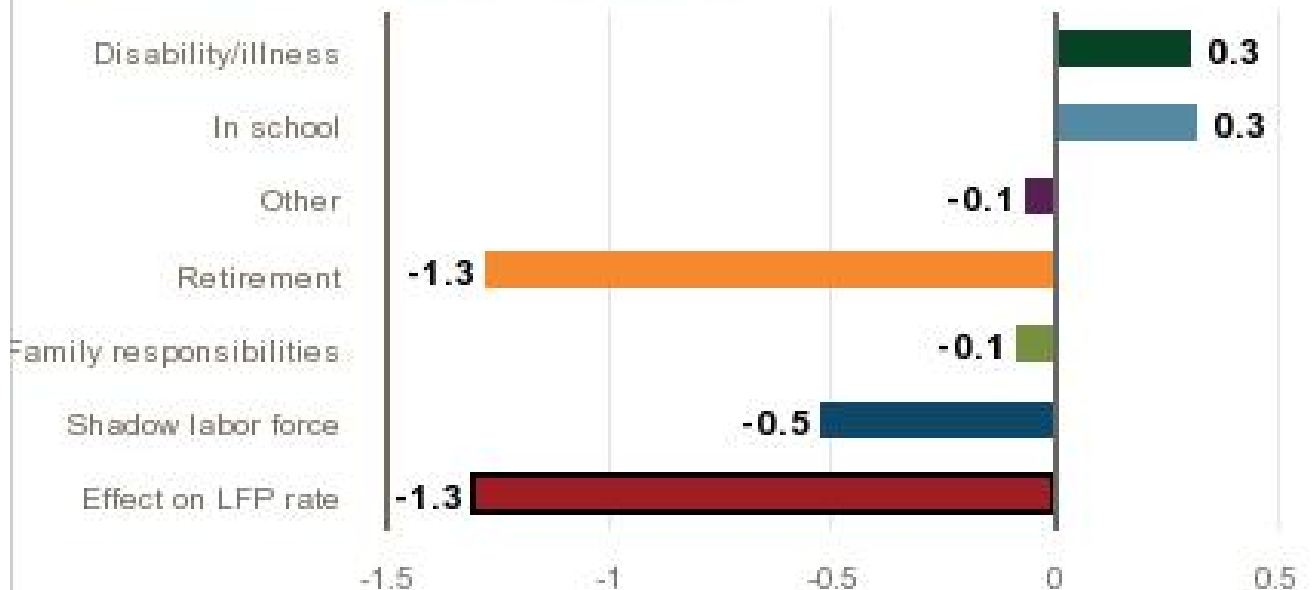


Source: Bureau of Labor Statistics

# Employer concerns about labor shortages reflect, in part, a reduction in labor force participation since the start of the pandemic

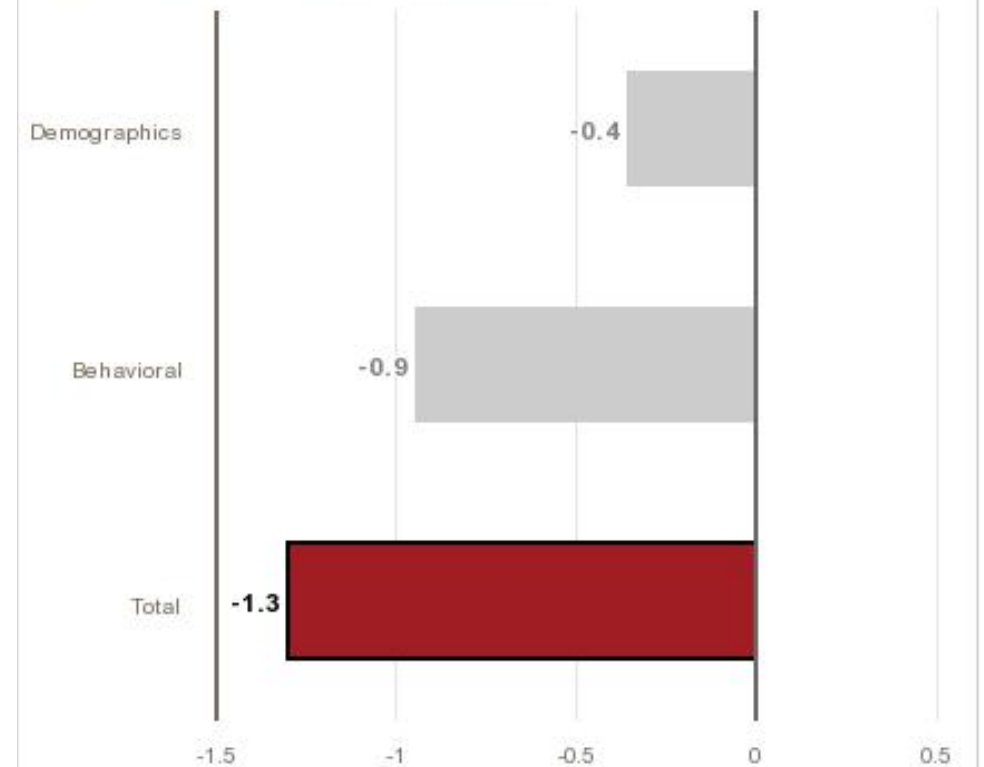
## Contributions to Total Change in Labor Force Participation by Nonparticipation Category

all genders of all ages of all races and ethnicities with all education types from Q2 2019 to Q2 2021



## Decomposition of Change in Labor Force Participation

all genders of all ages of all races and ethnicities with all education types from Q2 2019 to Q2 2021



<https://www.atlantafed.org/chcs/labor-force-participation-dynamics> Note: A negative number for retirement means it increased and thereby contributed to the decline in LFP. The categories other than “Shadow labor force”, are people saying they currently *do not* want a job. The shadow labor force are people saying they *do* want a job – but are not currently looking.

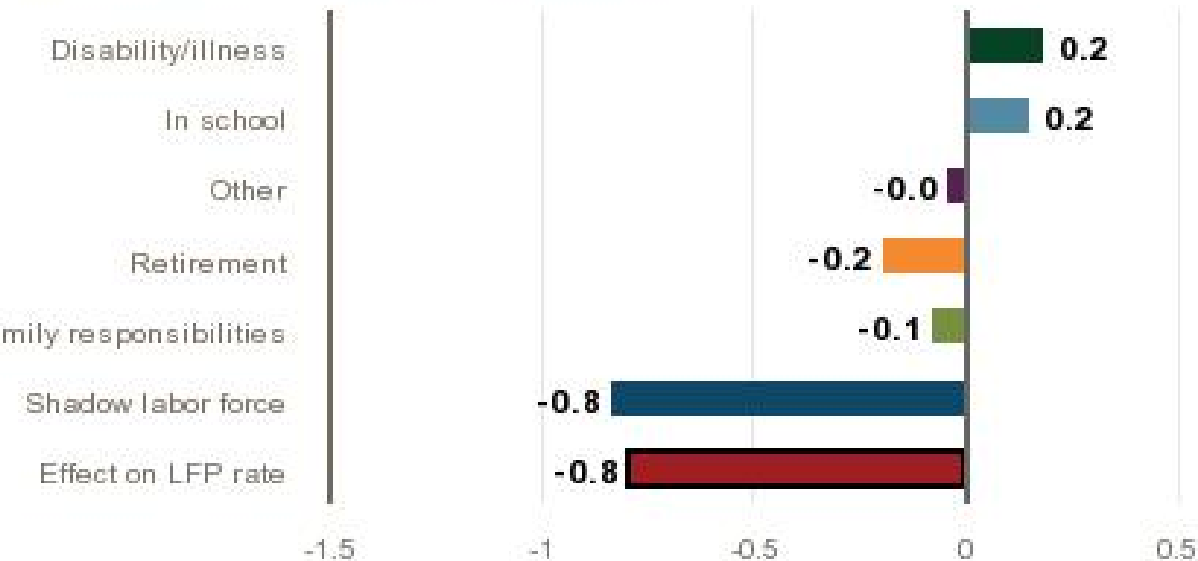
# However, the size of the prime-age shadow labor force suggests that the bulk of these non-participants are interested in working again

25-54

55+

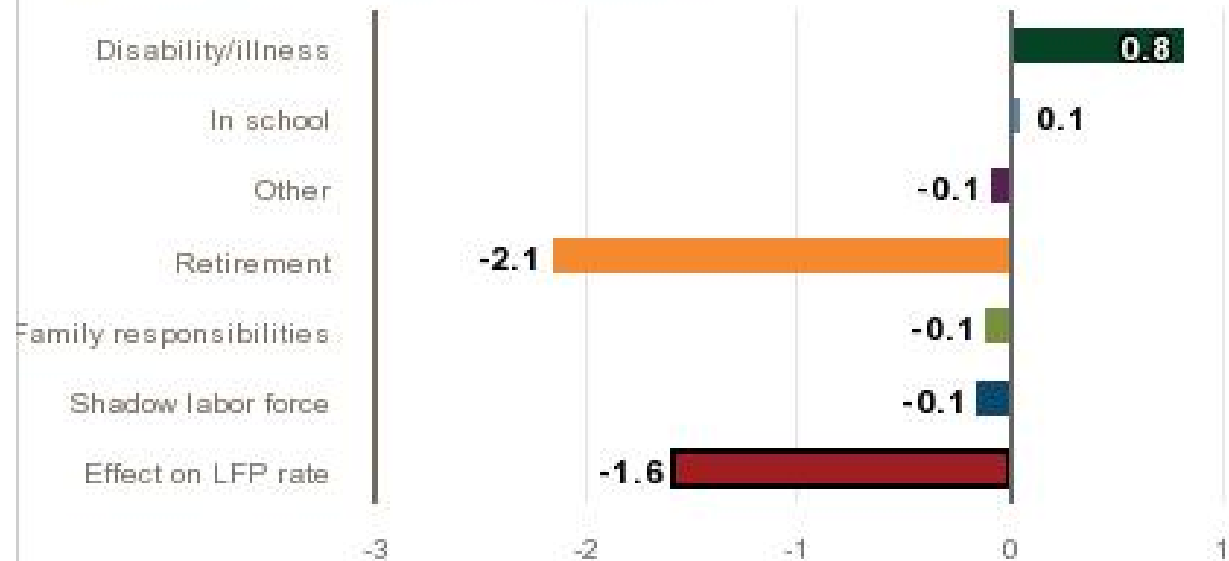
## Contributions to Total Change in Labor Force Participation by Nonparticipation Category

all genders of ages 25-54 of all races and ethnicities with all education types from Q2 2019 to Q2 2021



## Contributions to Total Change in Labor Force Participation by Nonparticipation Category

all genders of ages 55 and over of all races and ethnicities with all education types from Q2 2019 to Q2 2021

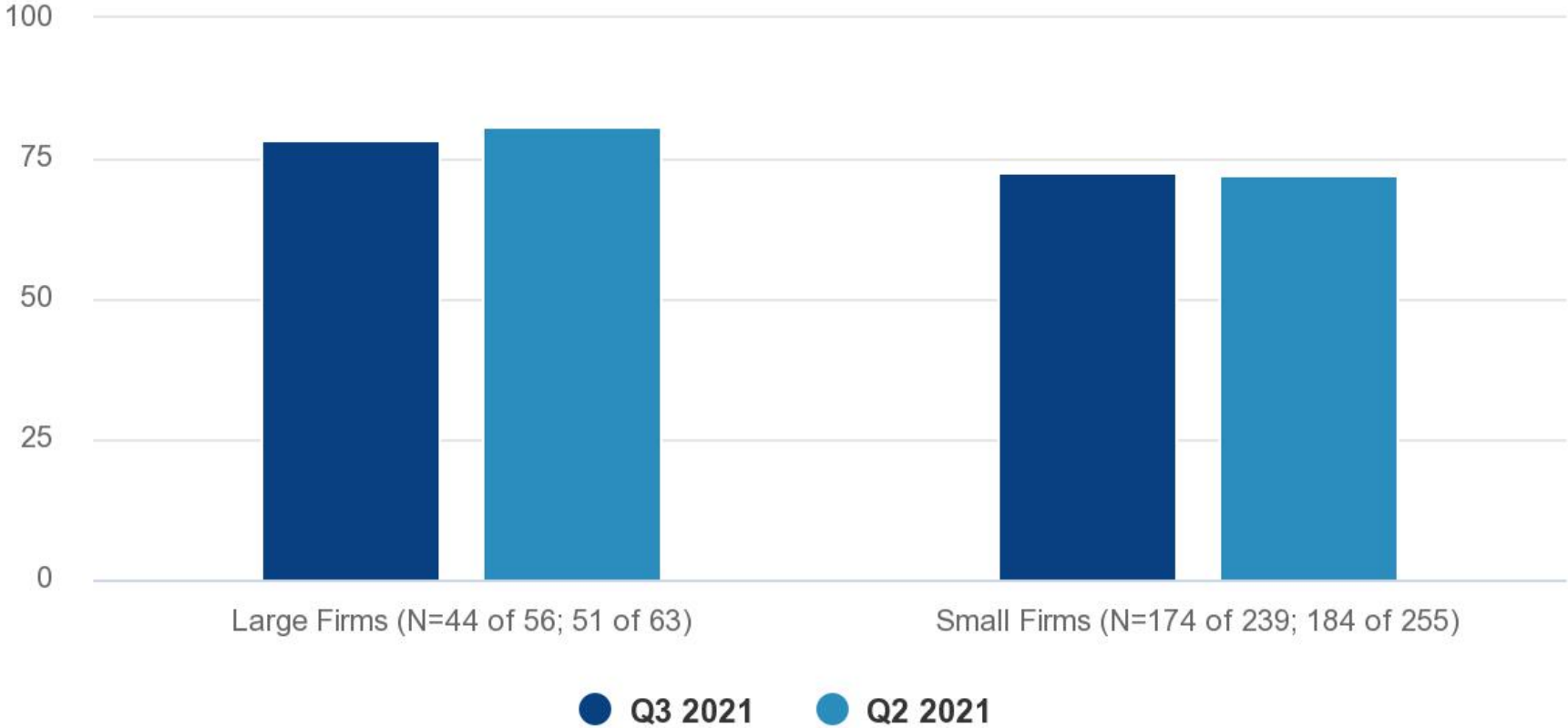


<https://www.atlantafed.org/chcs/labor-force-participation-dynamics> Note: A negative number for retirement means it increased and thereby contributed to the decline in LFP. The categories other than "Shadow labor force", are people saying they currently *do not* want a job. The shadow labor force are people saying they *do* want a job – but are not currently looking.

# Two thirds of firms are finding it difficult to fill open positions

Are you experiencing difficulty finding new employees for open positions within your firm?

Percent of Firms Responding Yes



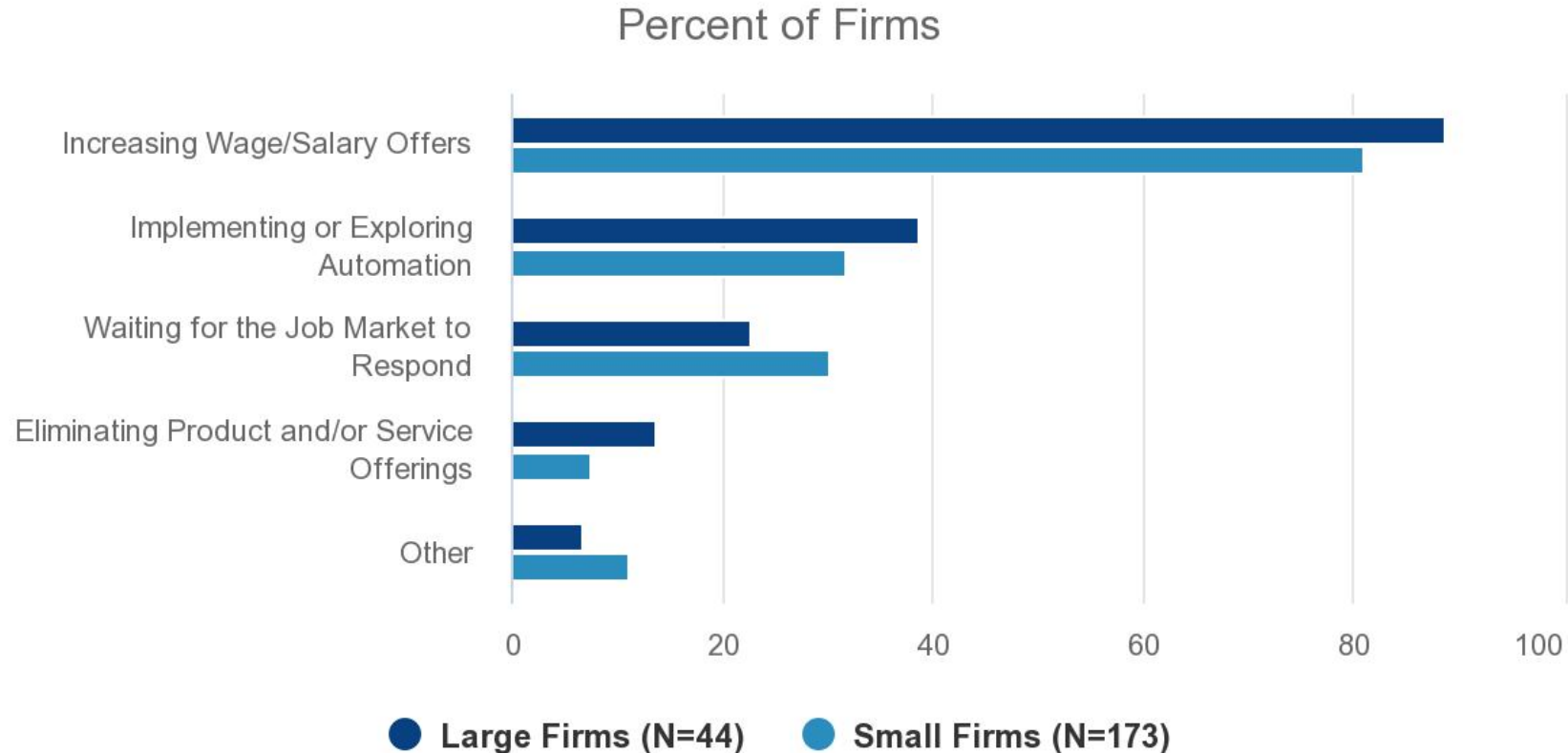
Note: Results from the Q2 2021 survey (June 21 to July 2, 2021) are shown for comparison.

Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)



# They are responding by increasing wages and exploring automation

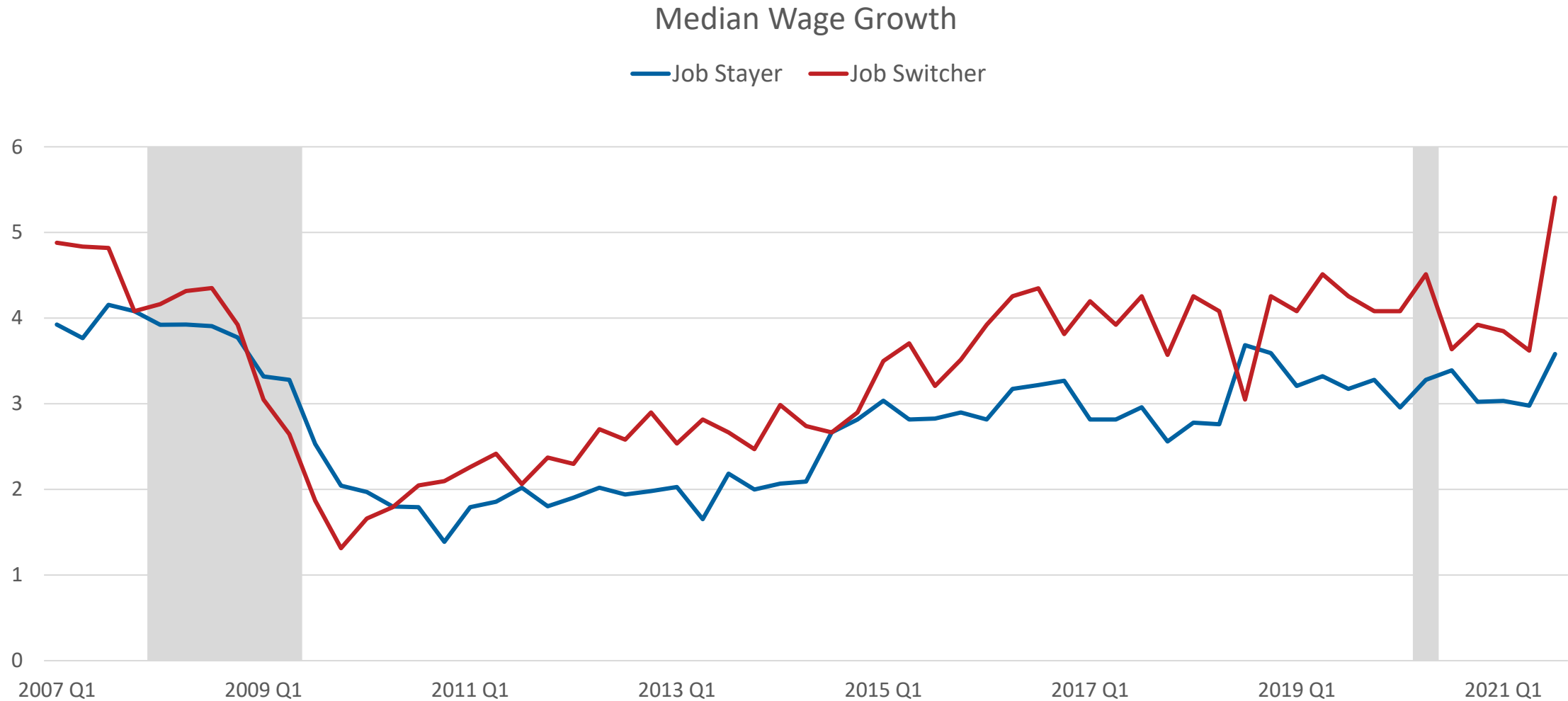
How are you responding to hiring difficulties, if at all?



Note: Chart shows responses from firms that indicated they are experiencing difficulty finding new employees for open positions. Percentages do not sum to 100 because respondents could report more than one action.

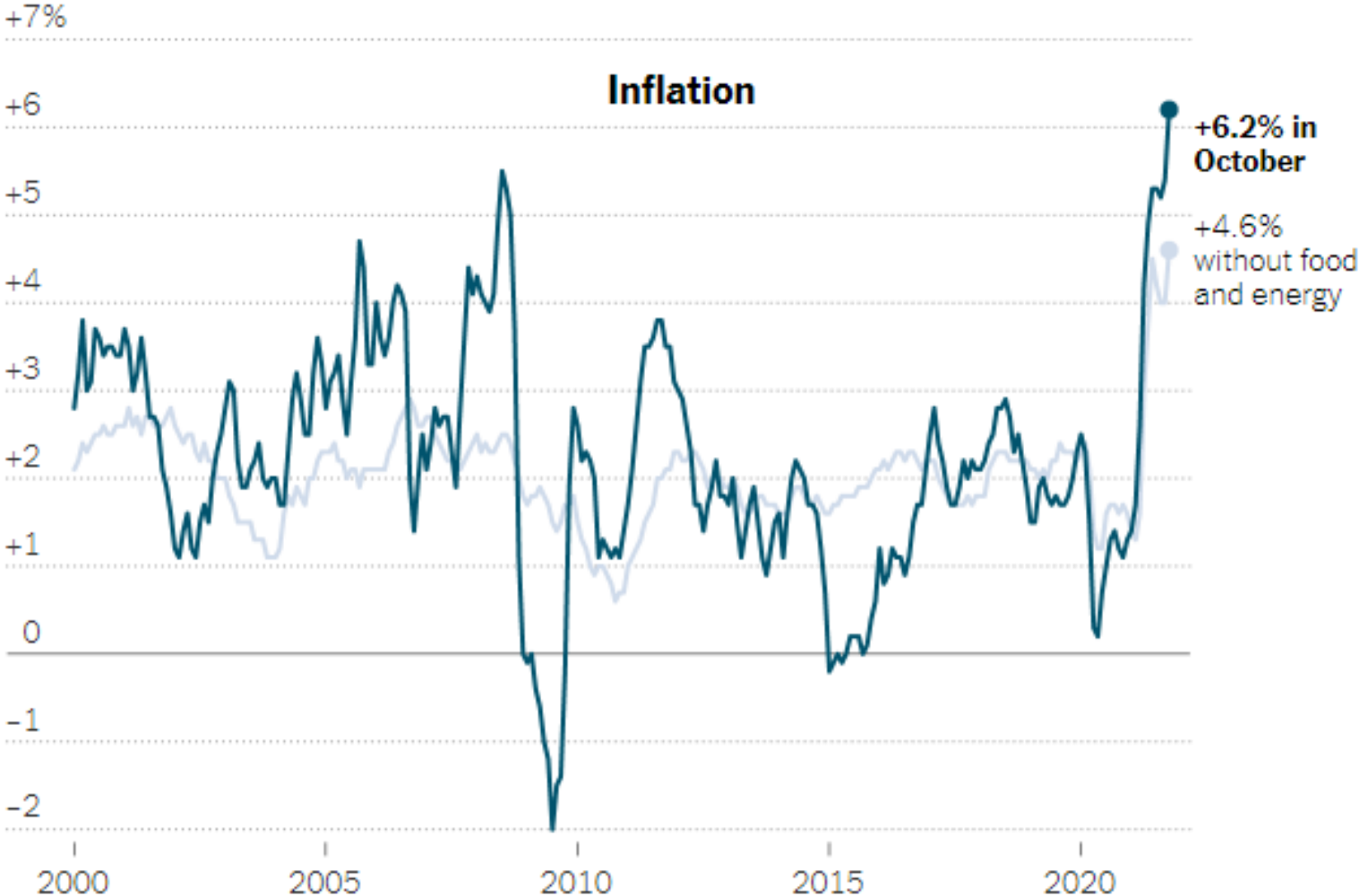
Source: Duke University, FRB Richmond and FRB Atlanta, The CFO Survey - Q3 2021 (September 20 to October 1, 2021)

## Wage growth is picking up, with the median pace of wage growth for people who change jobs (red) at the highest level since the early 2000s



Source: CPS, Atlanta Fed staff calculations. Quarterly median wage growth of workers who were employed in current quarter and 1 year earlier. Job switching is identified as being in a different industry or occupation than a year earlier. Data are aggregated

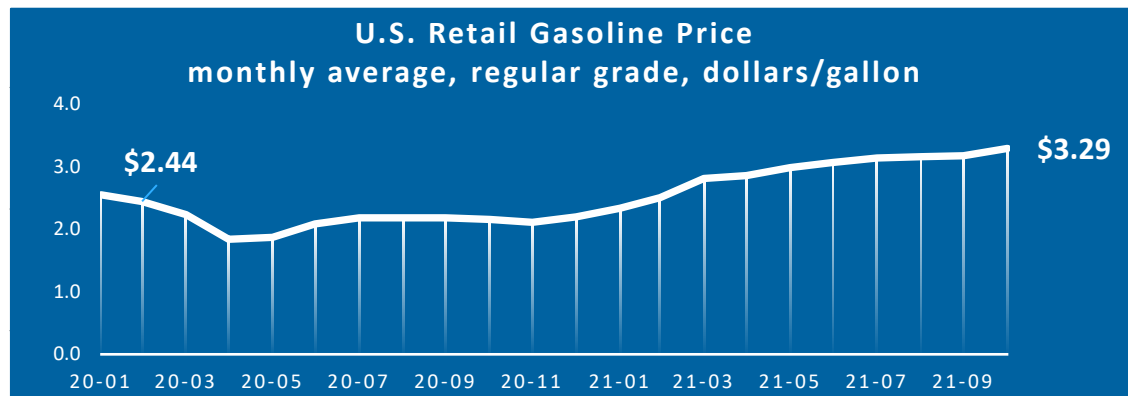
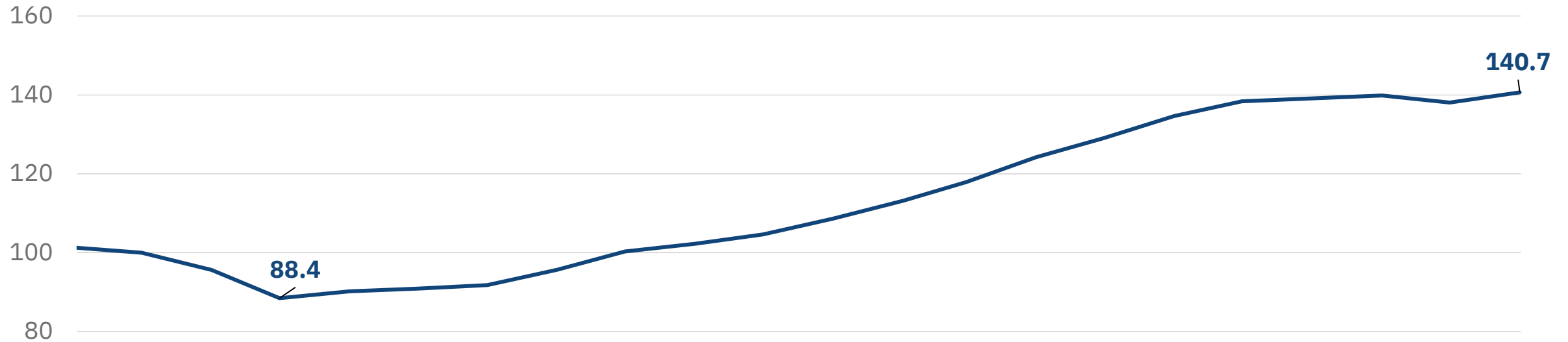
# Consumer inflation rose 6.2% in October, the largest 12-month increase



Year-over-year change in the Consumer Price Index • By The New York Times

# Spot Commodity Price Index - All Commodities

Spot Commodity Price Index - All Commodities (indexed 1967=100)  
monthly average, indexed to February 2020=100



Component	Percent Change in index components	
	Since month ago	Since February 2020
All Commodities	1.9%	40.7%
Metals	4.5%	66.1%
Textiles & fibers	4.2%	24.7%
Raw industrial materials	3.4%	40.1%
Foodstuffs	-0.3%	41.5%
Livestock products	-2.7%	54.7%
Fats & Oils	2.9%	82.5%

Feb-20 Apr-20 Jun-20 Aug-20 Oct-20 Dec-20 Feb-21 Apr-21 Jun-21 Aug-21 Oct-21

## The Monetary Policy Response: The November 2021 FOMC Policy Statement

---

- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.
- With inflation having run persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent.
- The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.

# The Monetary Policy Response:

## The November 2021 FOMC Policy Statement - continued

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- The Committee decided to **keep the target range for the federal funds rate at 0 to 1/4 percent.**
- The Committee expects it will be *appropriate to maintain this target range* until labor market conditions have reached levels consistent with the Committee's assessments of *maximum employment* and inflation has risen to 2 percent and *is on track to moderately exceed 2 percent for some time.*
- In light of the substantial further progress the economy has made toward the Committee's goals since last December, the Committee **decided to begin reducing the monthly pace of its net asset purchases by \$10 billion for Treasury securities and \$5 billion for agency mortgage-backed securities.**
  - **Beginning later this month,** the Committee will **increase its holdings of Treasury securities by at least \$70 billion per month and of agency mortgage-backed securities by at least \$35 billion per month.**
  - **Beginning in December,** the Committee will **increase its holdings of Treasury securities by at least \$60 billion per month and of agency mortgage-backed securities by at least \$30 billion per month.**
    - The Committee judges that **similar reductions in the pace of net asset purchases will likely be appropriate each month,** but *it is prepared to adjust the pace of purchases if warranted* by changes in the economic outlook.
    - The Federal Reserve's *ongoing purchases and holdings of securities will continue to foster smooth market functioning and accommodative financial conditions,* thereby supporting the flow of credit to households and businesses.

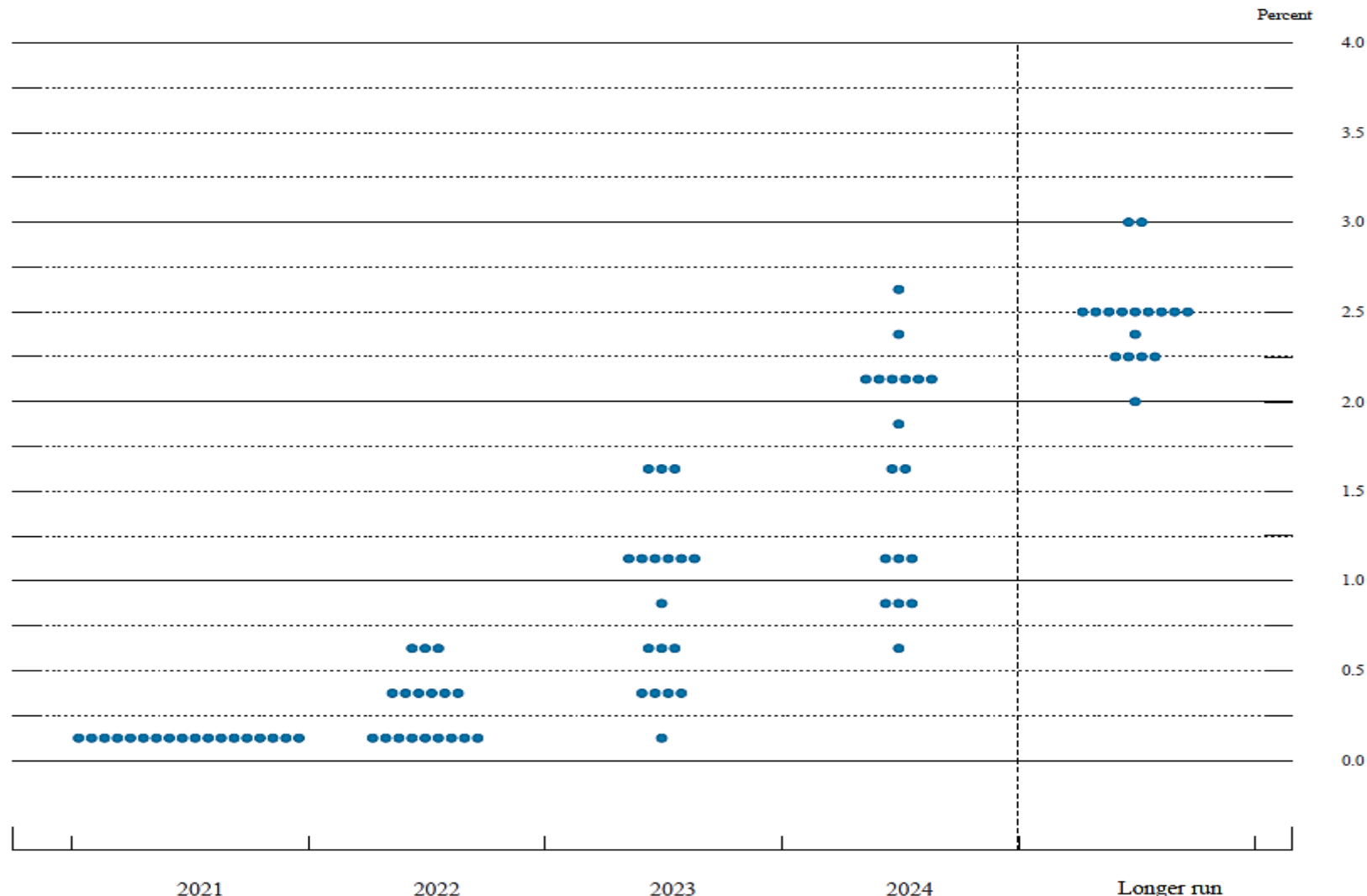
## The Monetary Policy Response: The November 2021 FOMC Policy Statement - continued

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- In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook.
- The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.
- This assessments will take into account a wide range of information including readings on:
  - Public health
  - Labor market conditions
  - Inflation pressures and inflation expectations
  - Financial and international developments

# Summary of Economic Projections (SEP): Fed Funds Rate

Midpoint of target range or target level for the Federal Funds Rate



Source: Board of Governors of the Federal Reserve System (September 22, 2021)





# #AtlantaFed

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# Tennessee Economic Outlook and Tax Revenues

William F. Fox, Director

November 17, 2021

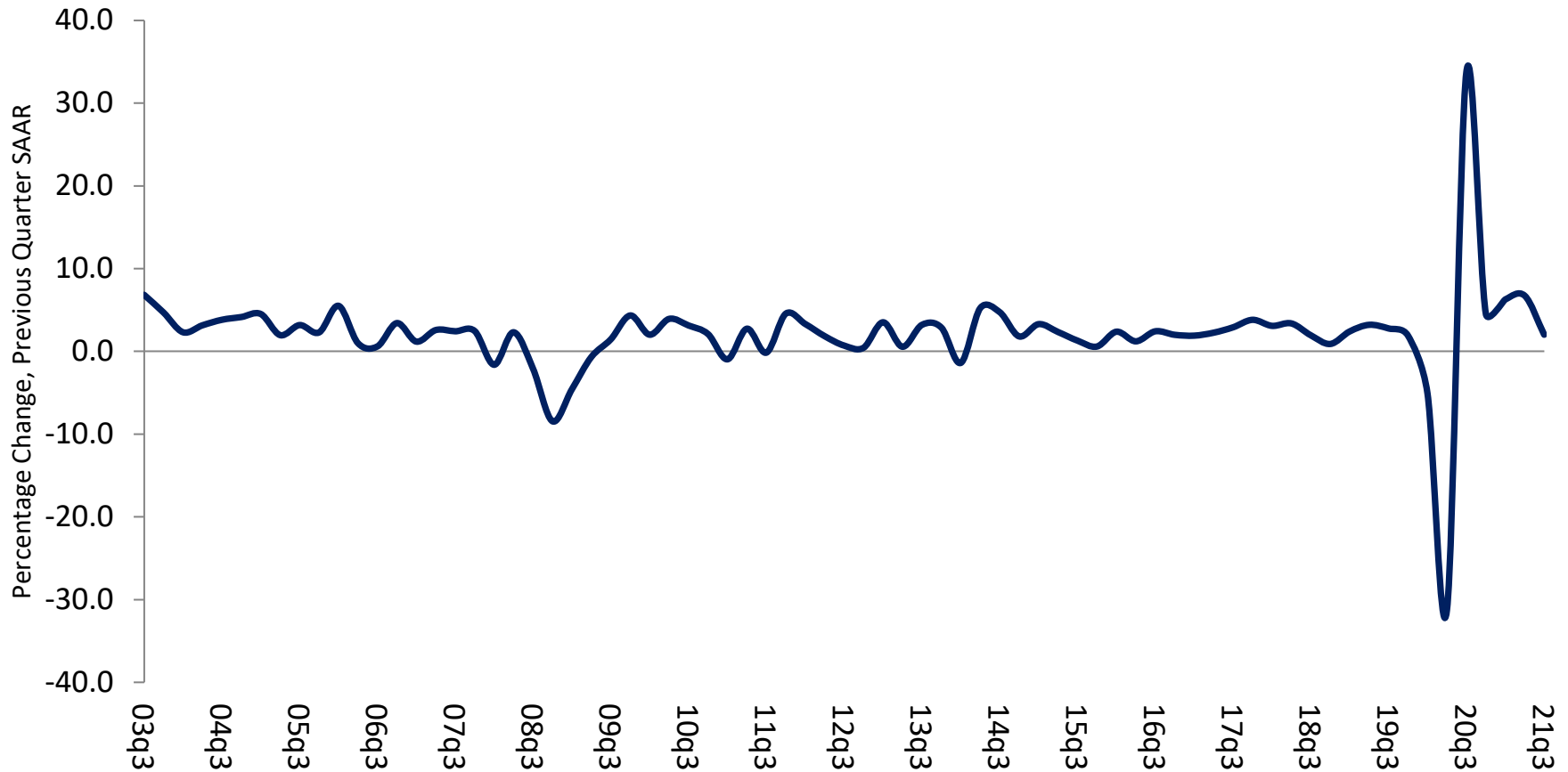


THE UNIVERSITY OF  
TENNESSEE  
KNOXVILLE

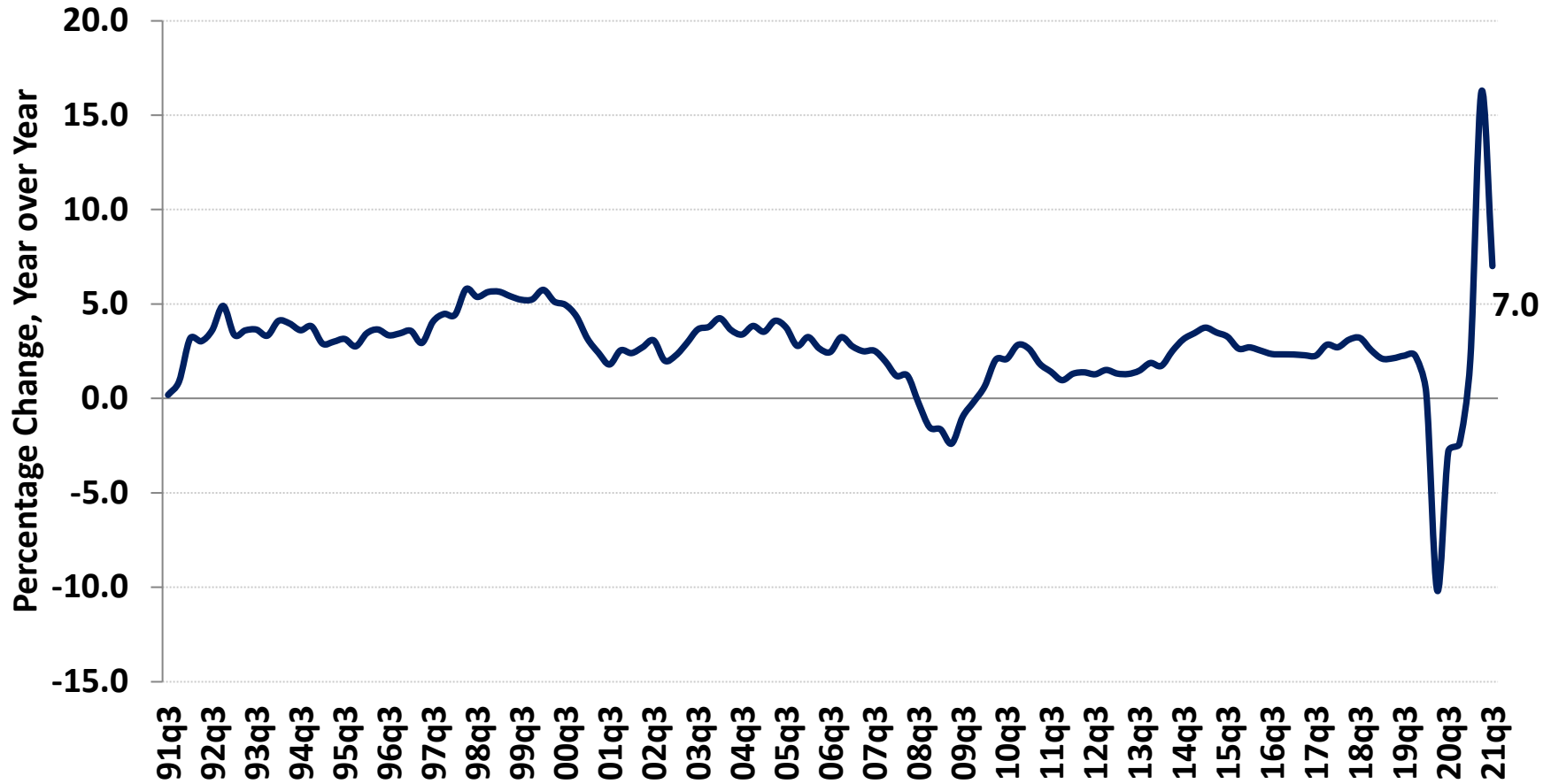
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BOYD CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH

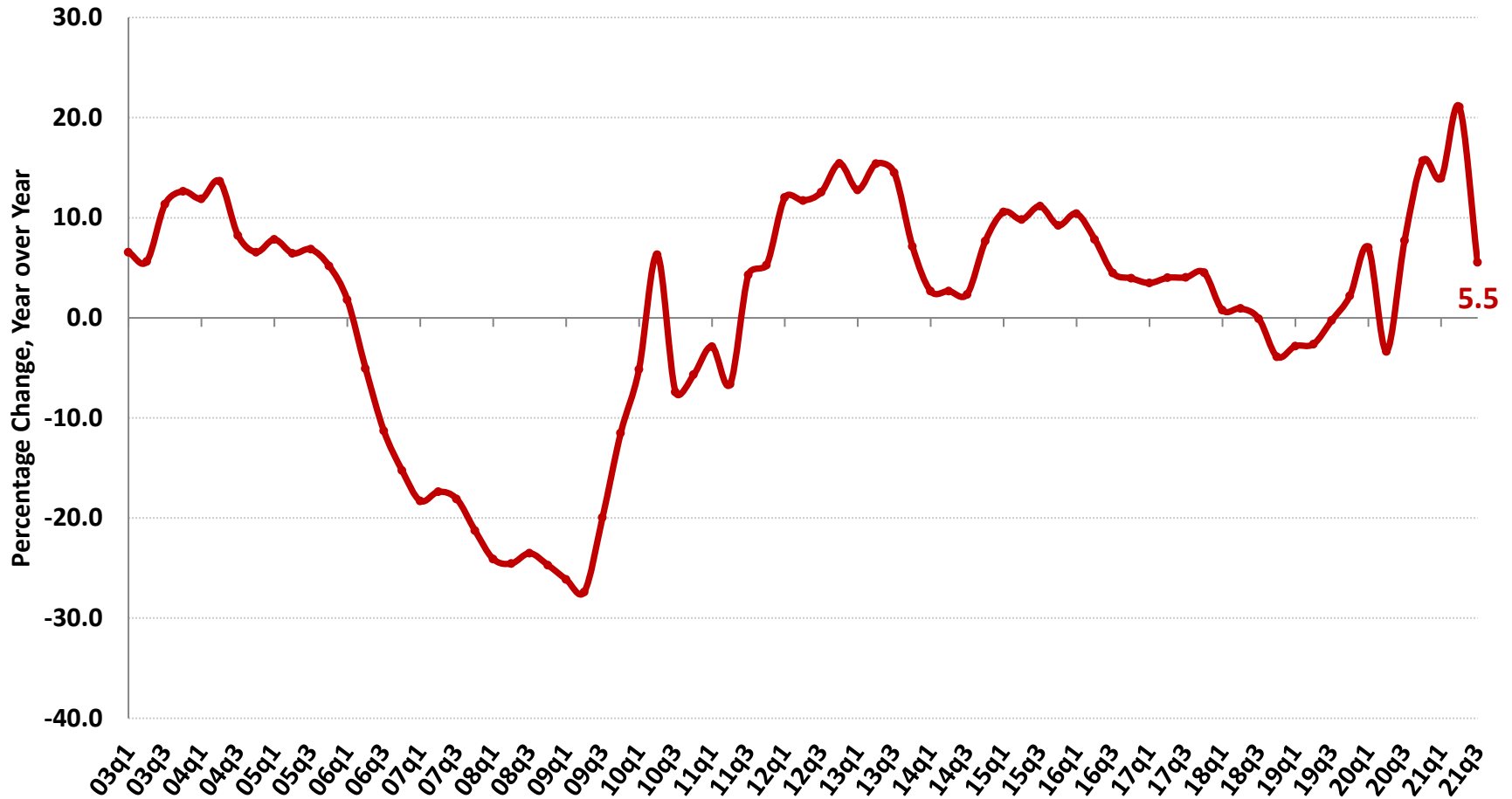
# GDP Growth Fell Dramatically due to the Pandemic, but Quickly Recovered to Pre-Pandemic Levels



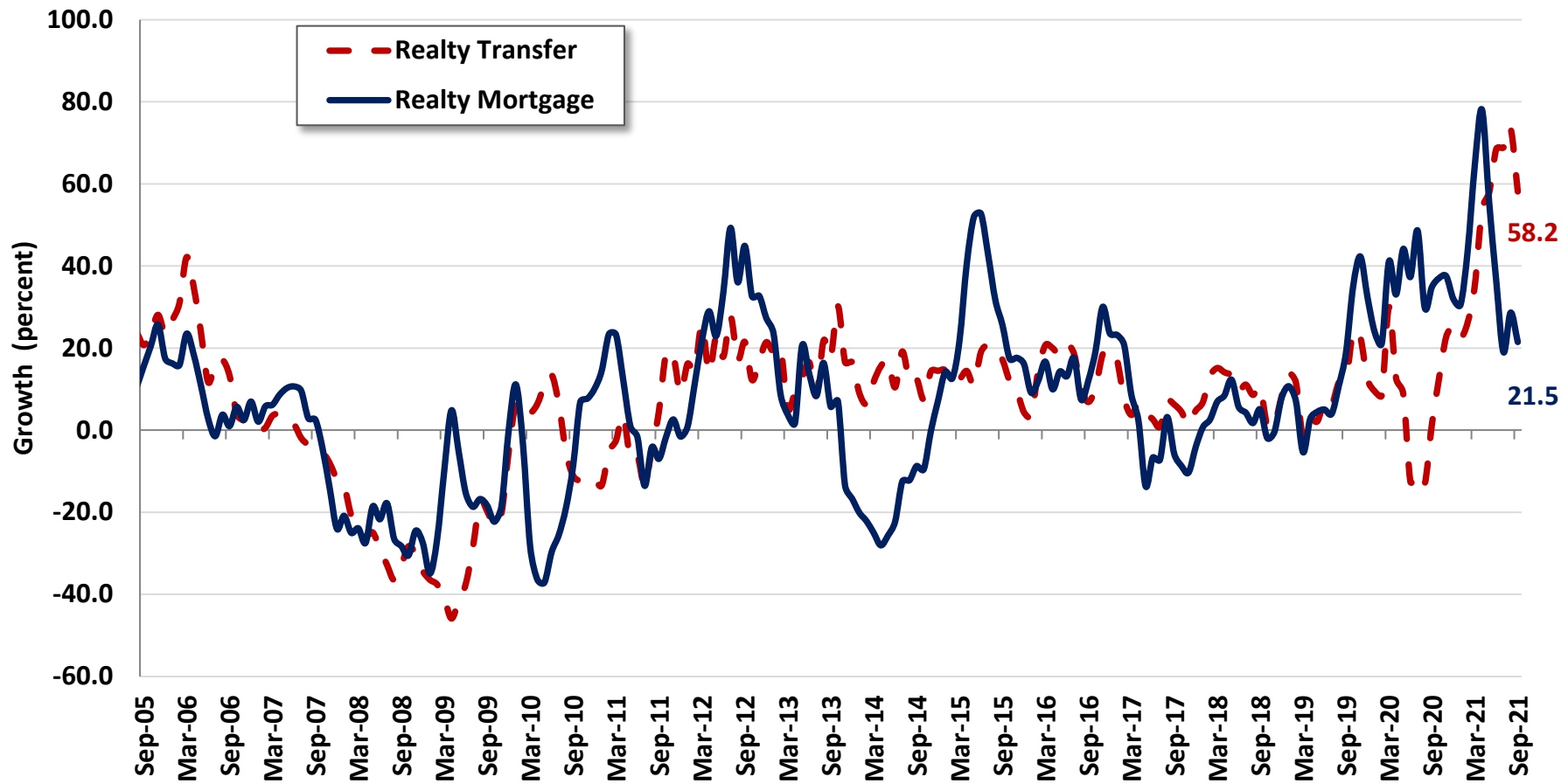
# Personal Consumption Expenditures are Driving Solid GDP Growth



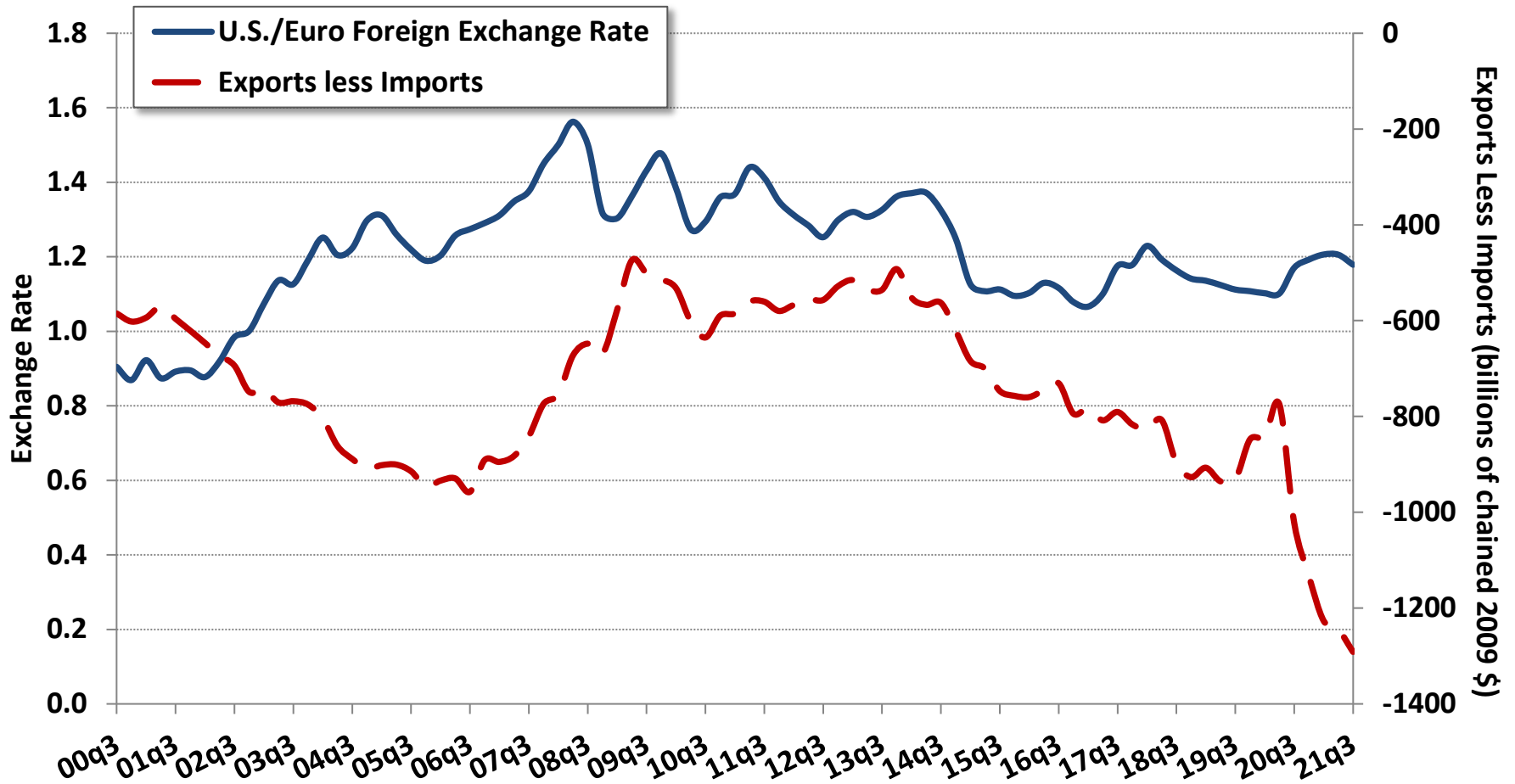
# Private Residential Fixed Investment Grew Rapidly during the Pandemic, but will Slow over the Next Year



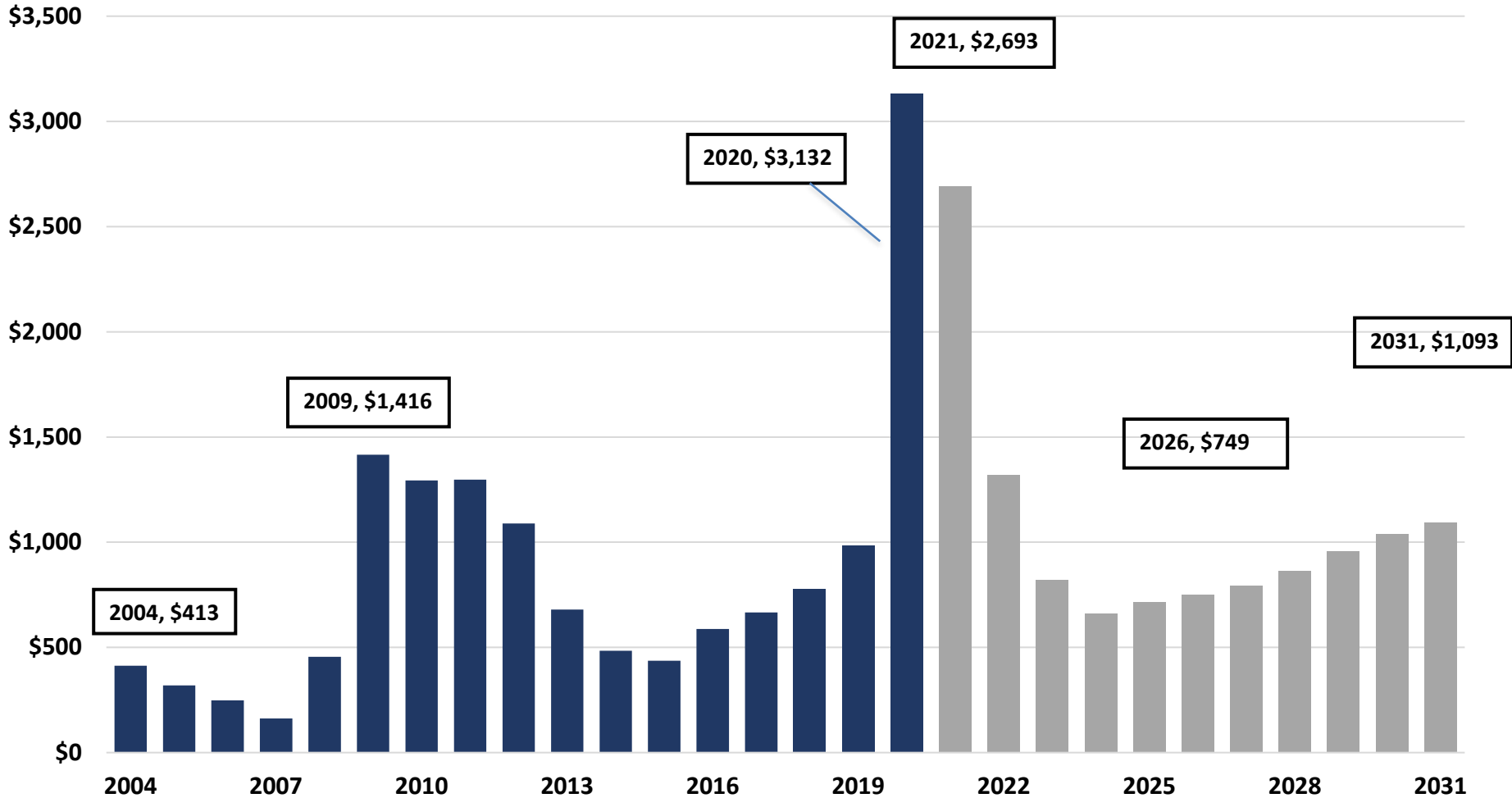
# Housing's Strength Apparent in Realty Transfer and Mortgage Tax Collections (3-month moving average)



# Imports have Risen Much Faster than Exports



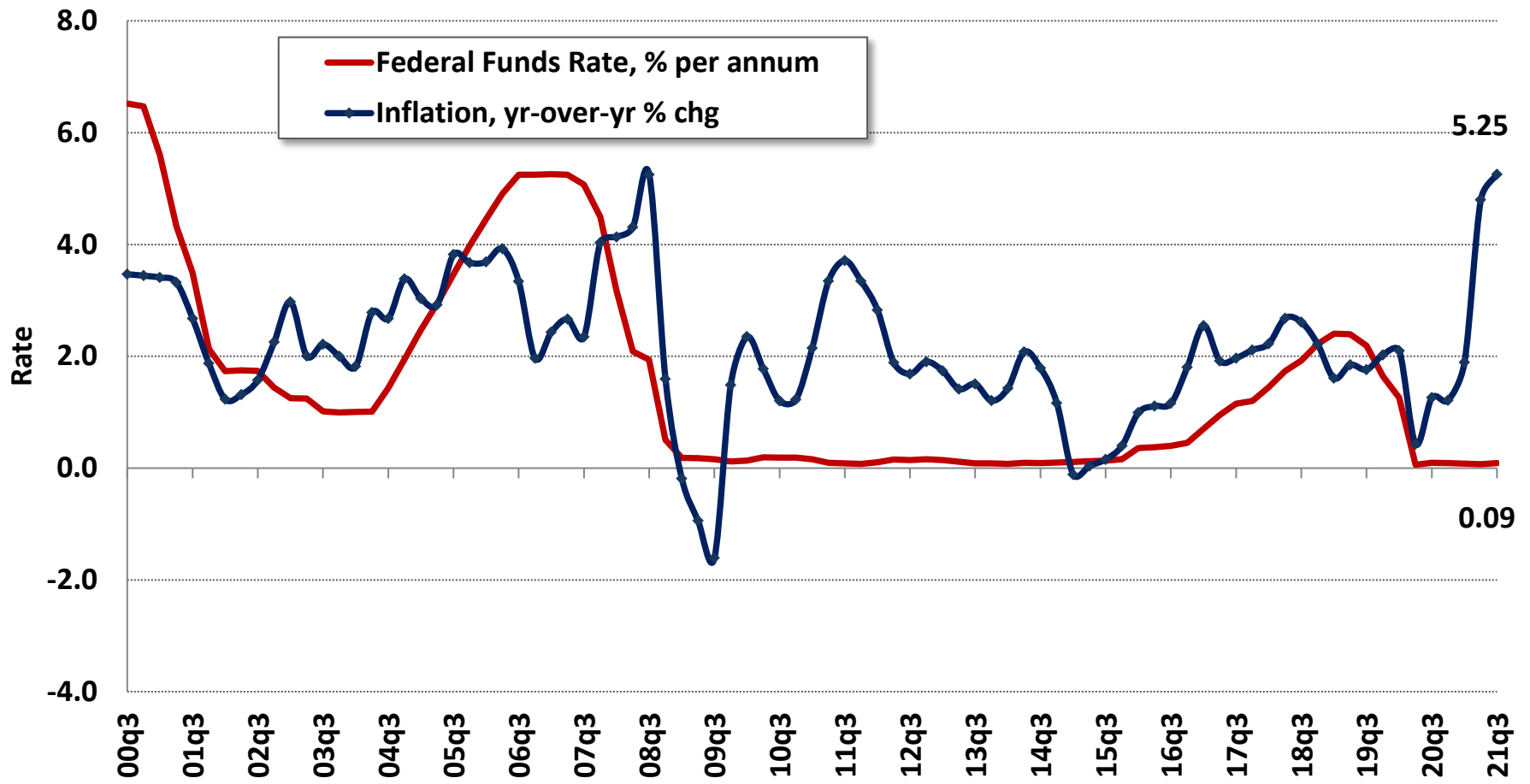
# Deficits Are at Historic Levels and will Remain High



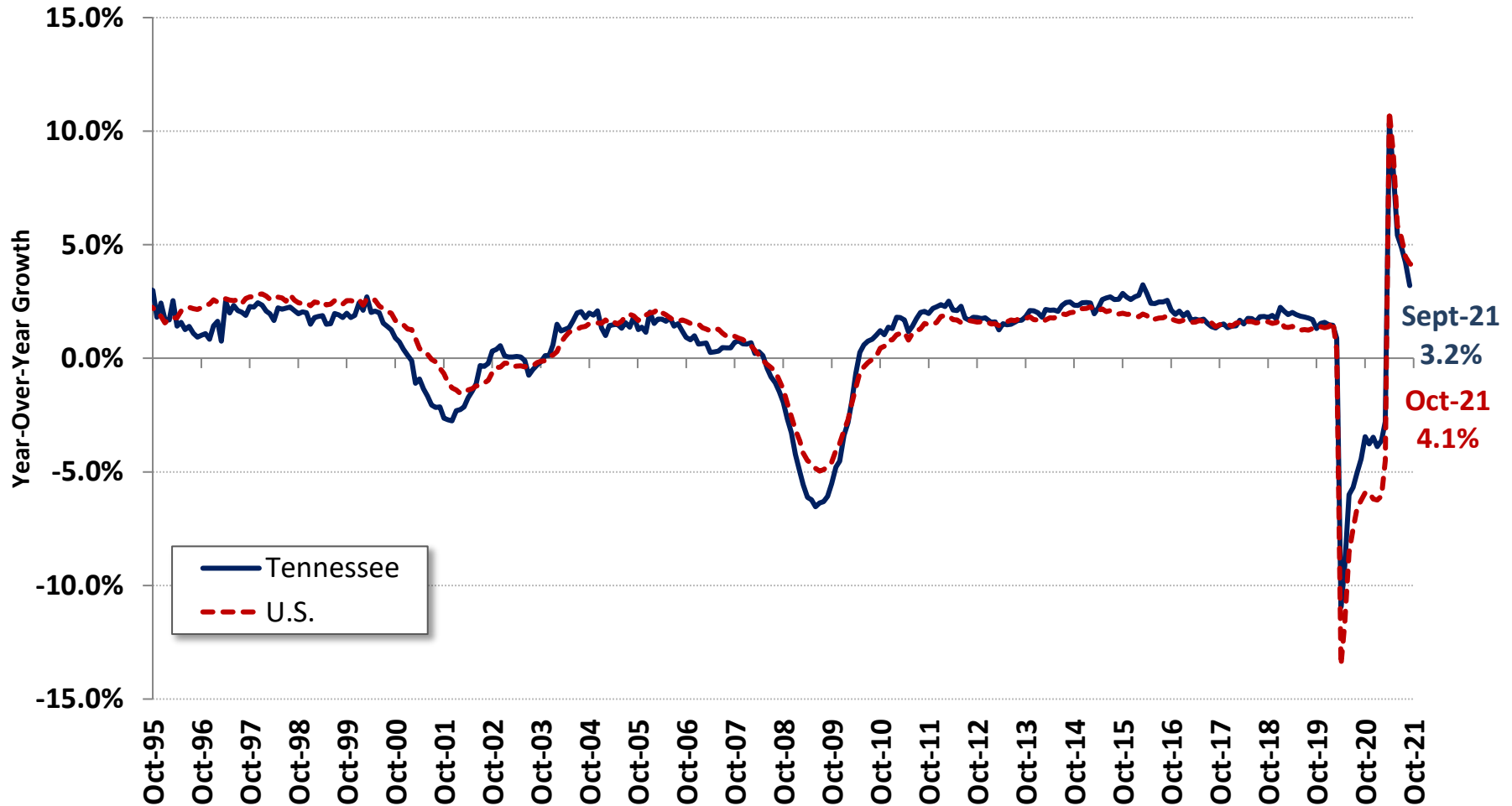
Source: IHS



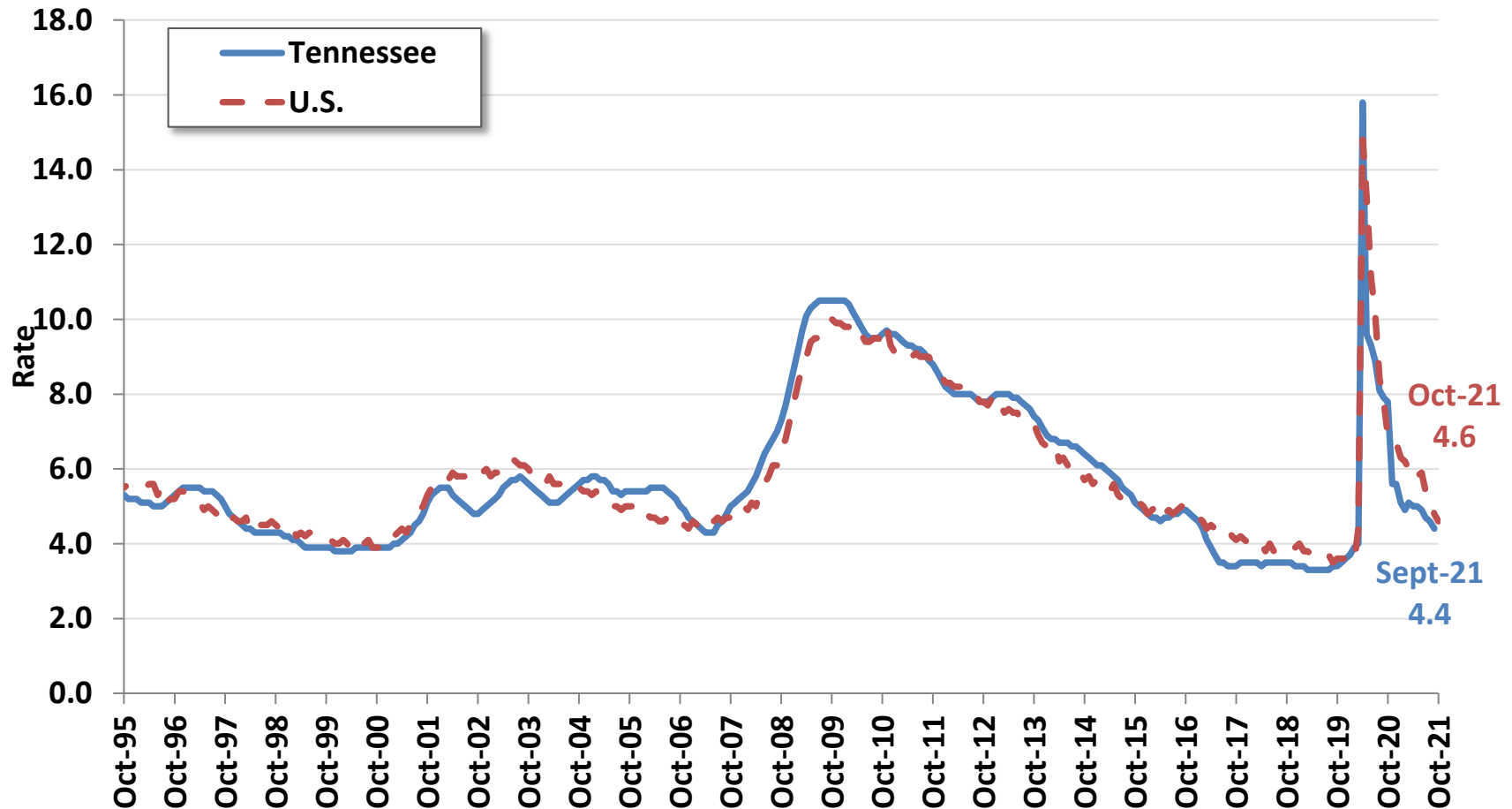
# Interest Rates are very low as Inflation Rates have Risen



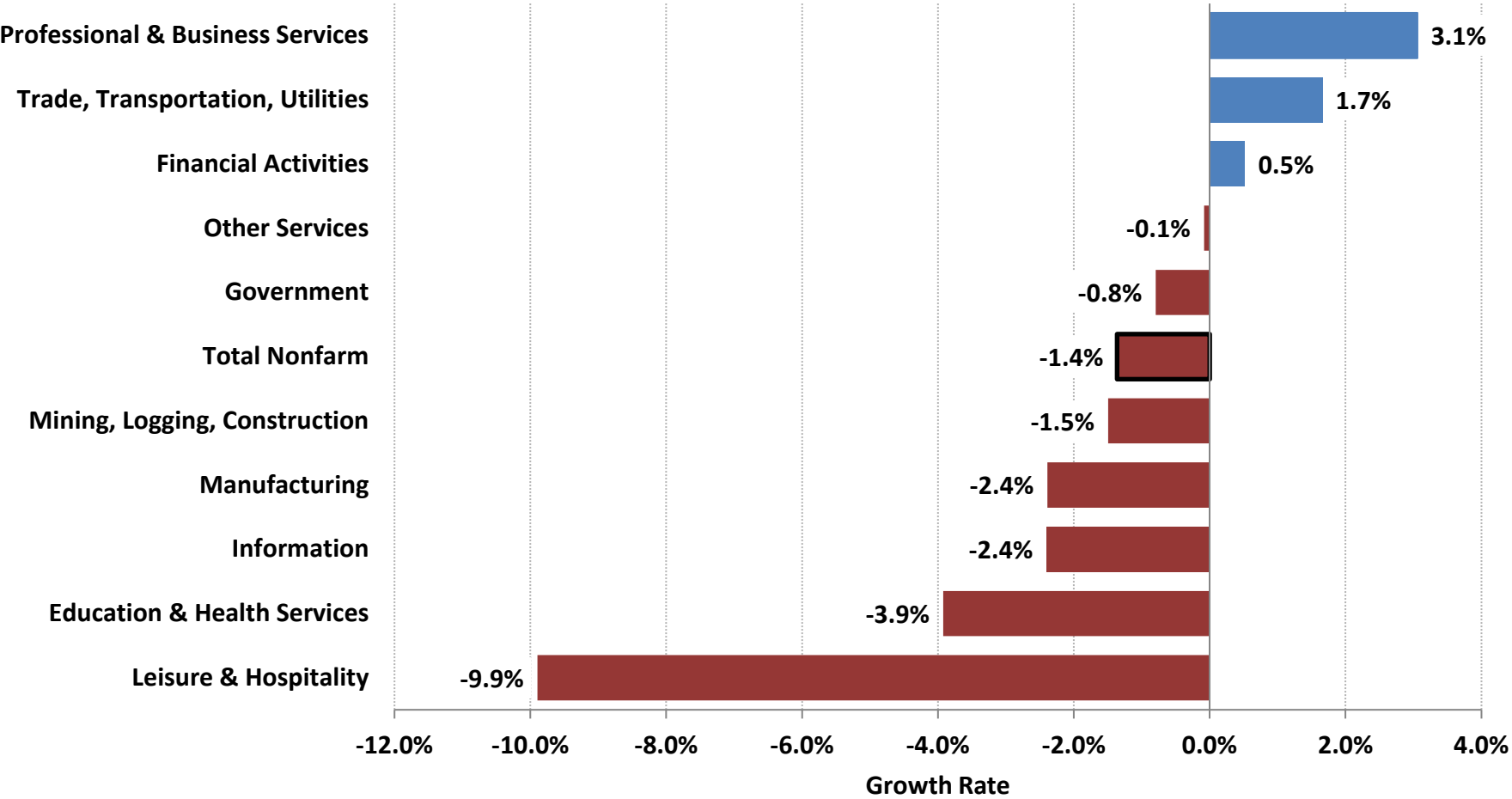
# Tennessee Employment has Rebounded Faster than the Nation, but remains 1.4 Percent below 2019 levels (year-over-year growth)



# Tennessee and U.S. Unemployment Rates have not Returned to the Historic Pre-Pandemic Lows, but Have Fallen Radically (seasonally adjusted)

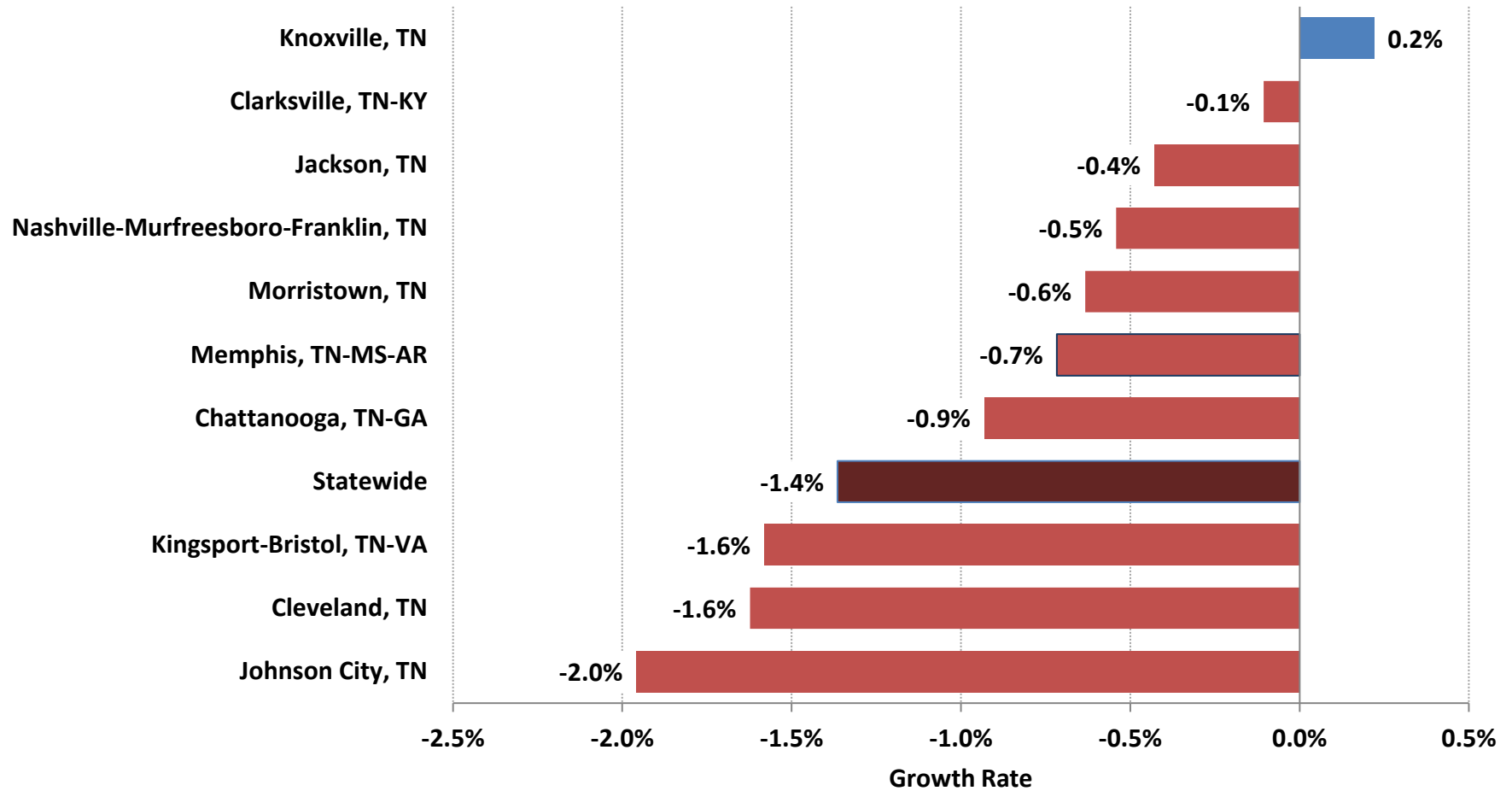


# Most Sectors in Tennessee Still Have Fewer Jobs than in 2019 (September 2019-2021)



# Employment Remains down from 2019 across most Metro Areas

(September 2019-2021)

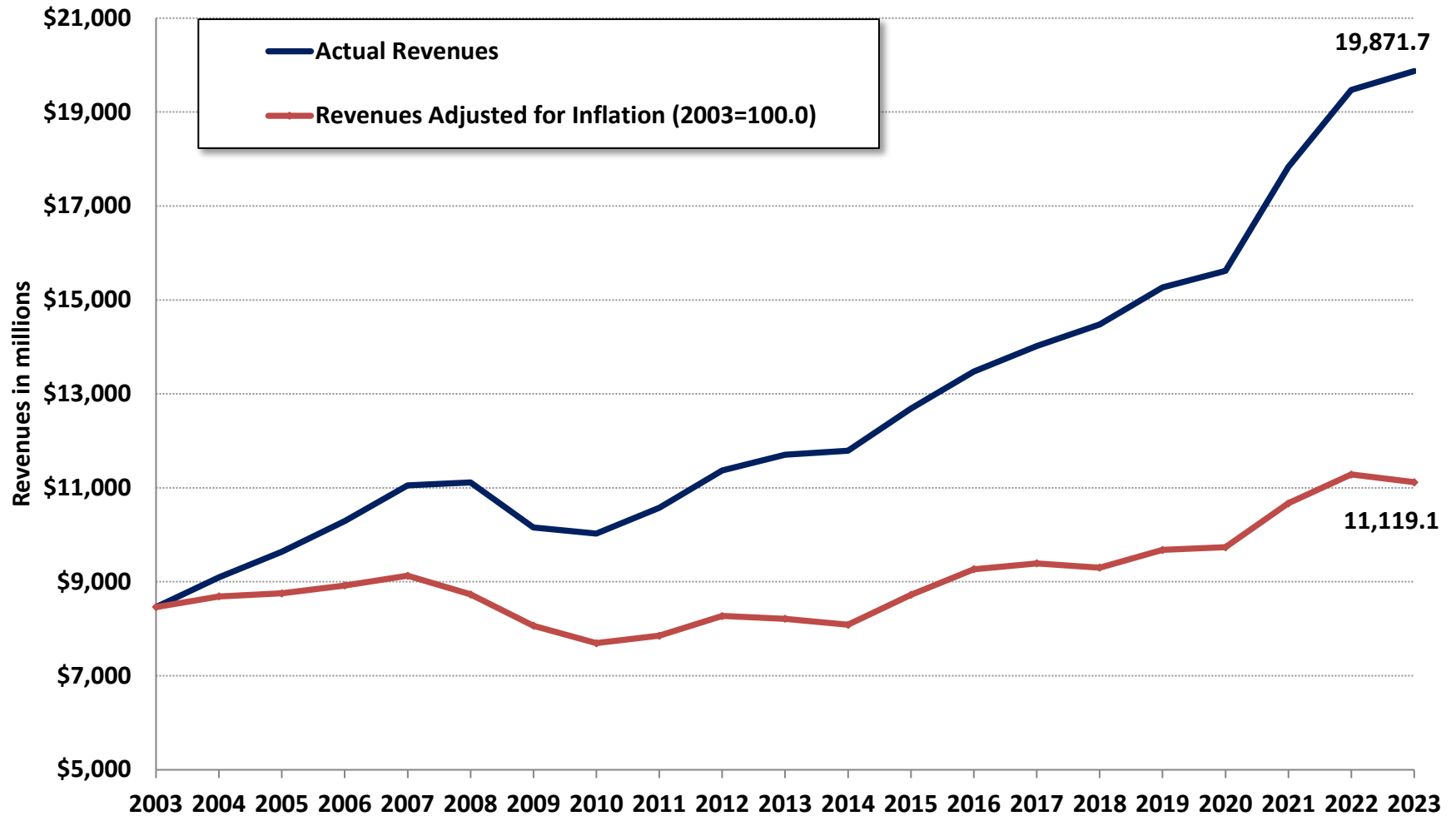


**Tennessee Department of Revenue Collections (Millions of Dollars)**

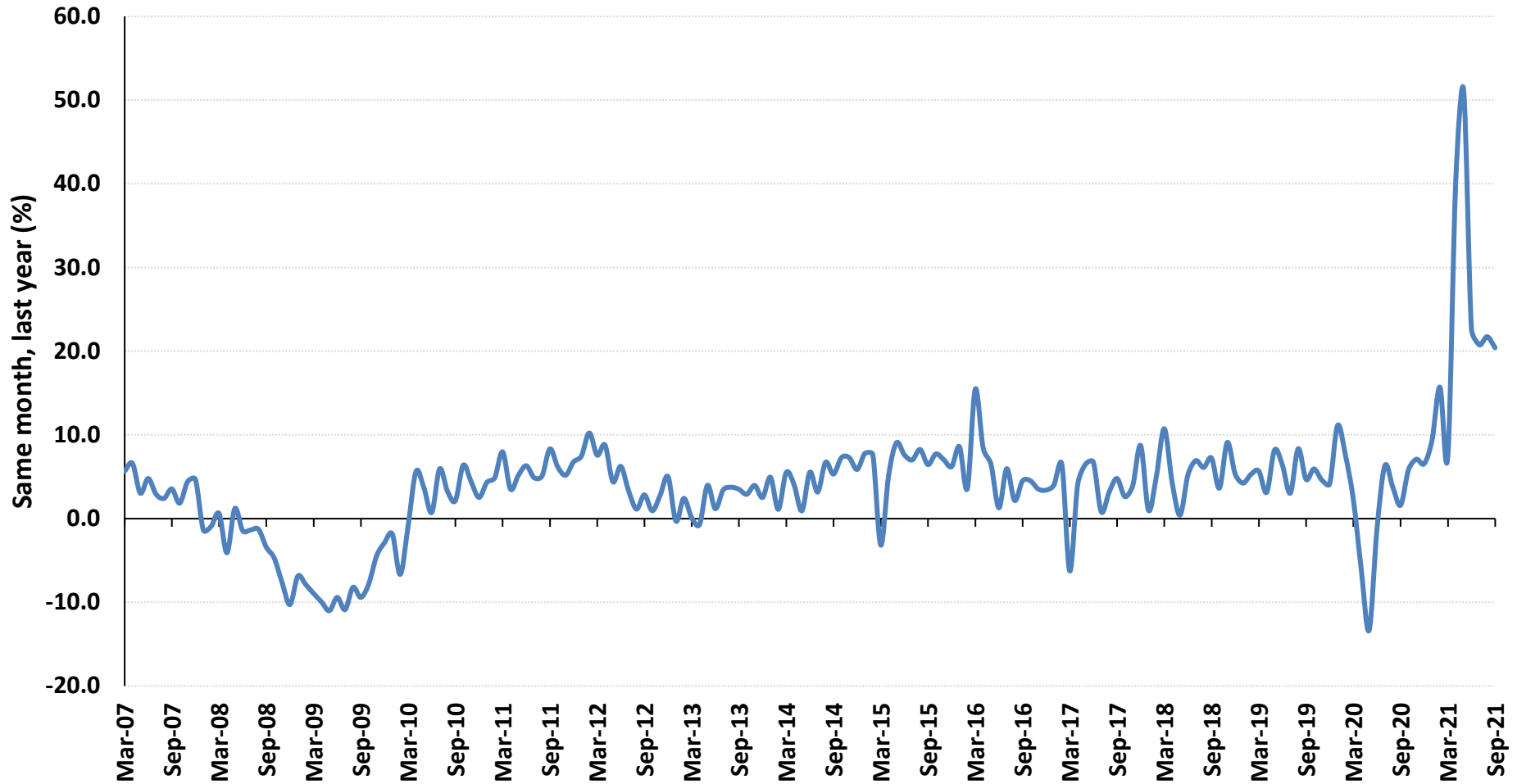
	2021			2022			2023		
	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund
<b>Sales and Use</b>	11,083.1	15.2	10,455.9	12,121.1	9.4	11,395.7	12,424.1	2.5	11,680.6
<b>Gasoline</b>	841.3	0.7	12.1	883.4	5.0	12.7	883.4	0.0	12.7
<b>Motor Fuel</b>	306.5	6.8	2.2	311.1	1.5	2.1	318.9	2.5	2.1
<b>Gasoline Inspection</b>	68.3	1.8	19.9	71.0	4.0	20.8	71.0	0.0	20.8
<b>Motor Vehicle Registration</b>	356.3	8.2	58.2	349.2	-2.0	53.7	356.2	2.0	54.8
<b>Income</b>	86.0	-42.9	56.2	35.0	-59.3	22.4	20.0	-42.9	12.8
<b>Privilege</b>	482.9	26.7	476.4	531.2	10.0	522.4	531.2	0.0	522.4
<b>Gross Receipts</b>	373.3	-4.5	205.6	369.2	-1.1	211.3	373.2	1.1	213.6
<b>Gross Receipts - TVA</b>	339.6	-7.1	283.6	340.7	0.3	187.6	344.1	1.0	189.5
<b>Gross Receipts - Other</b>	33.7	33.2	22.7	28.5	-15.4	24.6	29.1	2.0	25.1
<b>Beer</b>	17.9	5.3	14.8	18.1	1.0	12.1	18.1	0.0	12.1
<b>Alcoholic Beverage</b>	84.2	11.1	83.0	88.4	5.0	73.1	90.2	2.0	74.5
<b>Franchise &amp; Excise</b>	3,495.3	22.5	3,131.1	4,014.9	14.9	3,642.7	4,095.2	2.0	3,715.6
<b>Inheritance &amp; Estate</b>	0.5	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Tobacco</b>	242.8	0.9	242.8	233.1	-4.0	233.1	230.8	-1.0	230.8
<b>Motor Vehicle Title</b>	23.6	6.3	20.9	23.8	1.0	21.1	24.1	1.0	21.3
<b>Mixed Drink</b>	115.9	0.6	57.9	162.3	40.0	81.1	172.0	6.0	86.0
<b>Business</b>	254.3	11.3	254.3	259.4	2.0	259.4	262.0	1.0	262.0
<b>Severance</b>	0.4	-50.0	0.3	0.8	100.0	0.2	0.8	0.0	0.2
<b>Coin Amusement</b>	0.3	0.0	0.3	0.2	0.0	0.2	0.2	0.0	0.2
<b>Unauthorized Substance</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	17,832.9	14.2	15,193.1	19,472.1	9.2	16,565.0	19,871.2	2.0	16,923.4
<b>General Fund Growth</b>		17.0			9.0			2.2	

November 10, 2021  
 William F. Fox  
 Boyd Center for Business and Economic Research  
 University of Tennessee, Knoxville

# Tax Revenues Continue Rising through 2023

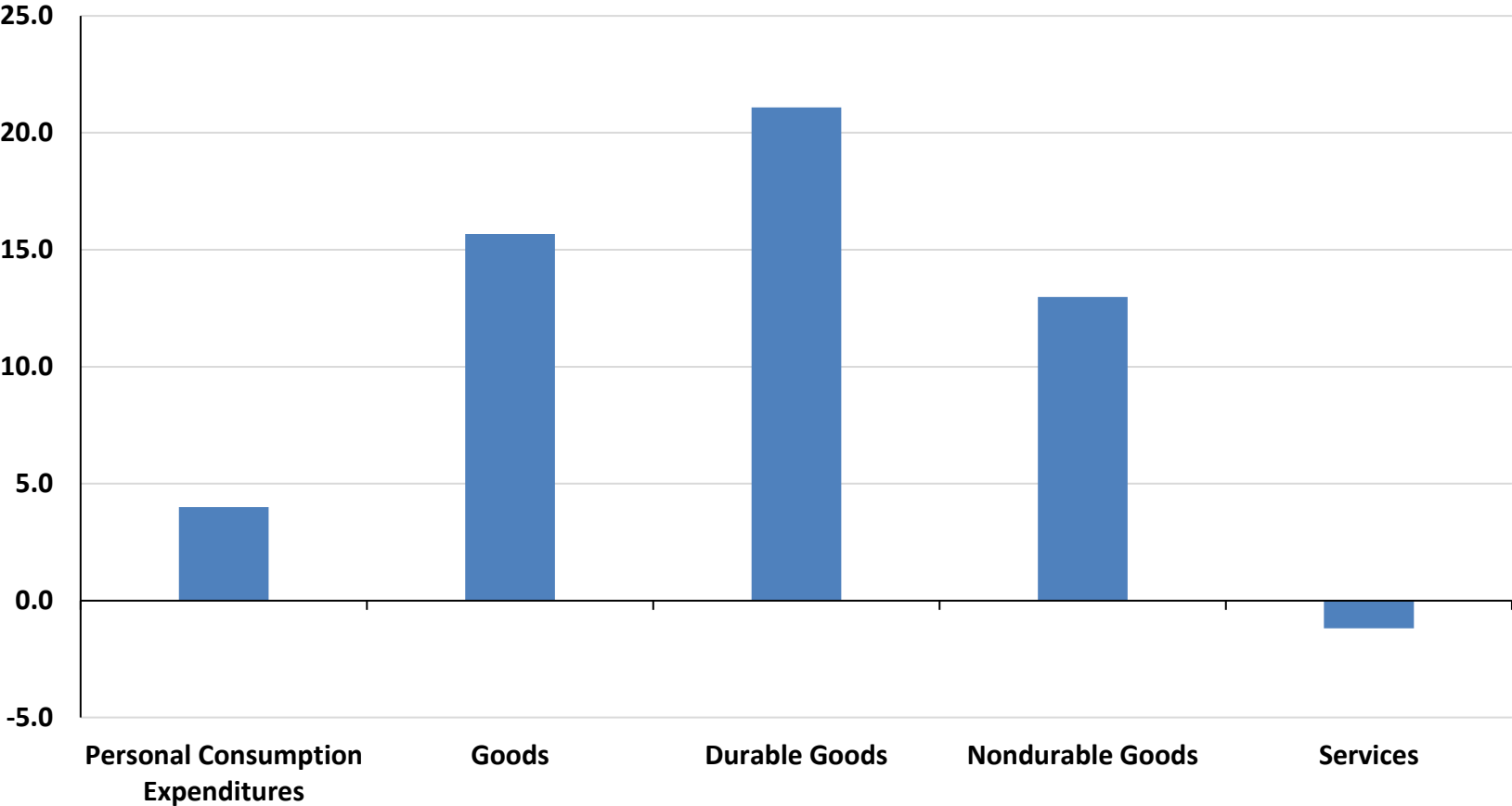


# Sales Tax Revenue Growth Remains Extremely Strong



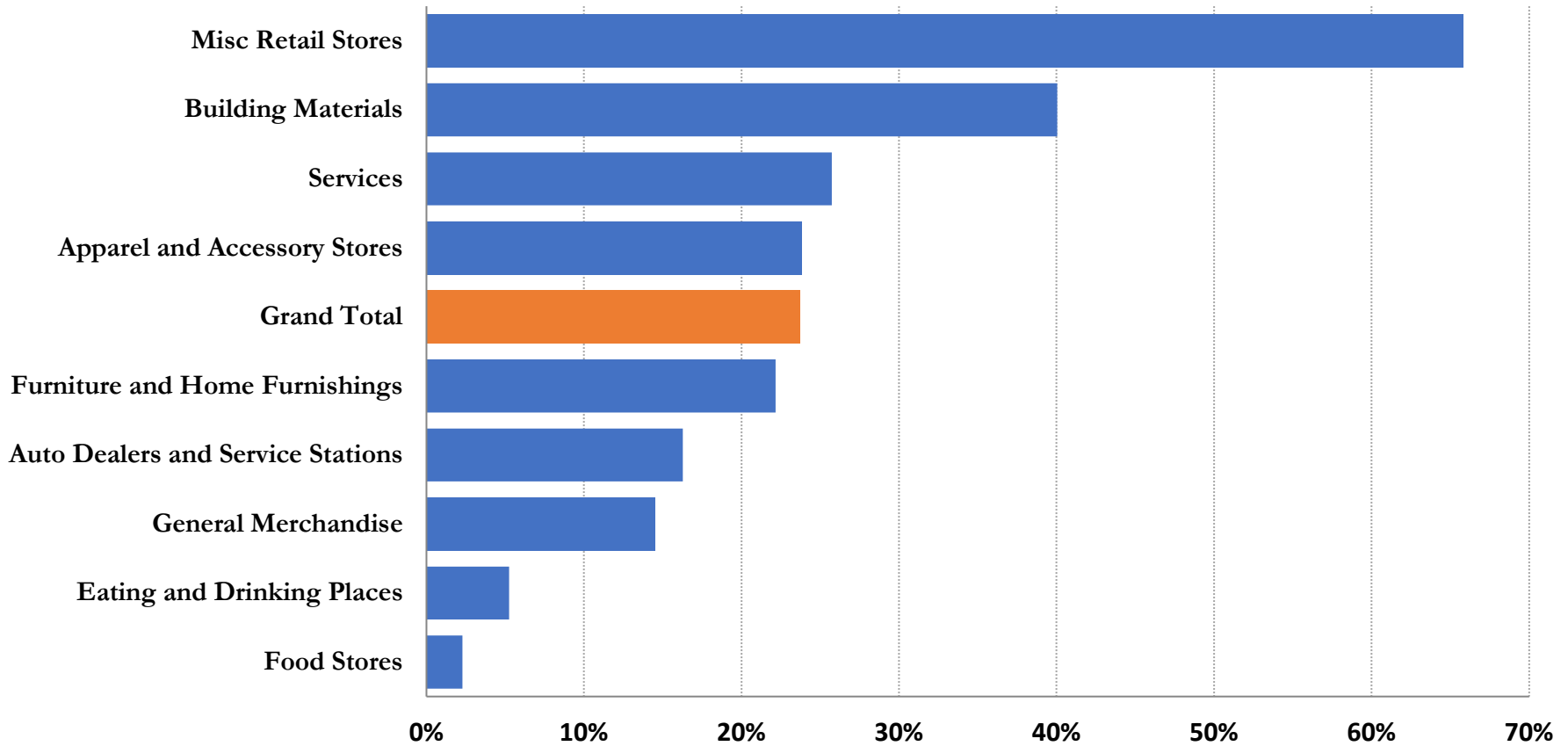


# Consumers have Shifted their Spending to Goods and away from Services (Q3, Percentage Change 2019-2021)



Source: Bureau of Economic Analysis.

# Stunning Sales Tax Growth Over Past Two Years, Tennessee: September 2019 to September 2021, 3-month moving average (year-over-year)



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# Tennessee Economic Outlook and Revenue Forecast – 2021

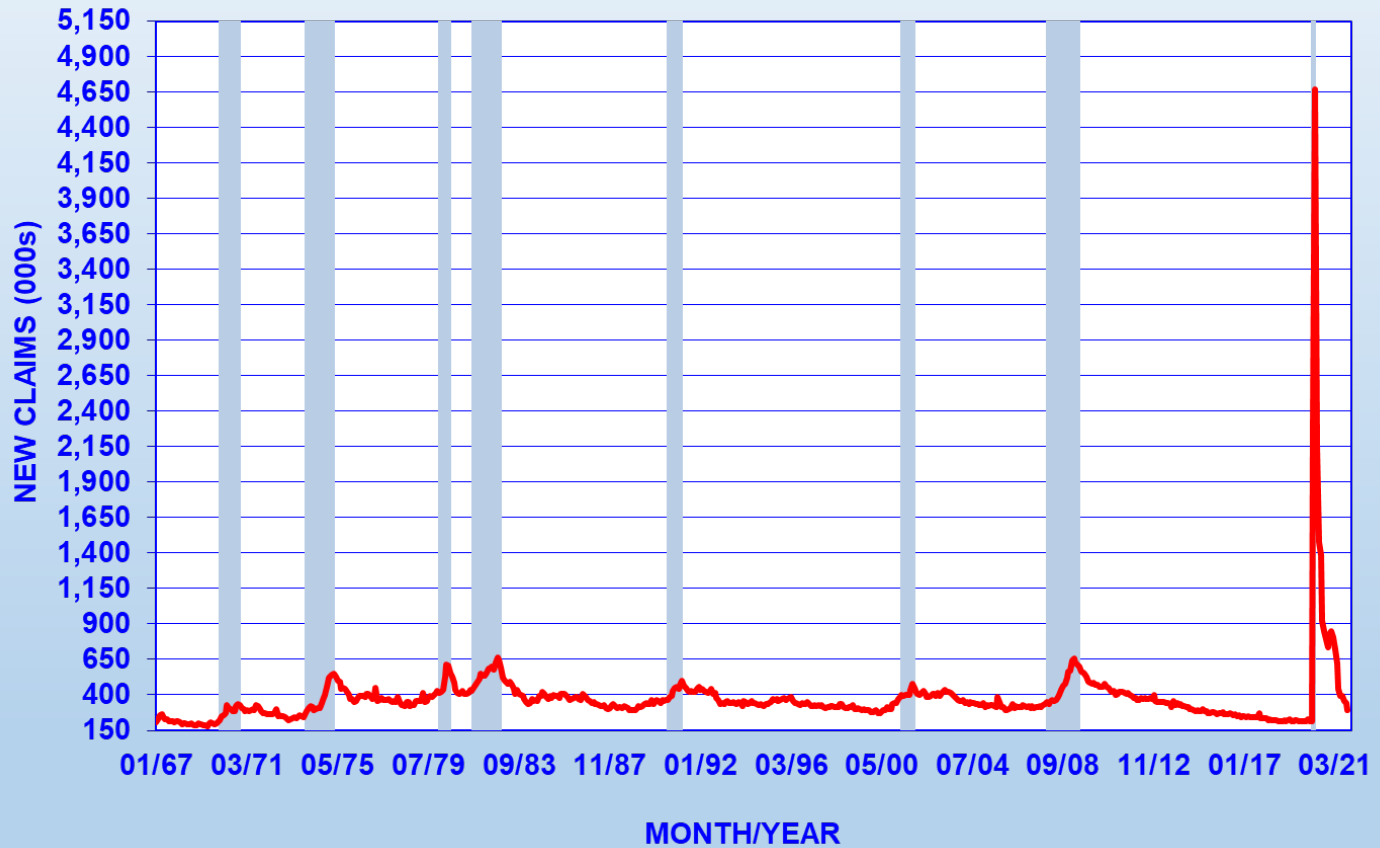


**Jon L. Smith, Director**  
**Bureau of Business and Economic Research**

**W. Fred Mackara, Associate Professor, Department of**  
**Economics and Finance**

**Joseph Newhard, Assistant Professor**  
**Department of Economics and Finance**

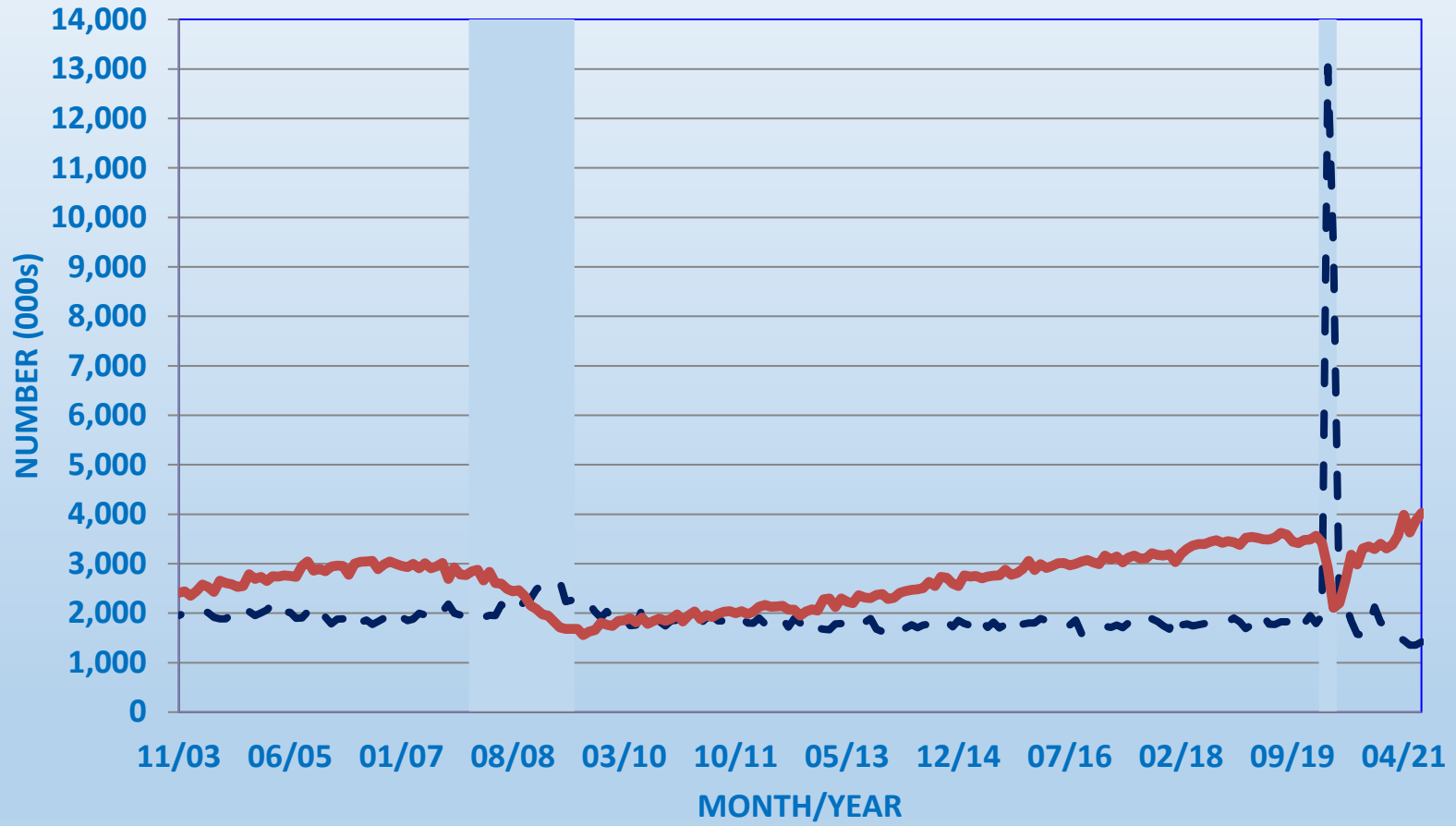
# NEW CLAIMS FOR UNEMPLOYMENT BENEFITS (1/67 – 10/21)



CONTRACTIONS MONTHLY AVERAGE

# LAYOFFS vs. QUILTS

(J.O.L.T.S., 8/21)



CONTRACTIONS    - LAYOFFS & SEPARATIONS    — QUILTS

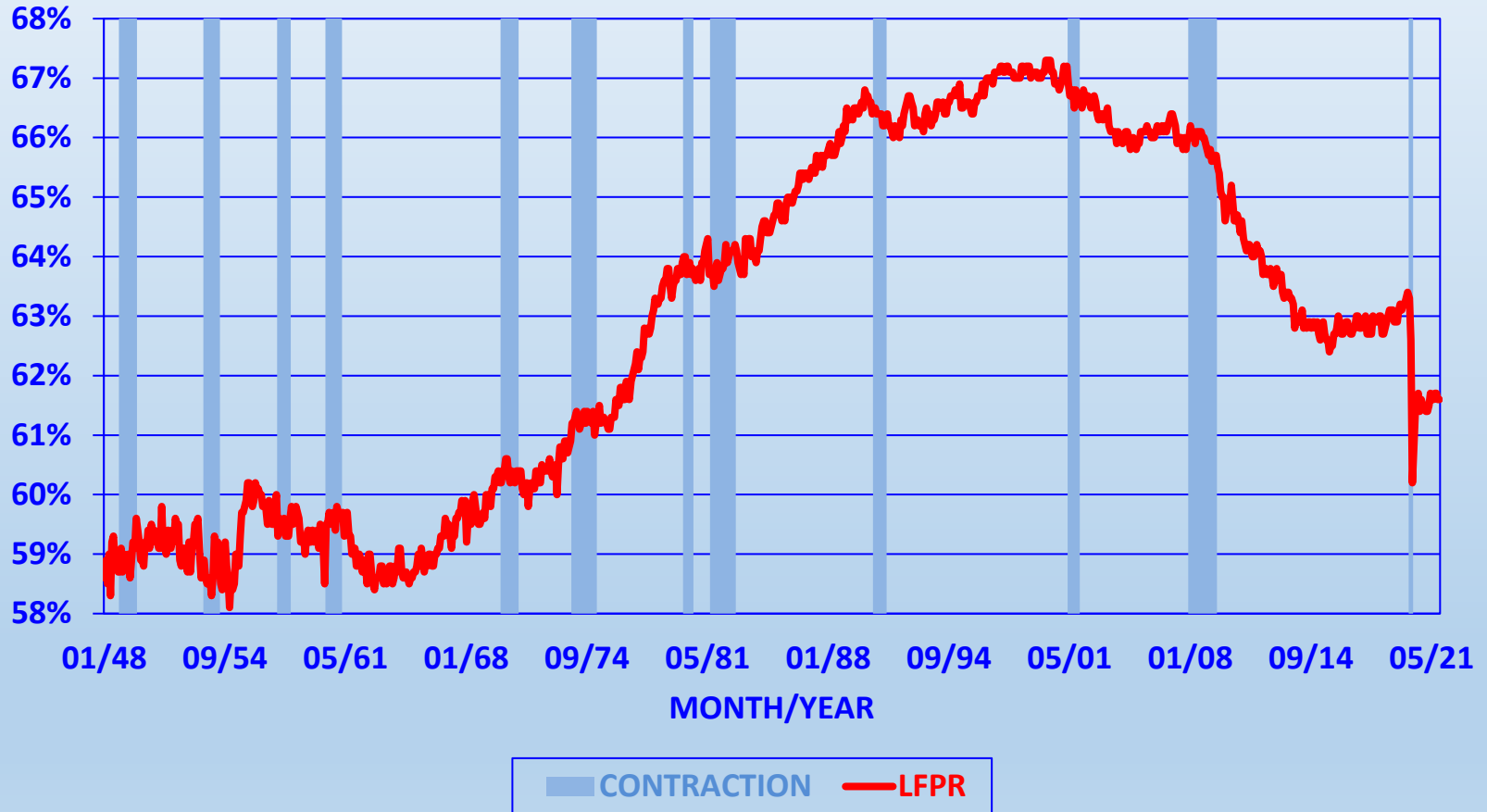
# HIRES vs. OPENINGS

(J.O.L.T.S., 8/21)



CONTRACTIONS — OPENINGS — -HIRES

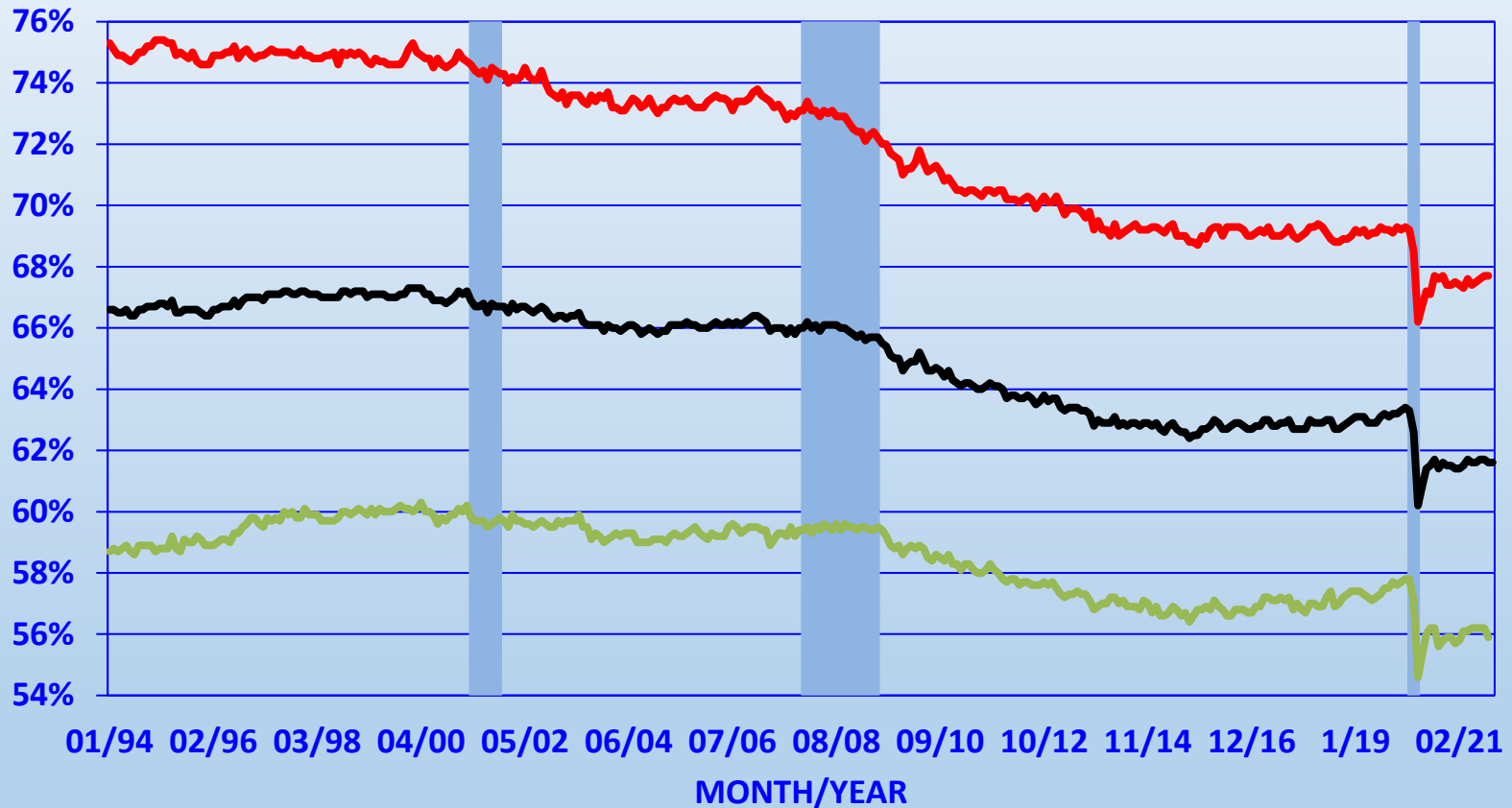
# LABOR FORCE PARTICIPATION RATE (LFPR) (LAST MONTH PLOTTED, 10/21)





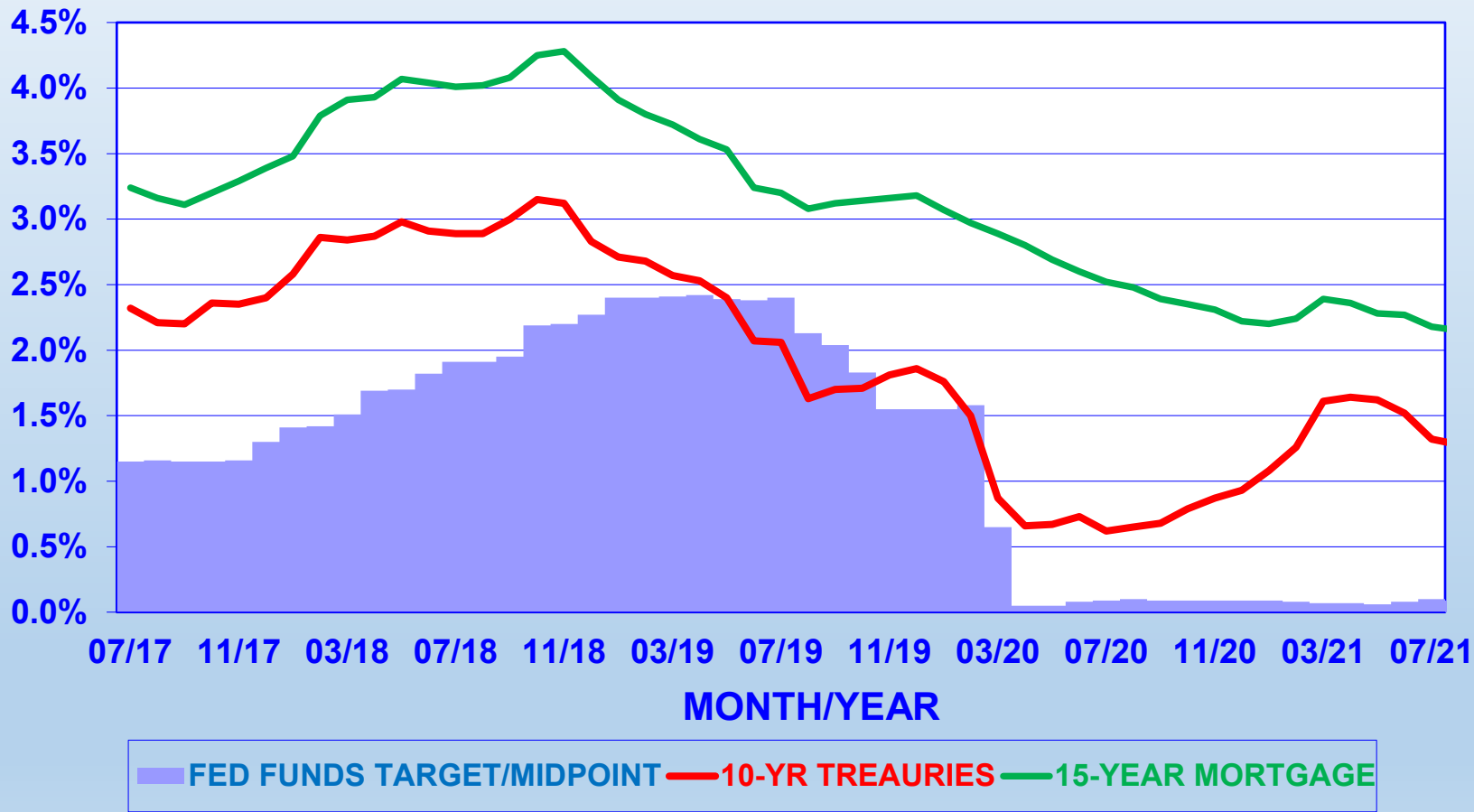
# LABOR FORCE PARTICIPATION RATE BY GENDER

(LAST MONTH PLOTTED, 10/21)

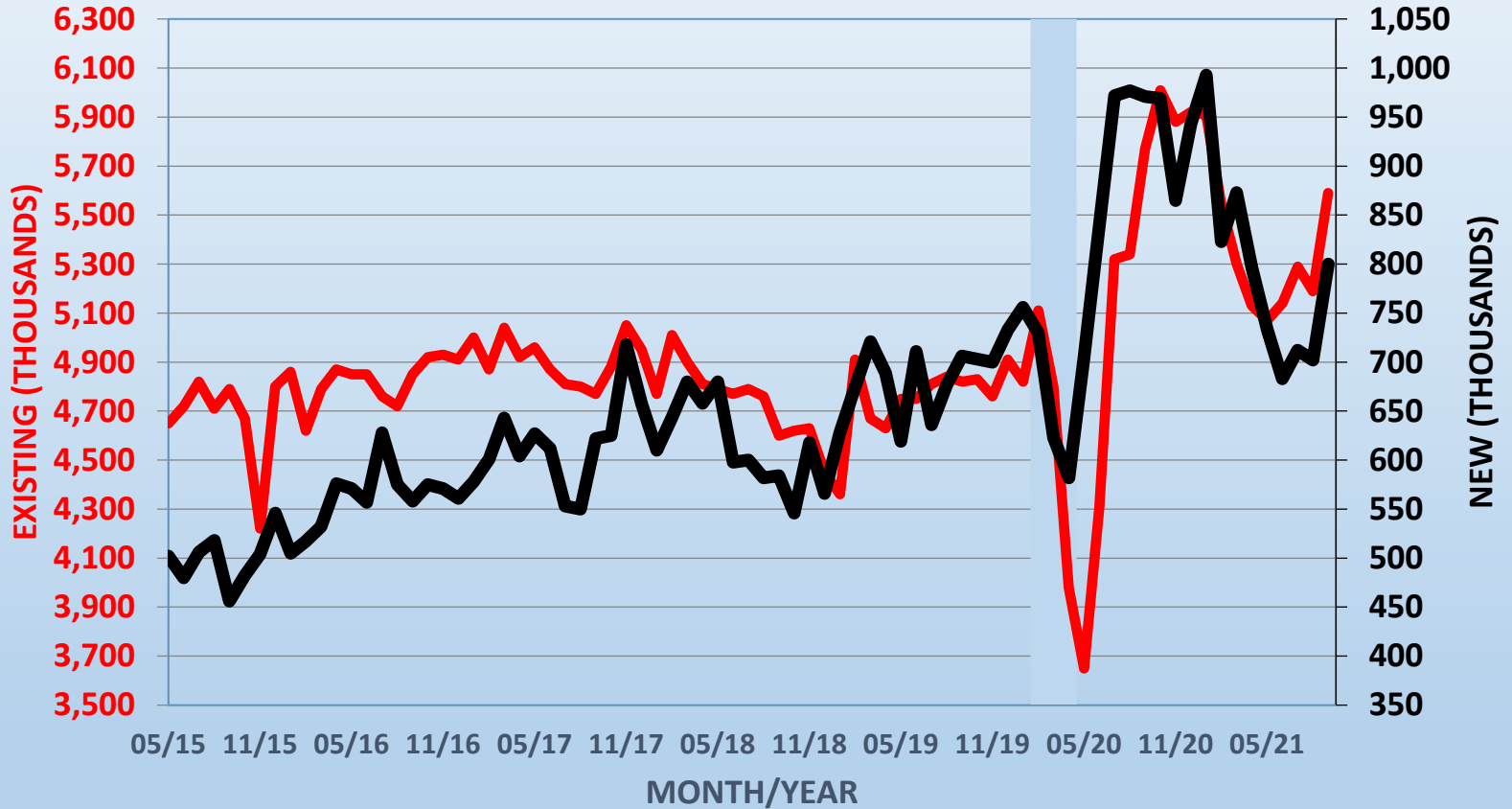


CONTRACTION MEN WOMEN ALL

# INTEREST RATES (LAST MONTH PLOTTED, 9/21)

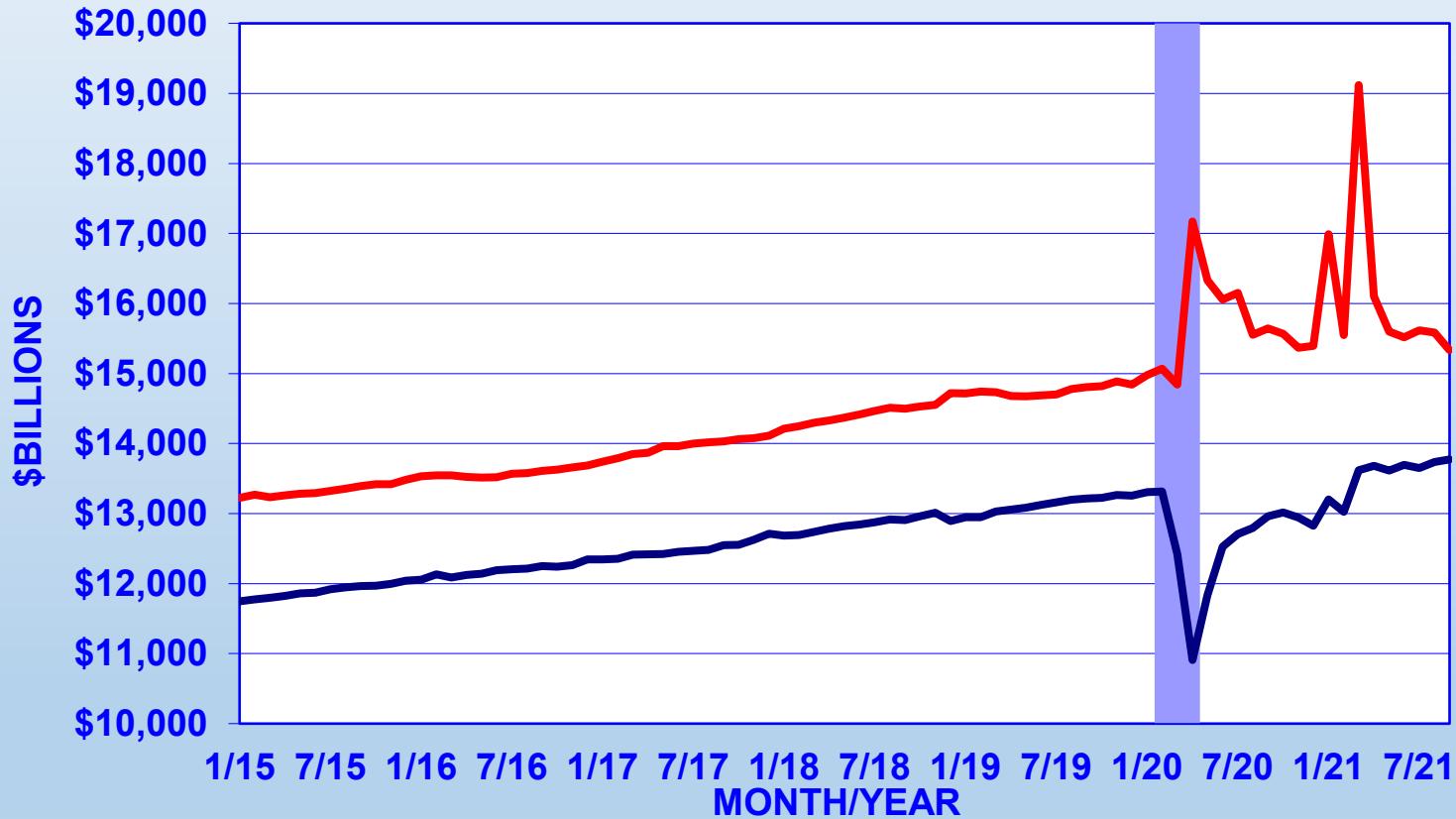


# NEW & EXISTING HOME SALES (LAST MONTH PLOTTED, 9/21)



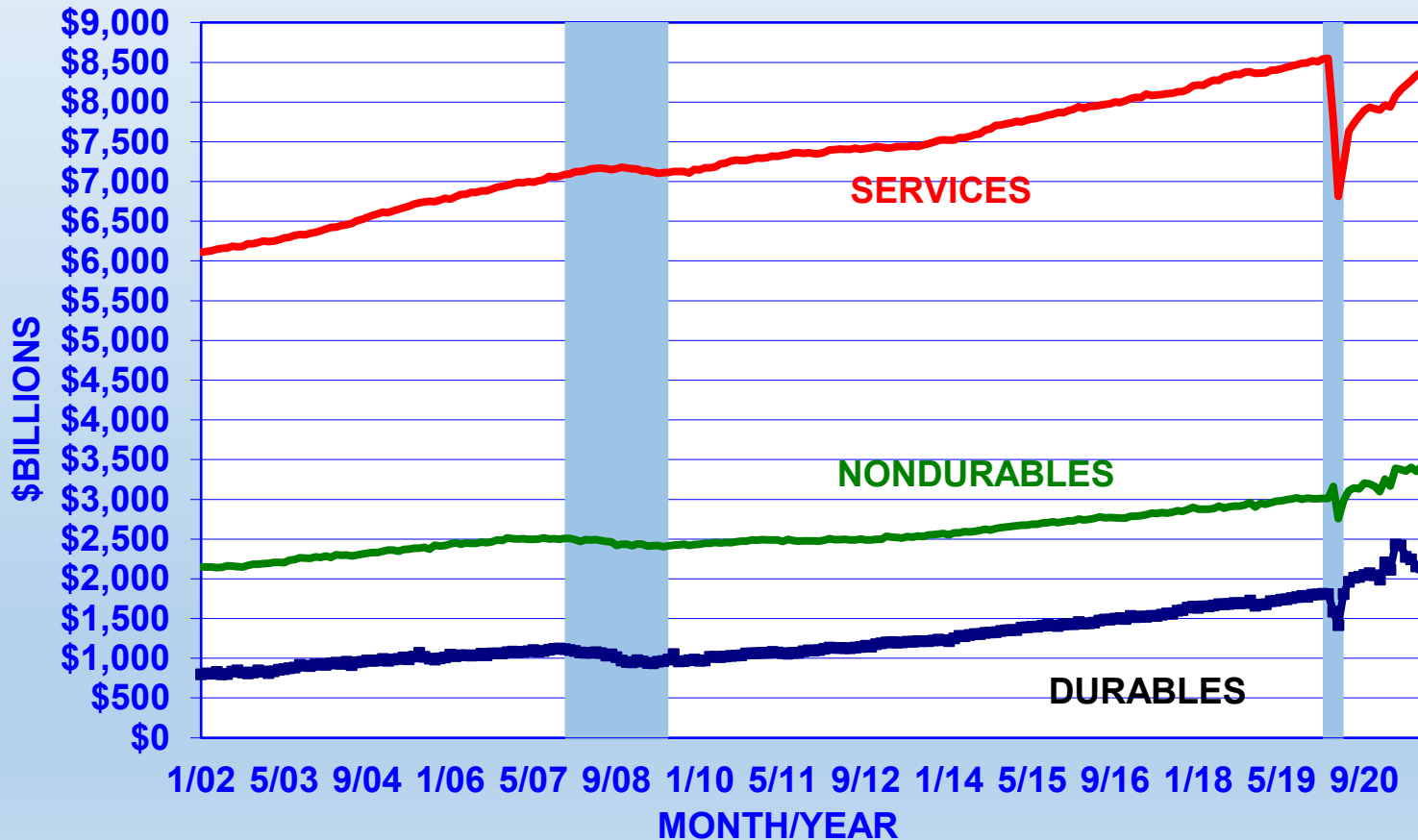
CONTRACTION    EXISTING (000s) - LEFT AXIS    NEW (000s) - RIGHT AXIS

# INFLATION-ADJUSTED AFTER-TAX INCOME & CONSUMPTION SPENDING (LAST MONTH PLOTTED, 9/21)

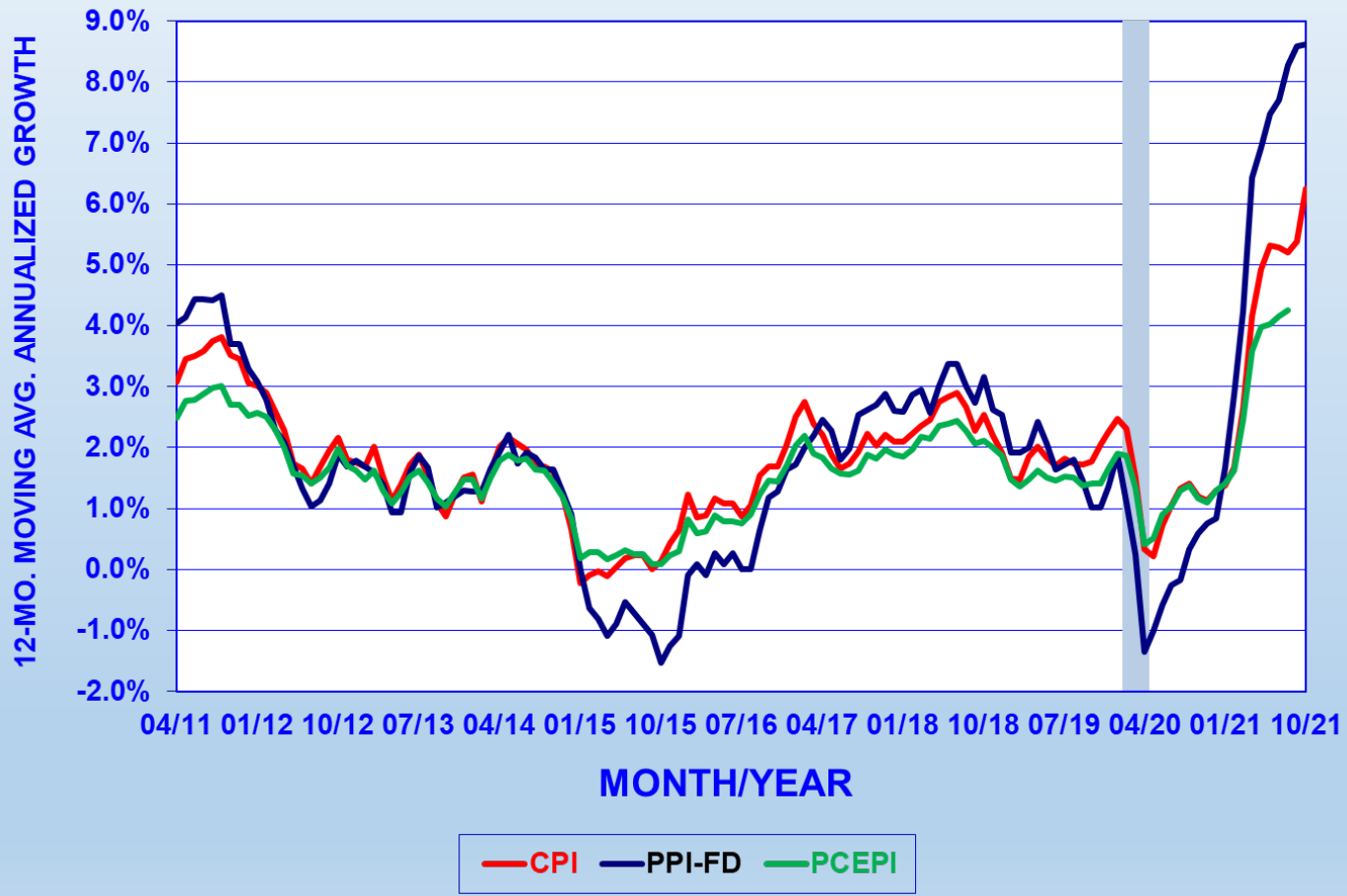


CONTRACTIONS    DISPOSABLE INCOME    PERSONAL CONSUMPTION

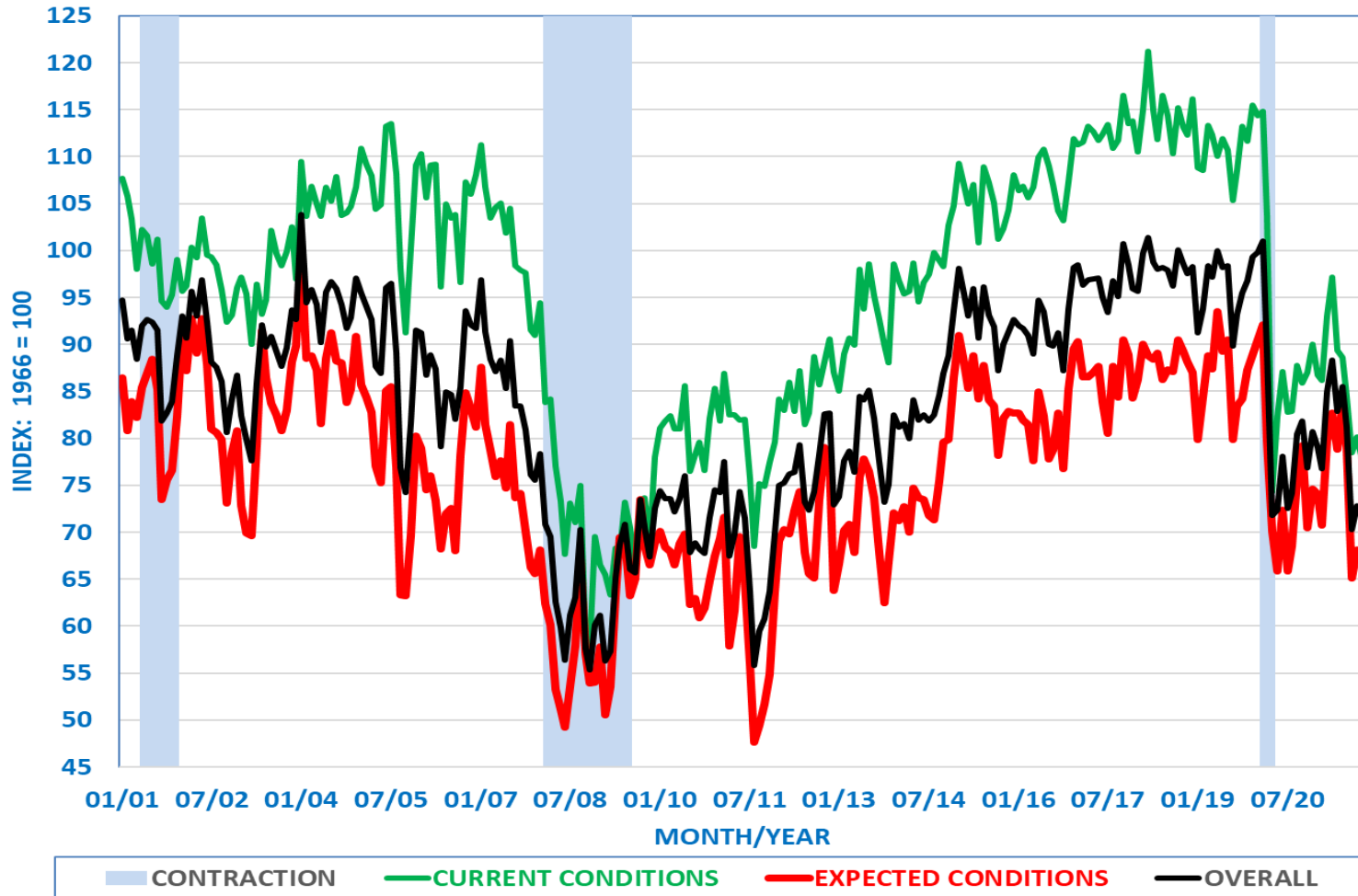
# INFLATION-ADJUSTED MONTHLY CONSUMPTION SPENDING BY CATEGORY (LAST MONTH PLOTTED, 9/21)



# MEASURES OF INFLATION (LAST MONTH PLOTTED, 10/21)



# UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX (LAST MONTH PLOTTED, 10/21)



# The Tennessee Economy

- Covid-19 and Beyond



# Tennessee LFPR



# Total Nonfarm Tennessee



# Where Are the Missing Workers?

Parents providing childcare at home

Missing foreign-born workers

Workers continuing to collect unemployment benefits

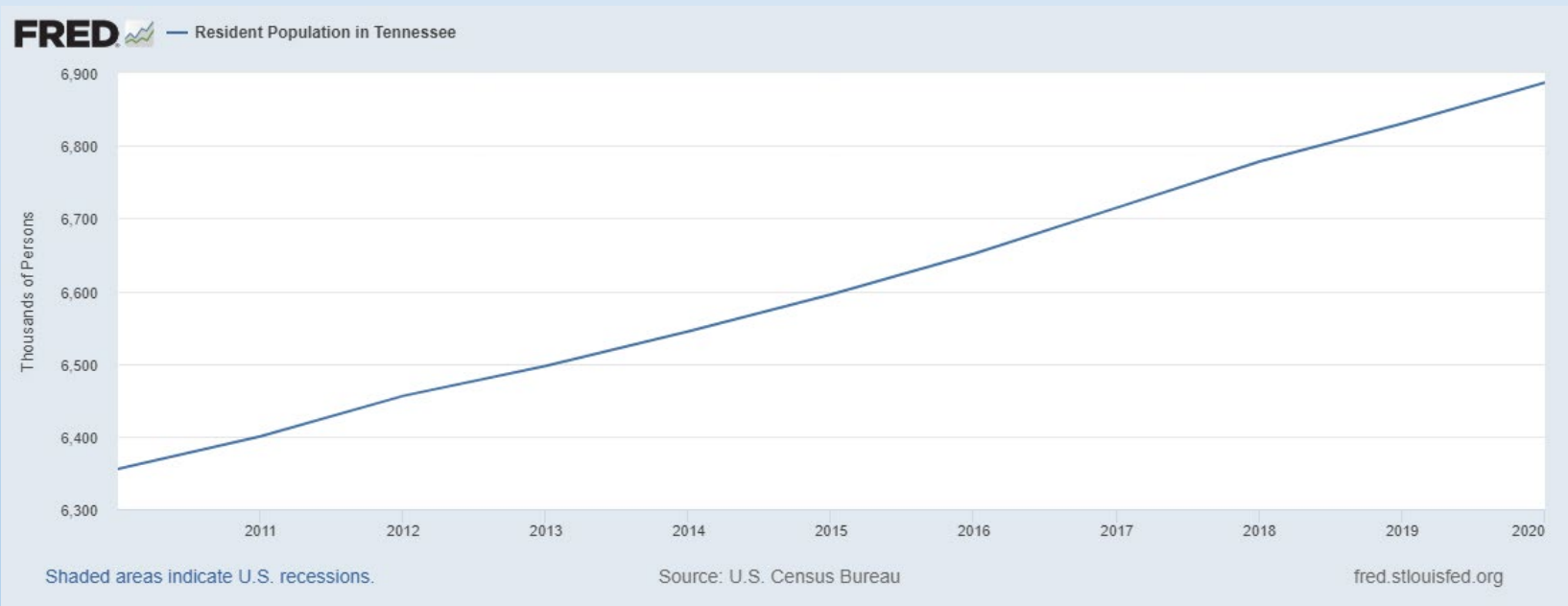
Workers who are afraid of catching Covid

Workers who are avoiding vaccine mandates

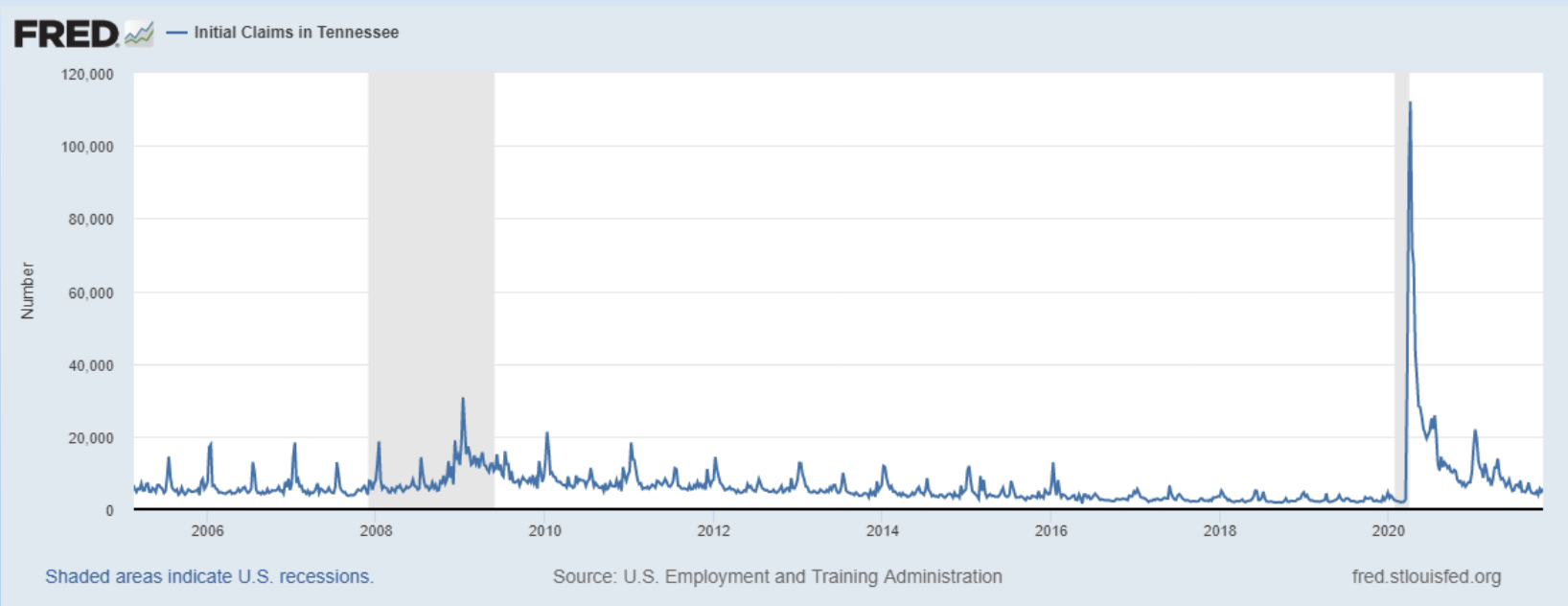
Workers who decided to retire earlier than planned

Workers who went into business for themselves during the pandemic

# Tennessee Population

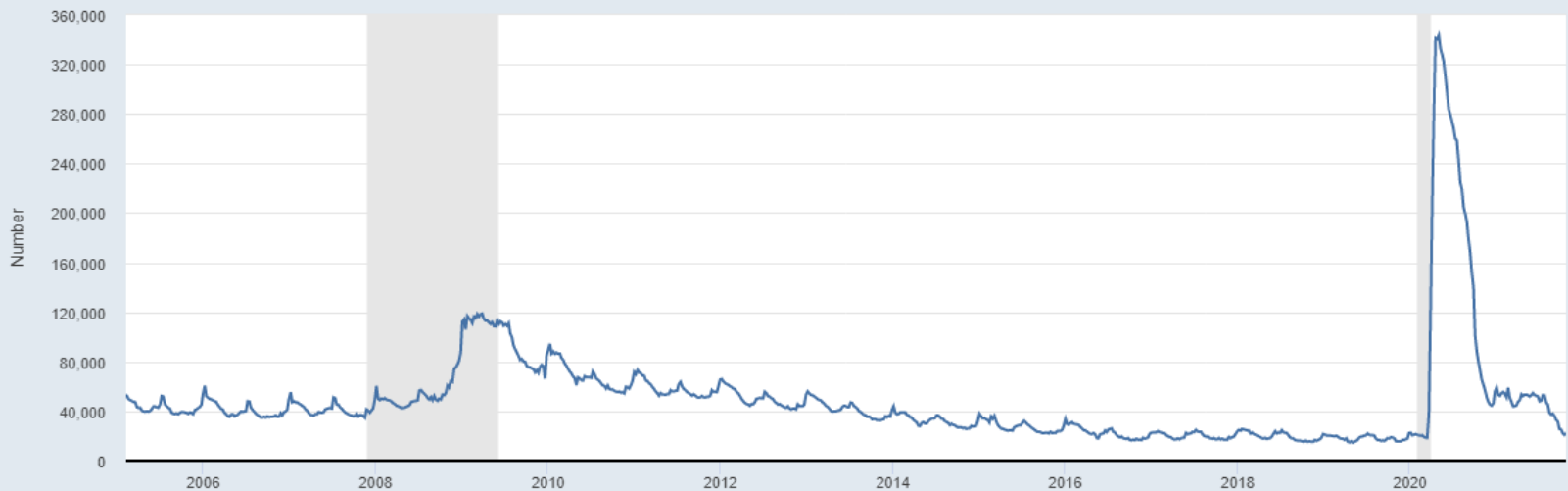


# TN Unemployment: Initial Claims



# TN Unemployment: Continued Claims

**FRED** — Continued Claims (Insured Unemployment) in Tennessee



Shaded areas indicate U.S. recessions.

Source: U.S. Employment and Training Administration

fred.stlouisfed.org

# TN State Unemployment Benefits

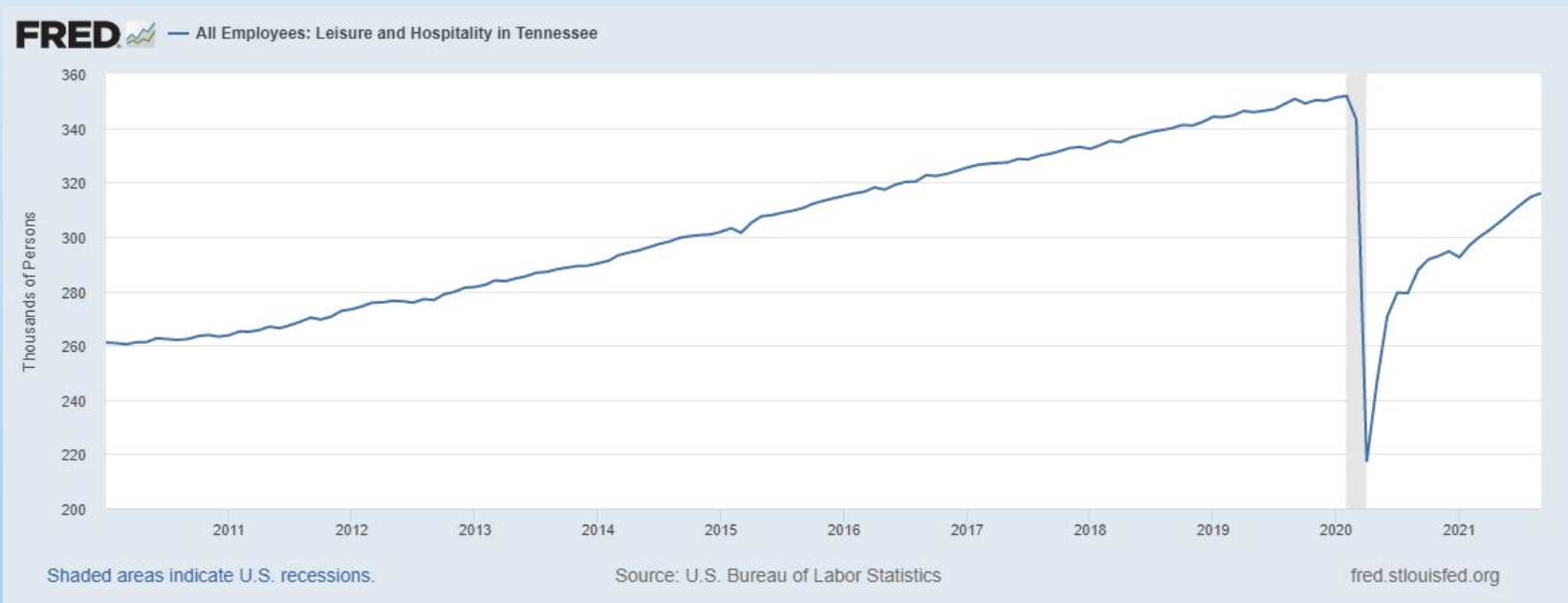


# US Child Care Workers





# TN Leisure and Hospitality Employees



# TN Education and Health Employees

**FRED** — All Employees: Education and Health Services in Tennessee



Shaded areas indicate U.S. recessions.

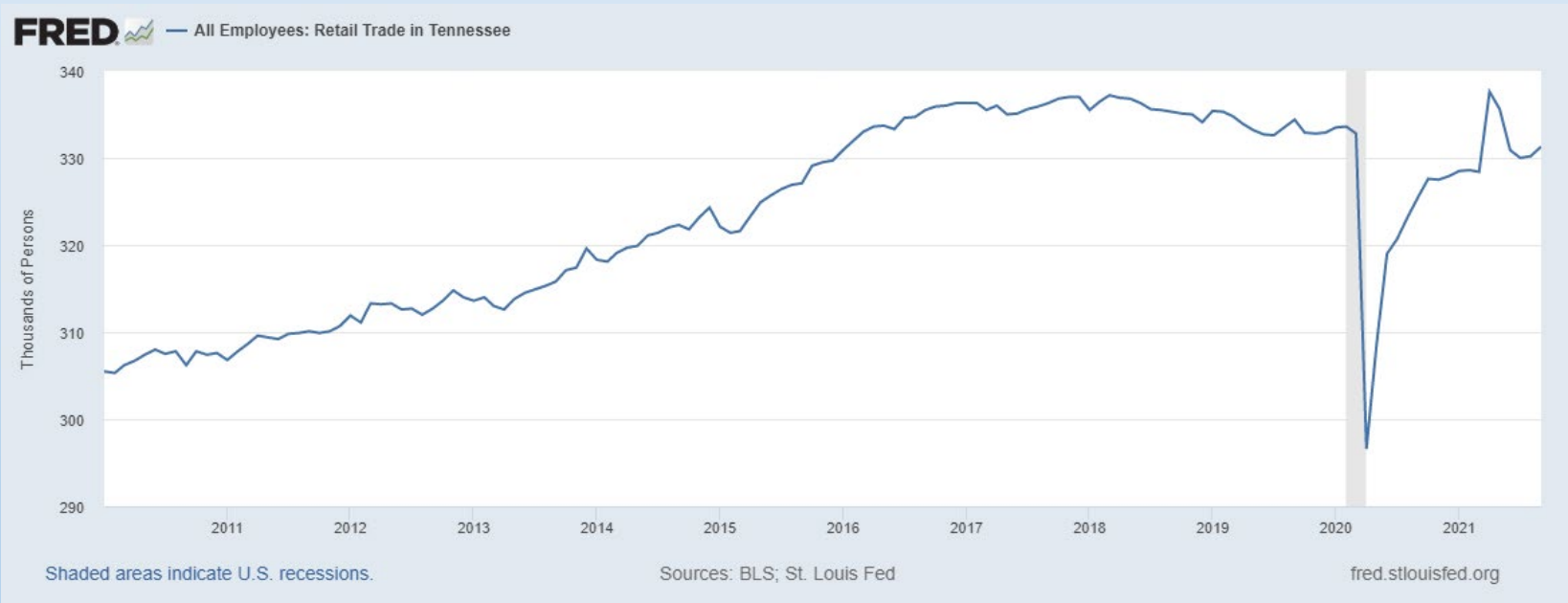
Sources: BLS; St. Louis Fed

fred.stlouisfed.org

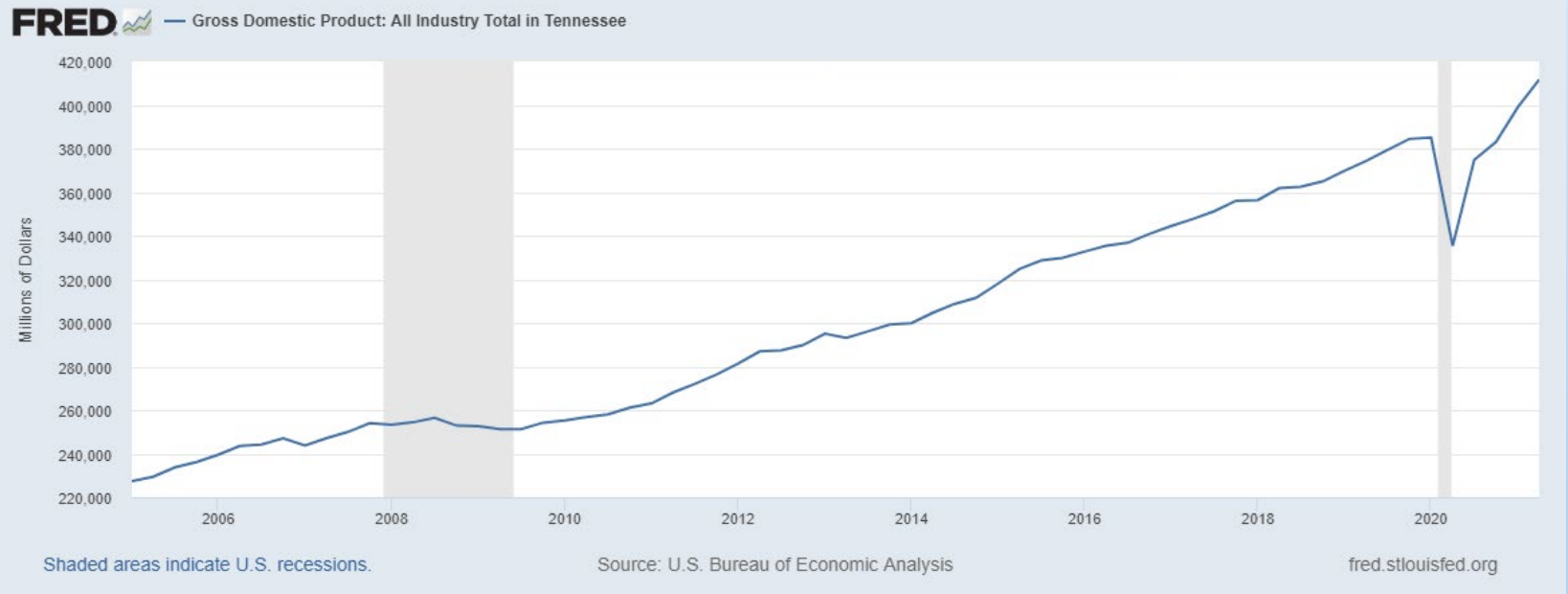
# TN Food Service Employees



# TN Retail Trade Employees



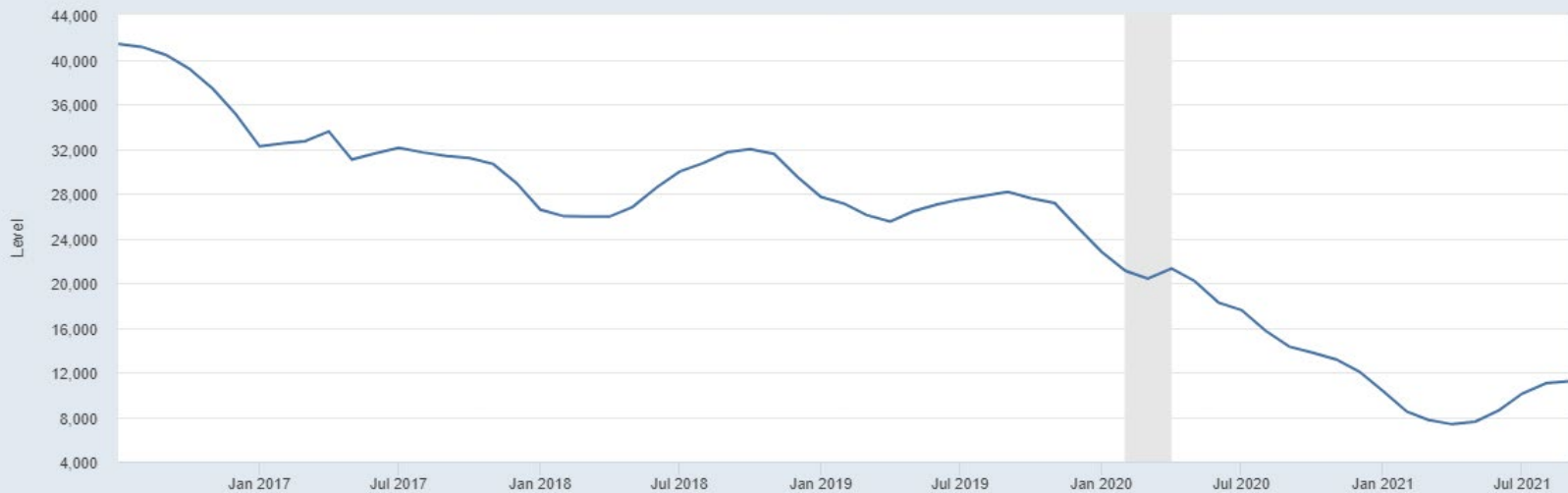
# Tennessee Gross Domestic Product, Annualized



# TN Housing Inventory

FRED

— Housing Inventory: Active Listing Count in Tennessee

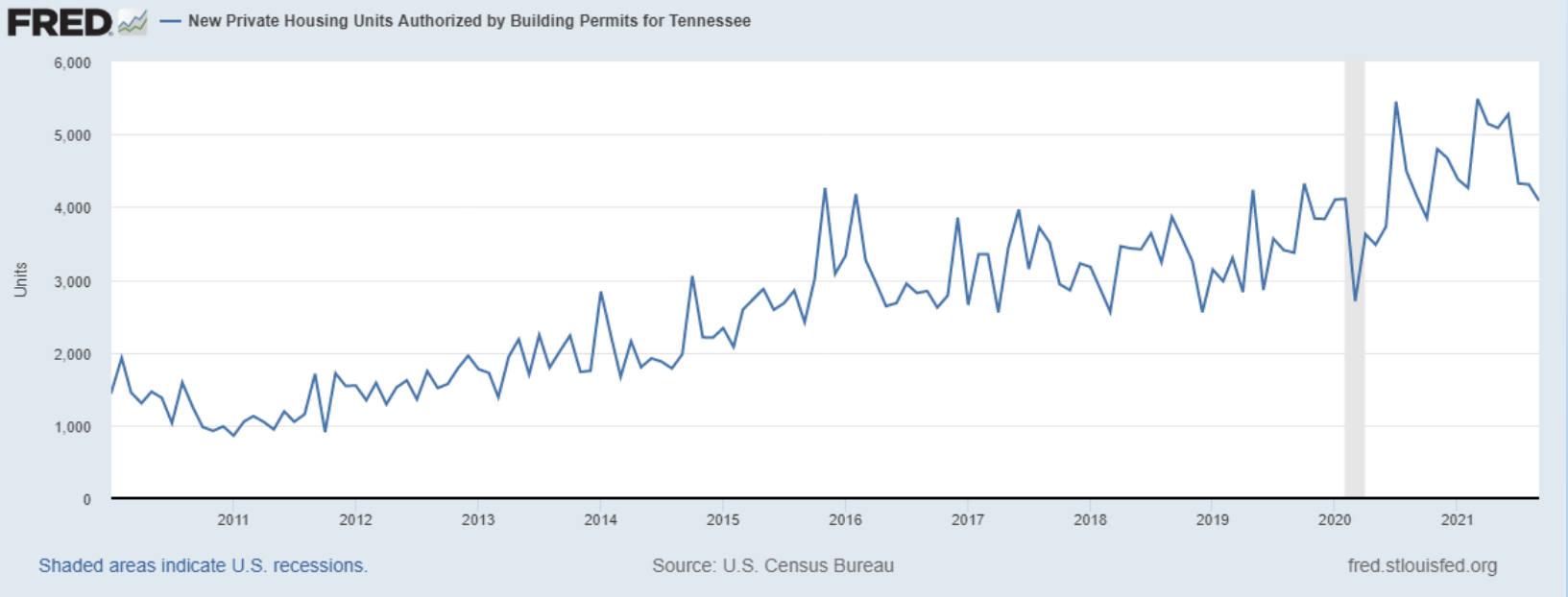


Shaded areas indicate U.S. recessions.

Source: Realtor.com

fred.stlouisfed.org

# TN Housing Units Building Permits



# TN Construction Employees

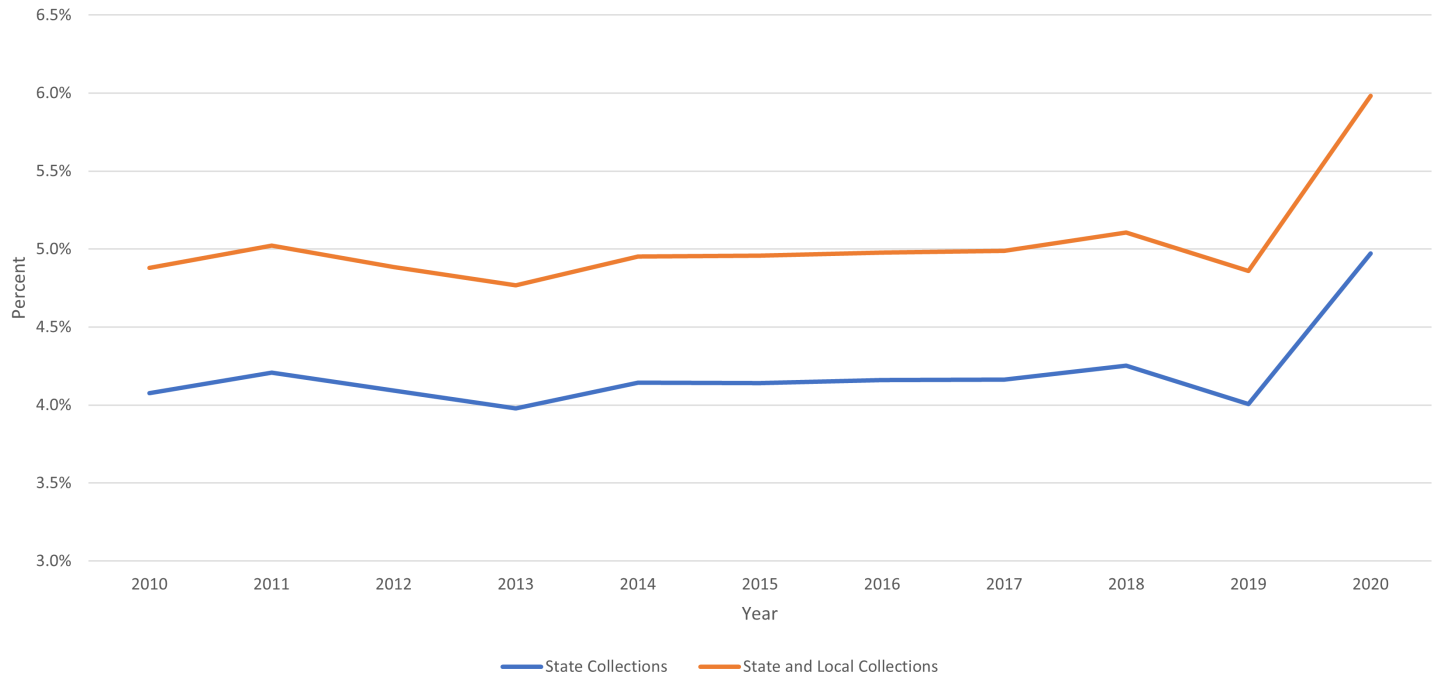




# US Auto Inventories



TN Collections as a Percent of TN Gross Output

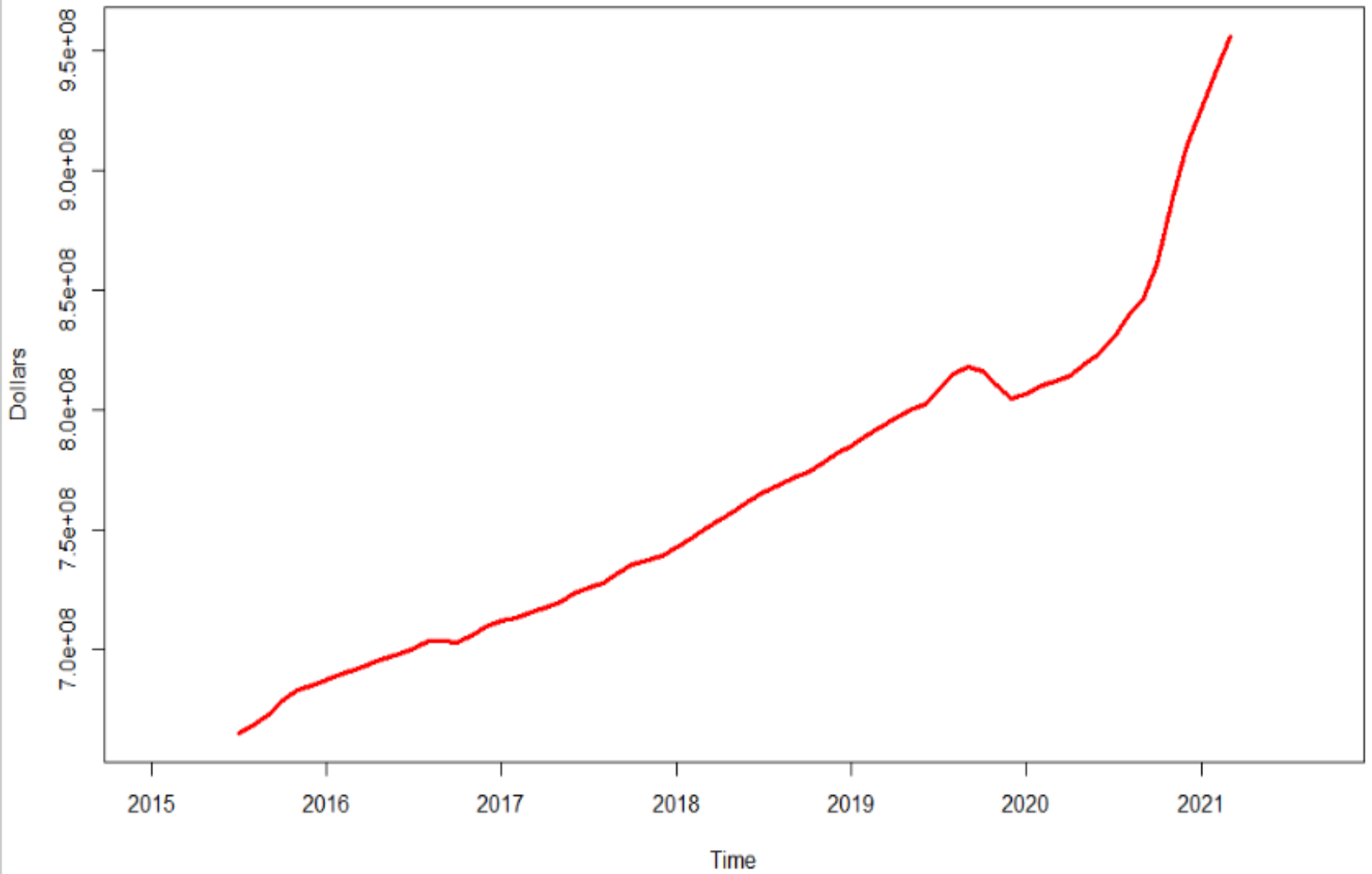


# **Tennessee State Tax Collection Forecast**

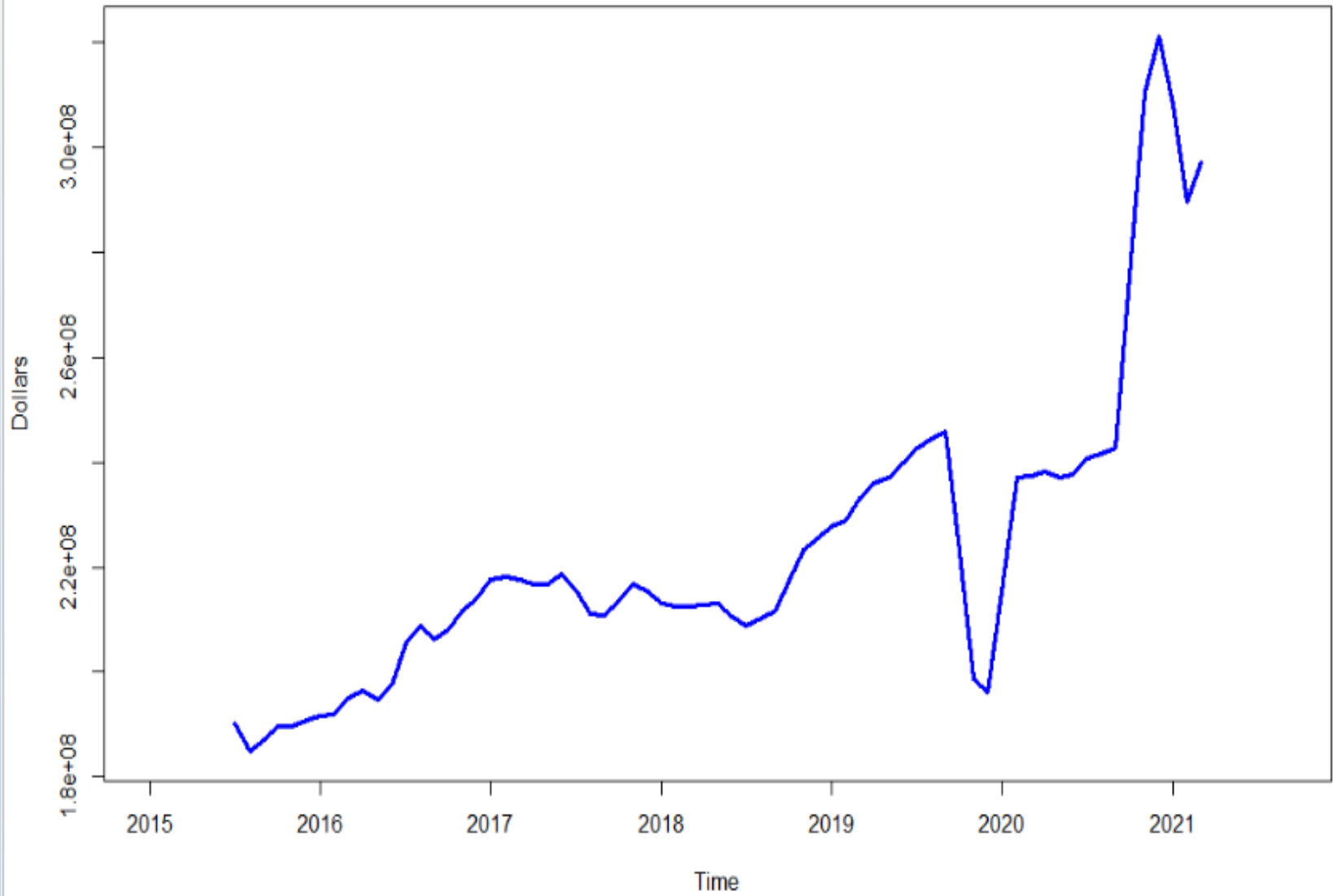
# **FACTORS AFFECTING FORECAST ACCURACY**

- **SUPPLY CHAIN CONSTRAINTS,**
- **INDUSTRY'S DIFFICULTY IN FILLING OPEN POSITIONS,**
- **FUTURE MONETARY AND FISCAL POLICY DECISIONS,**
- **UNCERTAINTY OF FUTURE INFLATION RATE**

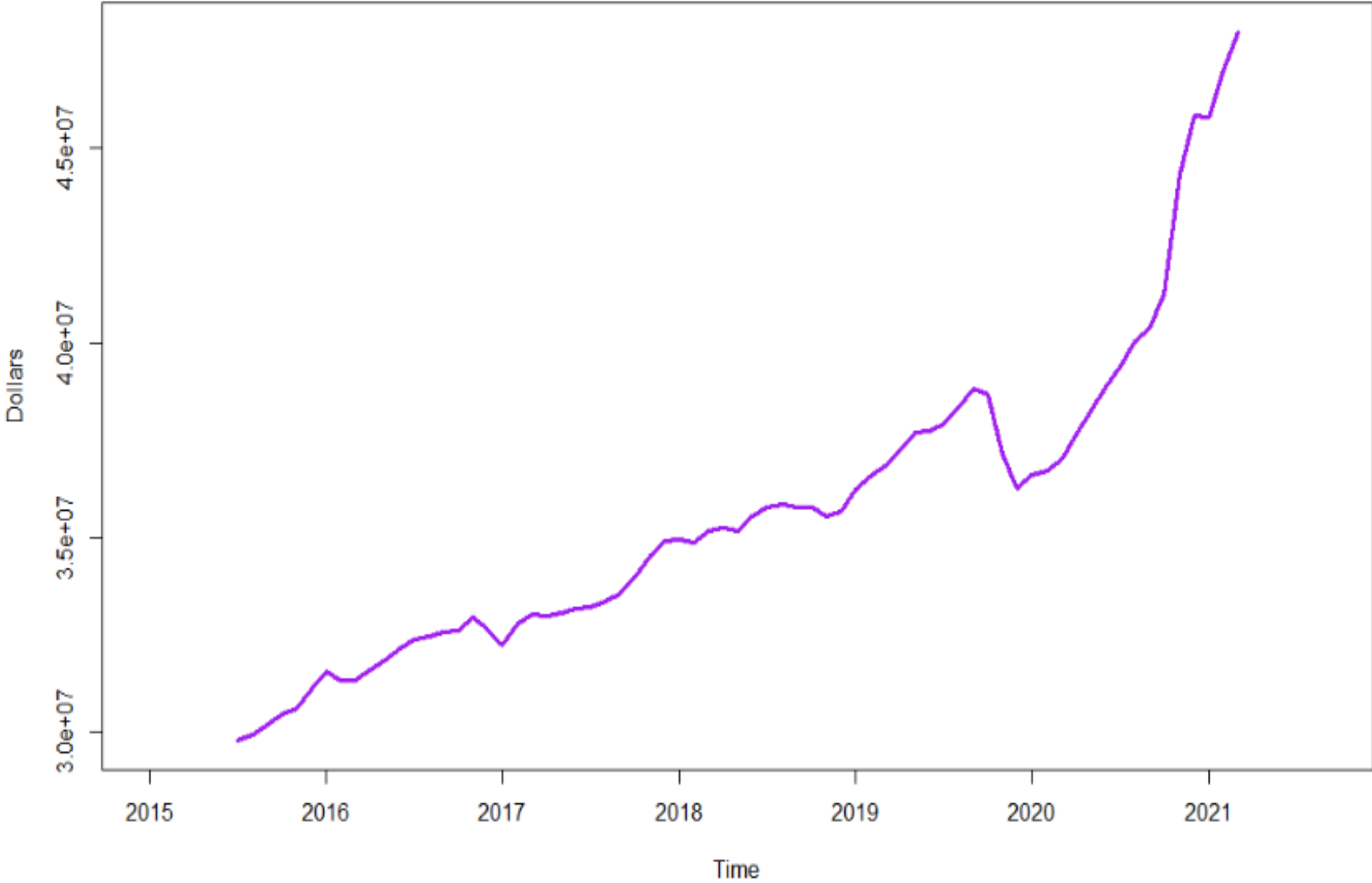
Sales Tax Collections Trend: 2015-2021



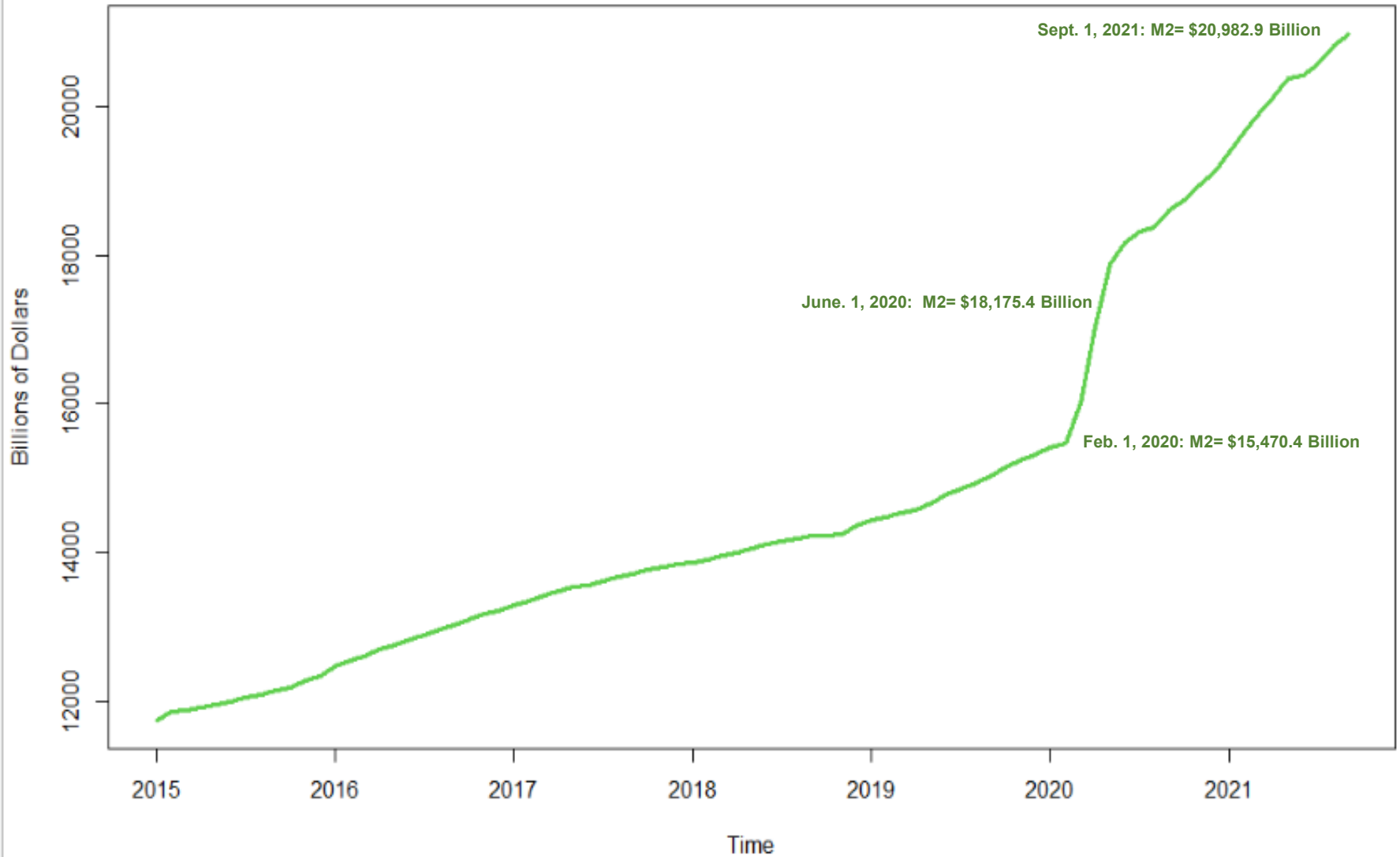
Franchise & Excise Collections Trend: 2015-2021



Privilege Tax Collections Trend: 2015-2021

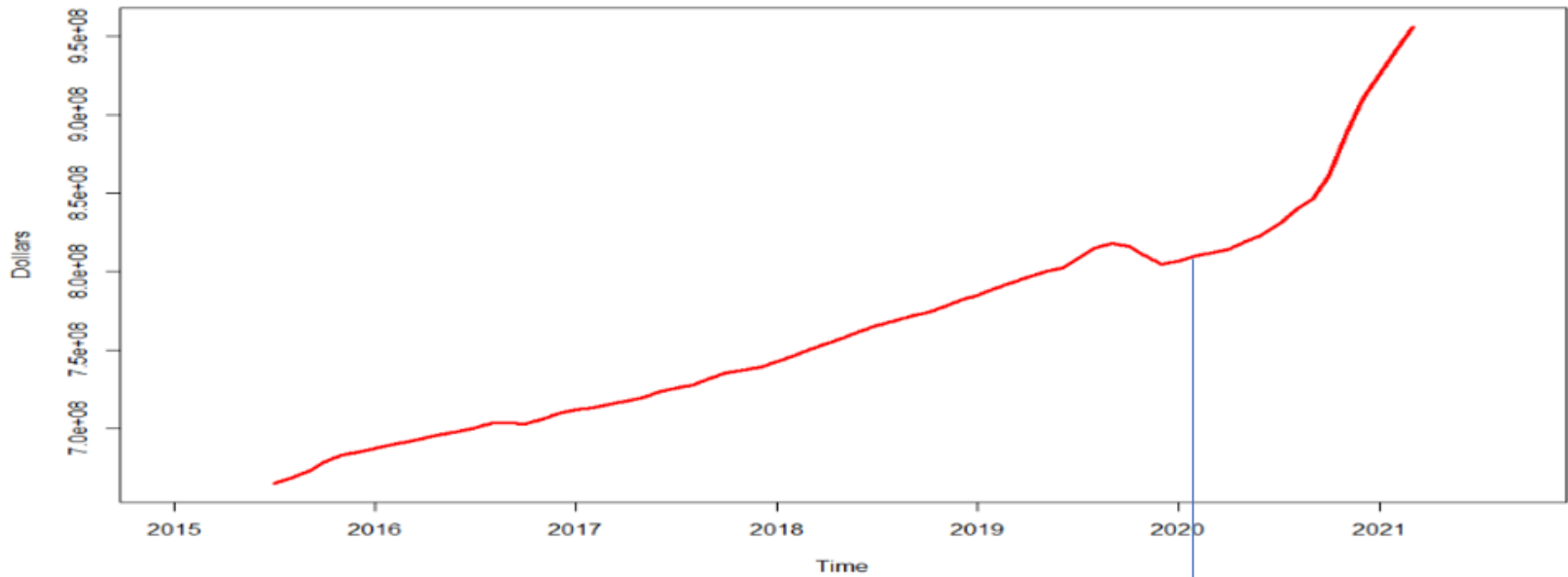


# US MONEY SUPPLY: M2

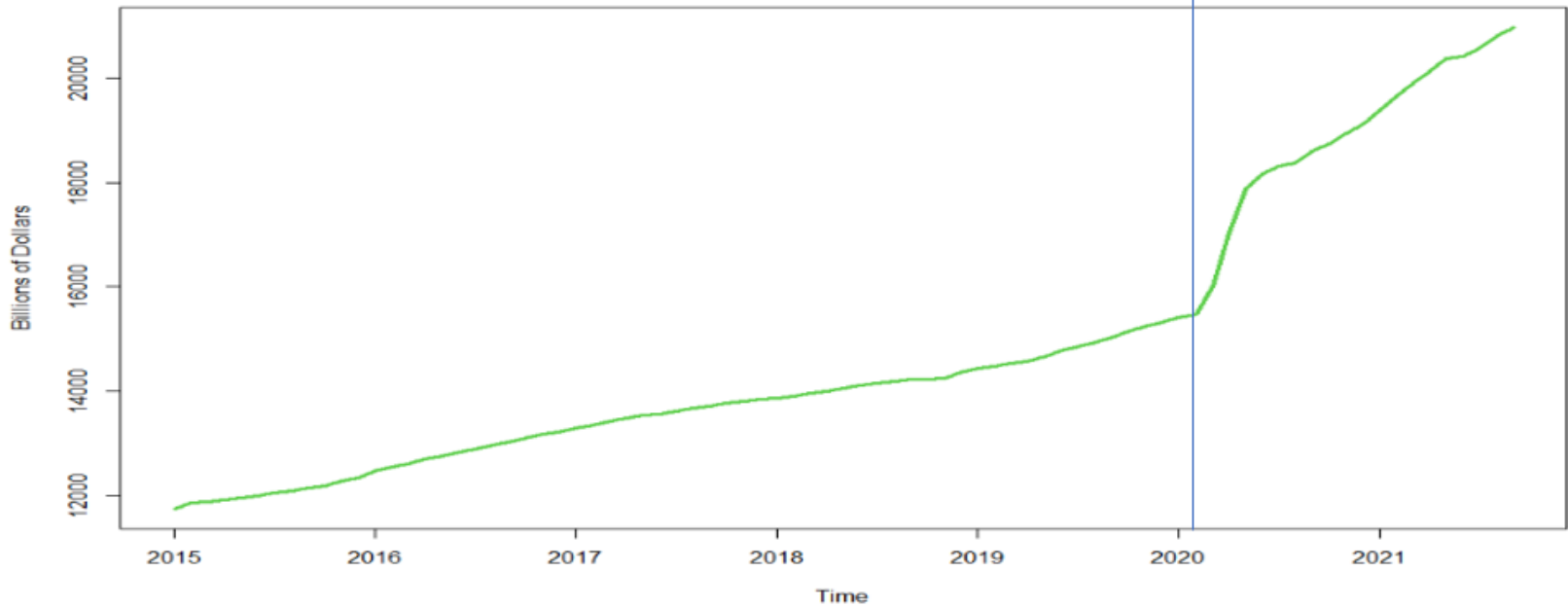




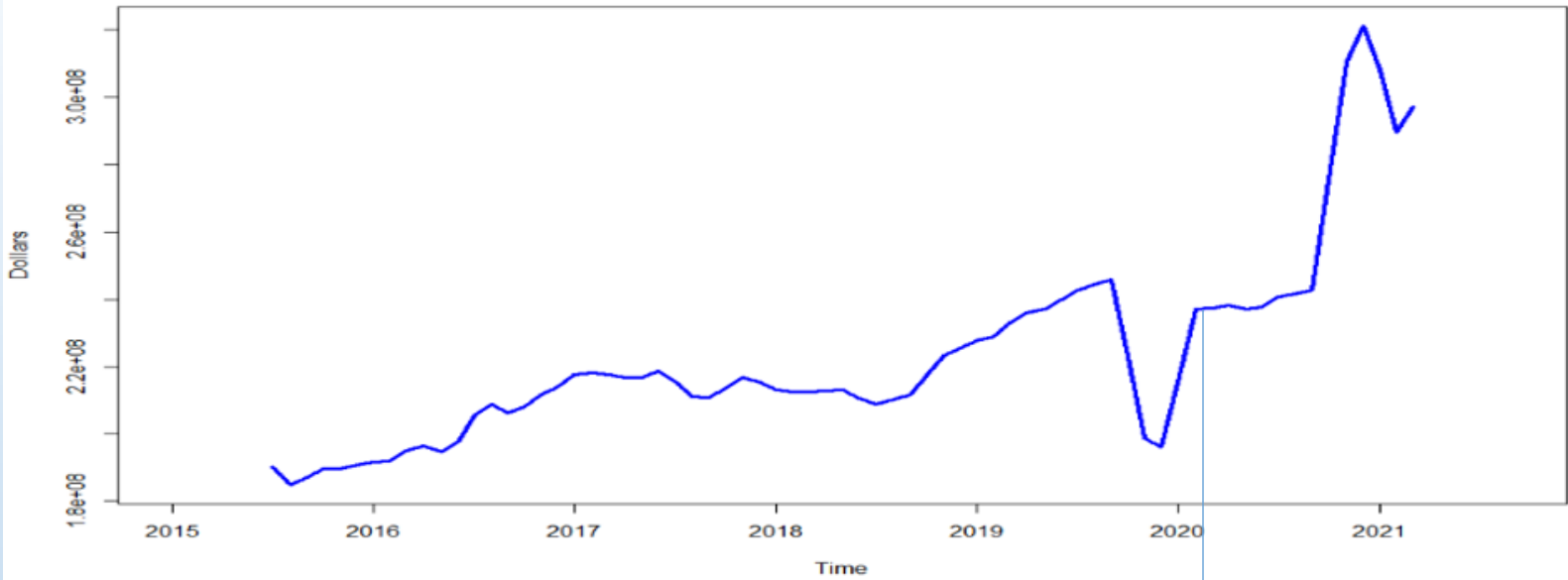
**Sales Tax Collections Trend: 2015-2021**



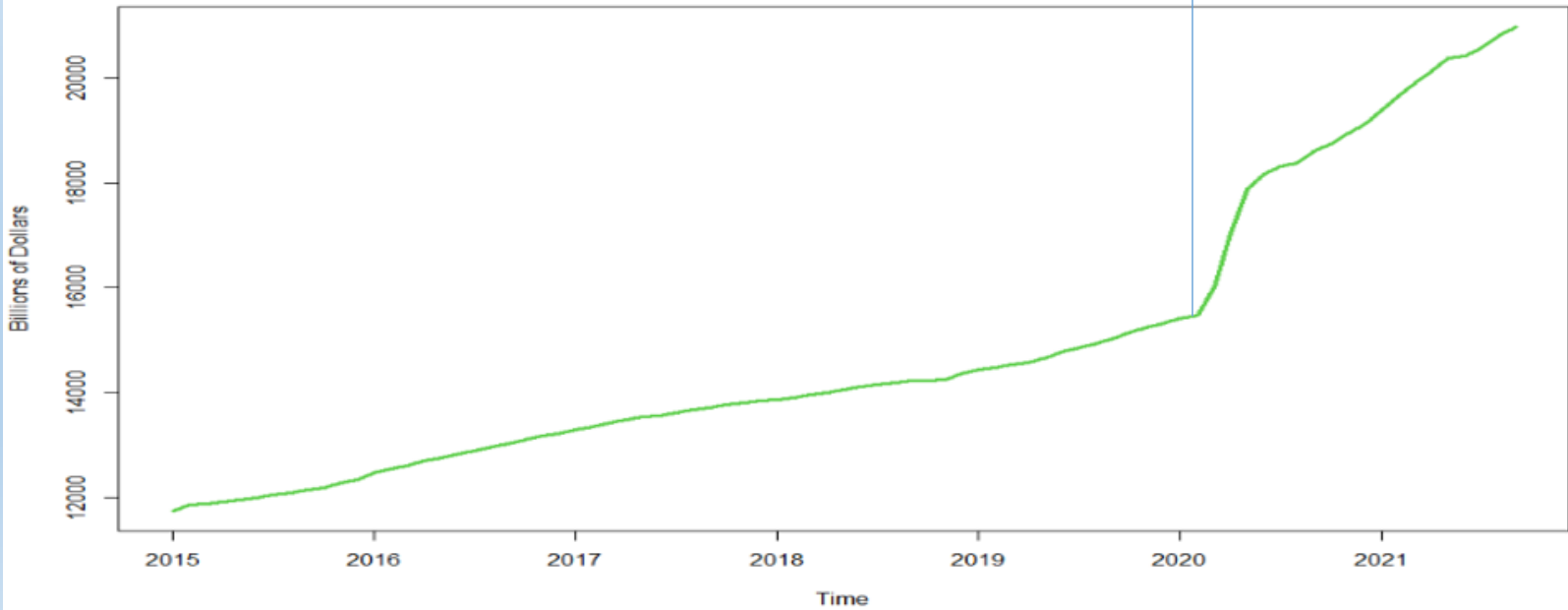
**US MONEY SUPPLY: M2**



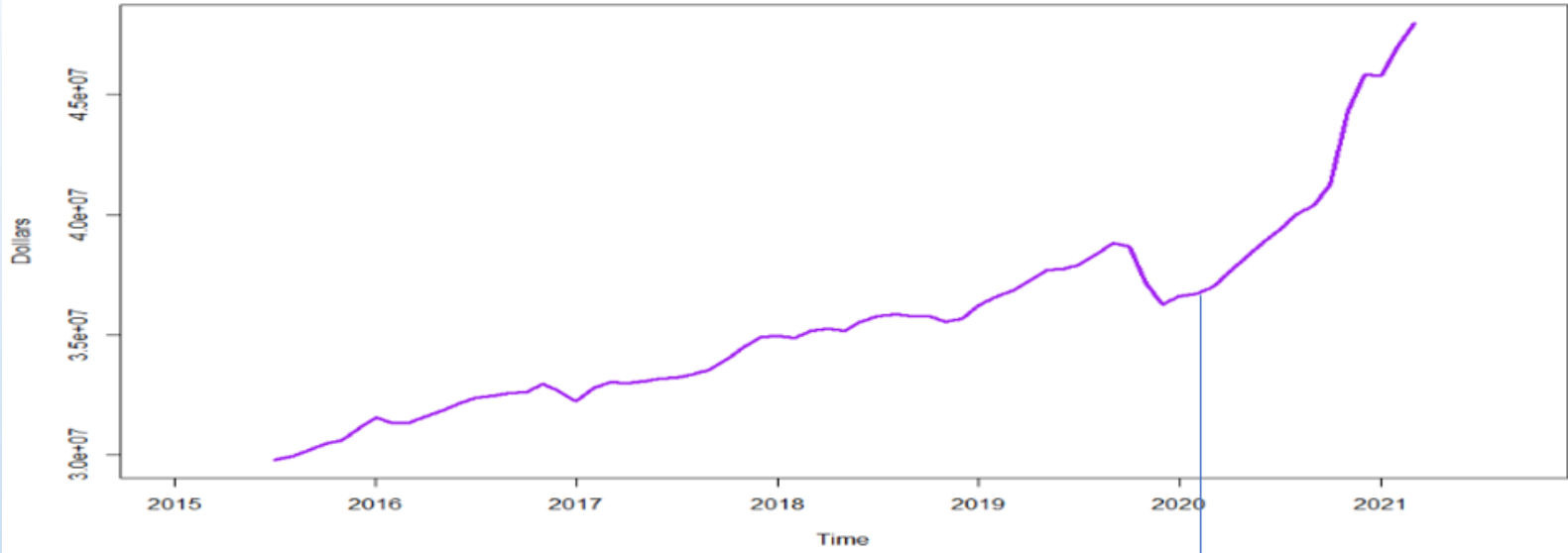
**Franchise & Excise Collections Trend: 2015-2021**



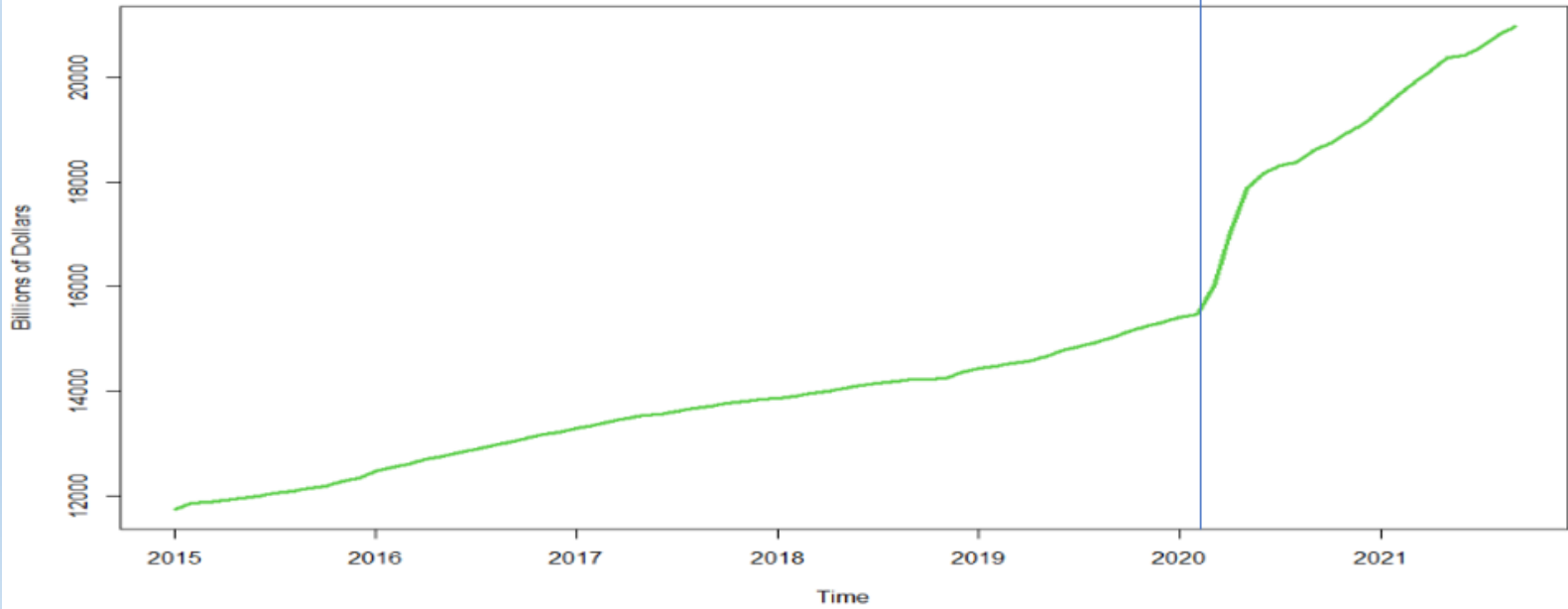
**US MONEY SUPPLY: M2**



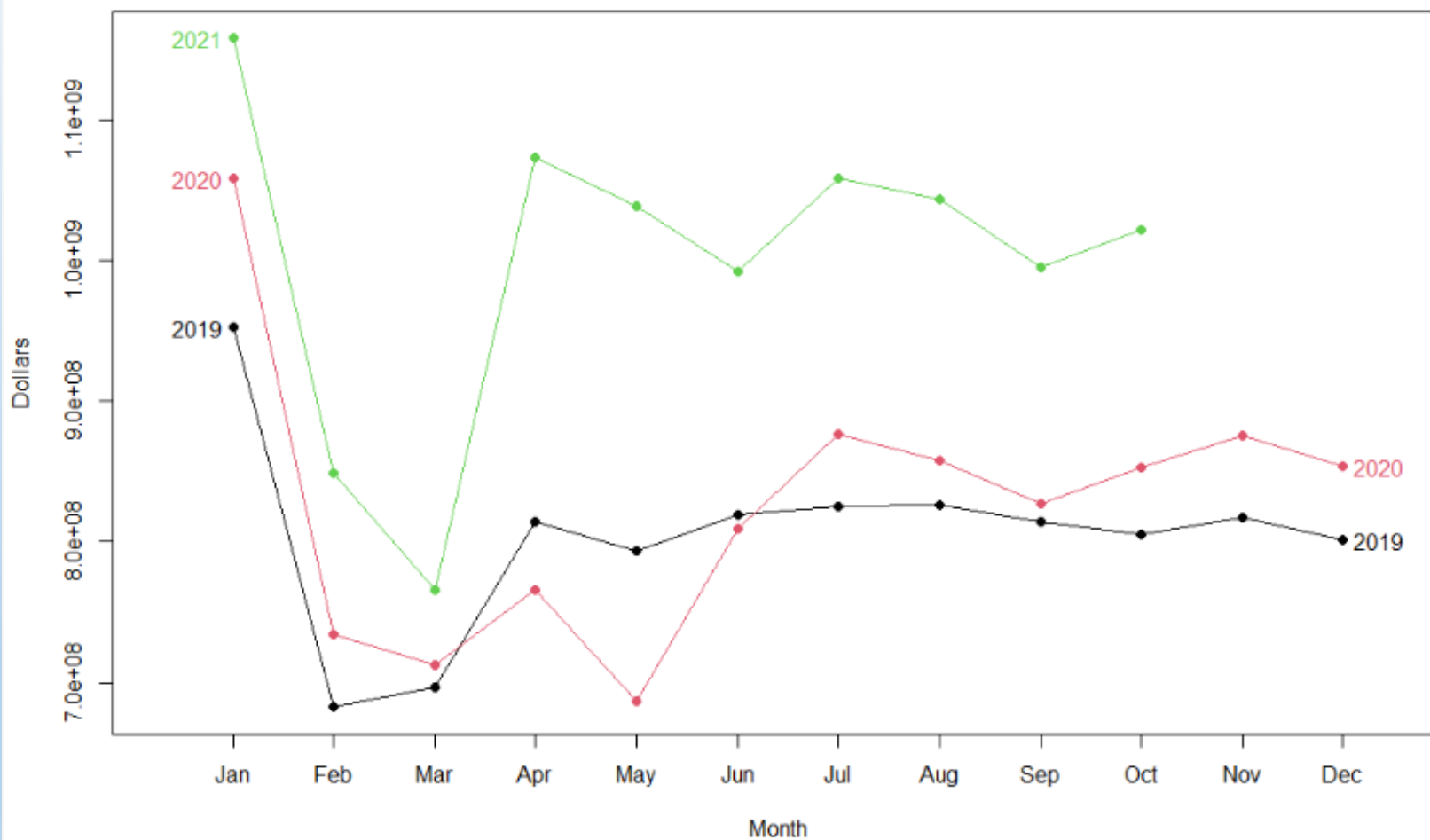
**Privilege Tax Collections Trend: 2015-2021**



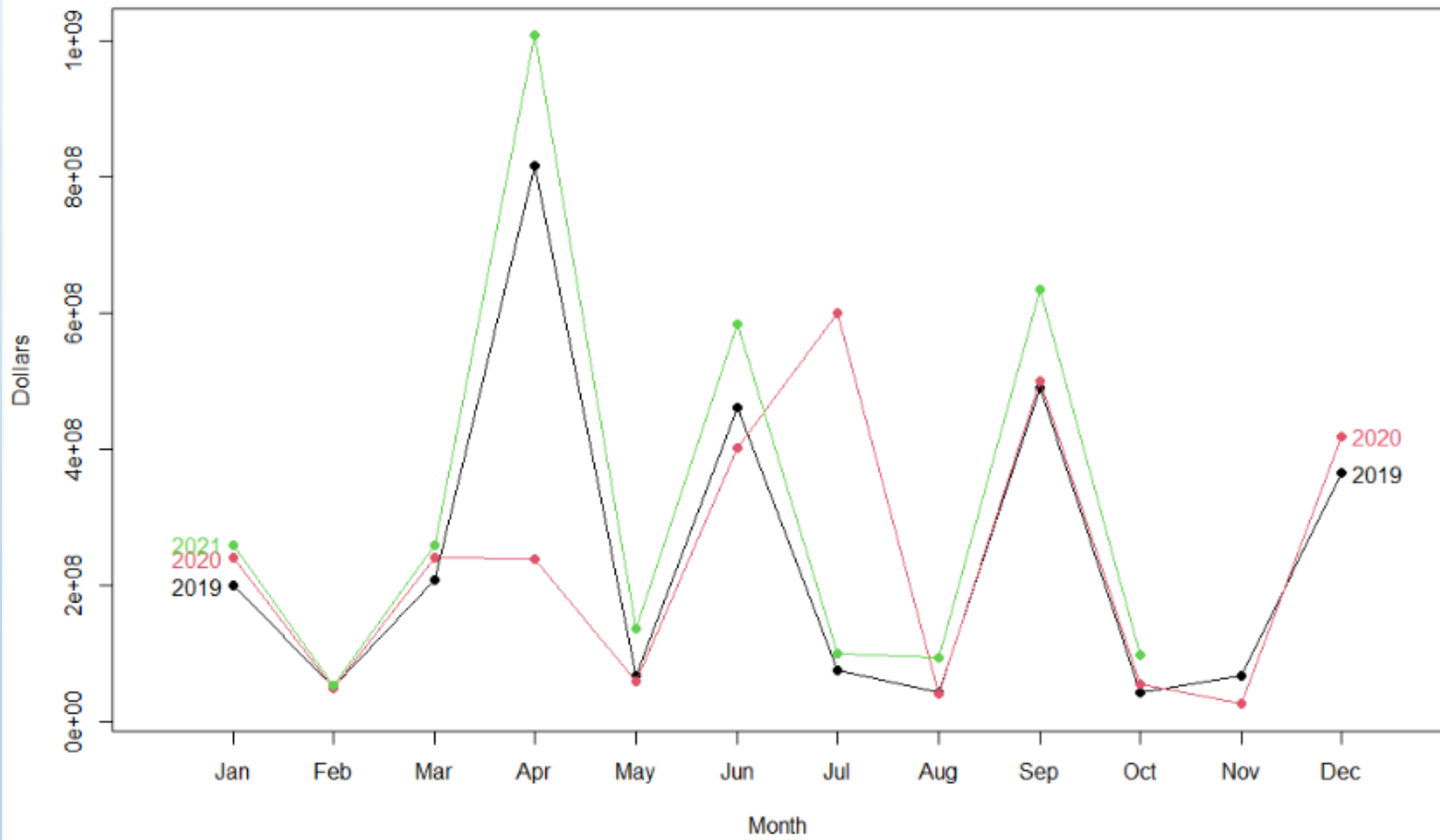
**US MONEY SUPPLY: M2**



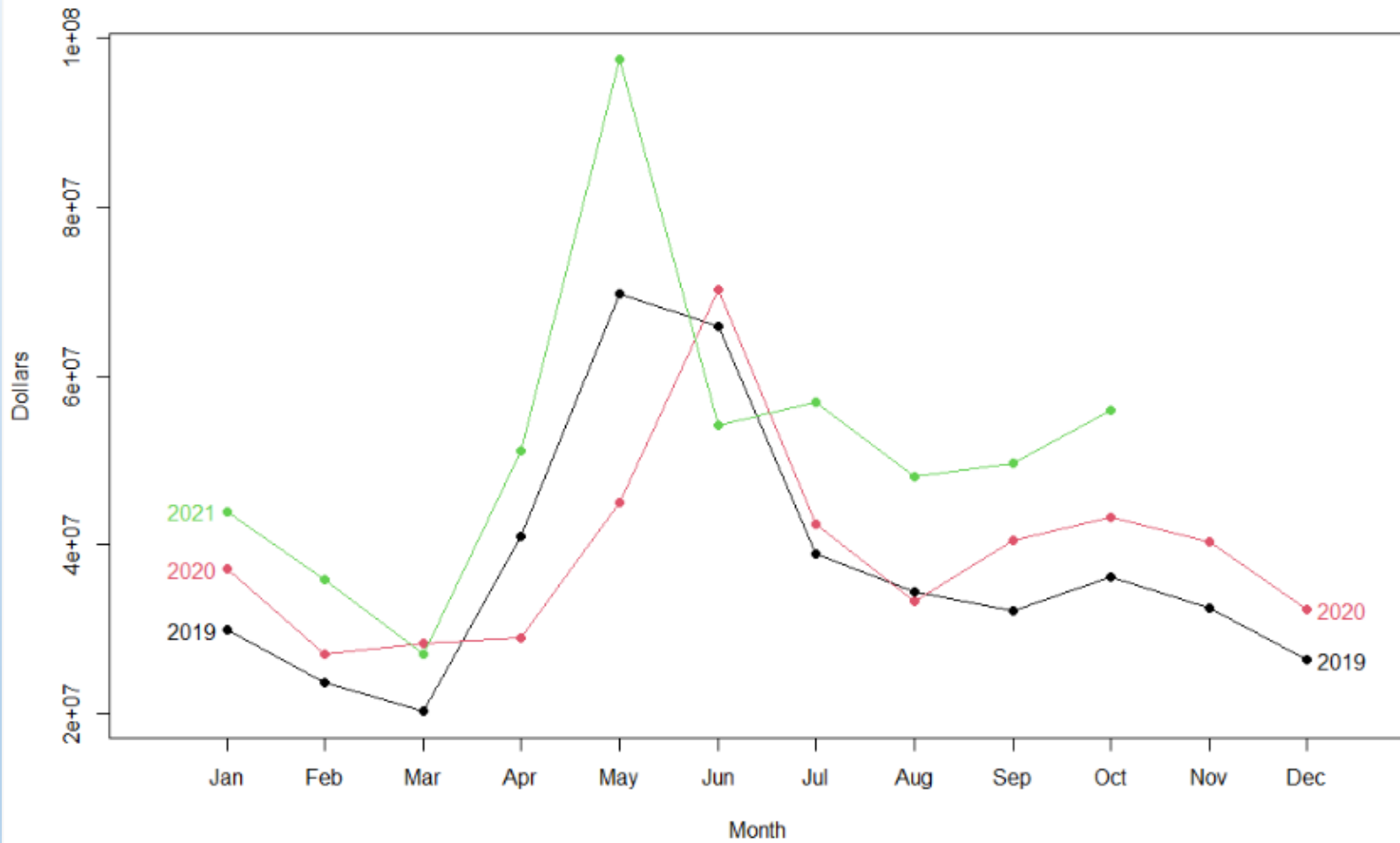
Seasonal Plot: Sales and Use Tax Collections 2019 - 2021



Seasonal Plot: Franchise and Excise Tax Collections 2019 - 2021



Seasonal Plot: Privilege Tax Collections 2019 - 2021



	AMOUNT	AMOUNT	OVER PREVIOUS YEAR	AMOUNT	OVER PREVIOUS YEAR
SALES & USE <sup>1</sup>	\$11,083,119,600	\$12,251,887,000	10.55%	\$13,106,948,000	6.98%
GASOLINE TAX	\$841,298,500	\$880,184,000	4.62%	\$889,238,600	1.03%
MOTOR FUEL TAX	\$306,454,100	\$325,500,000	6.21%	\$341,500,000	4.92%
GASOLINE INSPECTION TAX	\$68,282,500	\$69,332,800	1.54%	\$69,900,000	0.82%
MOTOR VEHICLE REGISTRATION TAX	\$356,305,900	\$361,729,000	1.52%	\$375,727,840	3.87%
INCOME TAX	\$86,025,400	\$0	-	\$0	-
PRIVILEGE TAX <sup>2</sup>	\$482,858,700	\$508,500,000	5.31%	\$532,500,000	4.72%
GROSS RECEIPTS TAX	\$339,575,800	\$332,590,000	-2.06%	\$330,051,100	-0.76%
GROSS RECEIPTS TAX - OTHER	\$33,658,400	\$32,500,000	-3.44%	\$31,697,000	-2.47%
BEER TAX	\$17,909,000	\$18,231,200	1.80%	\$18,511,000	1.53%
ALCOHOLIC BEVERAGE TAX	\$84,155,900	\$87,436,900	3.90%	\$91,524,000	4.67%
FRANCHISE & EXCISE TAX	\$3,495,248,000	\$3,685,000,000	5.43%	\$3,821,854,500	3.71%
INHERITANCE TAX	\$502,700	\$0	-	\$0	-
TOBACCO TAX	\$242,790,400	\$232,502,000	-4.24%	\$227,766,500	-2.04%
MOTOR VEHICLE TITLE FEES	\$23,644,300	\$23,848,500	0.86%	\$25,250,000	5.88%
MIXED DRINK TAX	\$115,846,500	\$118,890,000	2.63%	\$121,050,000	1.82%
BUSINESS TAX	\$254,256,000	\$255,000,000	0.29%	\$252,028,000	-1.17%
SEVERANCE TAX	\$447,600	\$517,000	15.50%	\$525,000	1.55%
COIN AMUSEMENT TAX	\$323,000	\$325,000	0.62%	\$326,000	0.31%
UNAUTHORIZED SUBSTANCE TAX	\$19,200	\$20,000	4.17%	\$20,000	0.00%
<b>TOTAL</b>	<b>\$17,832,721,500</b>	<b>\$19,183,993,400</b>	<b>7.58%</b>	<b>\$20,236,417,540</b>	<b>5.49%</b>

1. Excludes \$127.3 million in earmarked fees collected under sales tax for E911 telecommunications services.

DISTRIBUTION OF ACTUAL REVENUE BY FUND FISCAL YEAR 2021-2022					
Department of Revenue Taxes	Total Revenue	General Fund & Education Fund	Highway Fund	Debt Service Fund	Cities & Counties*
Sales and Use Tax1	\$12,251,887,000	\$11,720,167,479	-	\$88,451,396	\$443,268,126
Gasoline Tax	\$880,184,000	\$12,322,576	\$452,414,576	\$80,096,744	\$335,350,104
Motor Fuel Tax	\$325,500,000	\$2,604,000	\$237,940,500	-	\$84,955,500
Gasoline Inspection Tax	\$69,332,800	\$1,146,316	\$56,169,484	-	\$12,017,000
Motor Vehicle Registration Tax	\$361,729,000	\$7,234,580	\$354,494,420	-	-
Income Tax	-	-	-	-	-
Privilege Tax2	\$508,500,000	\$508,500,000	-	-	-
Gross Receipts Tax - TVA	\$332,590,000	\$189,734,150	-	-	\$142,855,850
Gross Receipts Tax - Other	\$32,500,000	\$25,675,000	\$6,825,000	-	-
Beer Tax	\$18,231,200	\$12,251,366	\$2,315,362	-	\$3,664,471
Alcoholic Beverage Tax	\$87,436,900	\$72,135,443	-	-	\$15,301,458
Franchise & Excise Tax	\$3,685,000,000	\$3,618,670,000	-	\$66,330,000	-
Inheritance and Estate Tax	-	\$0	-	-	-
Tobacco Tax	\$232,502,000	\$232,502,000	-	-	-
Motor Vehicle Title Fees	\$23,848,500	\$21,082,074	-	\$2,766,426	-
Mixed Drink Tax	\$118,890,000	\$59,445,000	-	-	\$59,445,000
Business Tax	\$255,000,000	\$255,000,000	-	-	-
Severance Tax	\$517,000	\$258,500	-	-	\$258,500
Coin-operated Amusement Tax	\$325,000	\$325,000	-	-	-
Unauthorized Substance Tax	\$20,000	\$20,000	-	-	-
<b>Total Department of Revenue</b>	<b>\$19,183,993,400</b>	<b>\$16,739,073,484</b>	<b>\$1,110,159,342</b>	<b>\$237,644,566</b>	<b>\$1,097,116,009</b>





# Estimated State Tax Revenue

November 17, 2021

# Takeaways

- Uncertainty Abounds
  - Supply chain problems
  - Inflation
  - Slowing GDP growth nationally
  - Positive October jobs report
- FY22 forecast revised significantly
  - Through 1<sup>st</sup> fiscal QTR +20.7% y/y
  - Expect continued, but slower growth
- FY23 returning to more “reasonable” growth, but over already high base.



# Fiscal Year 2021 Tax Revenue

## COMPARISON OF ACCRUAL STATE TAX REVENUE

### DEPARTMENT OF REVENUE TAXES

#### YEAR OVER YEAR COMPARISON

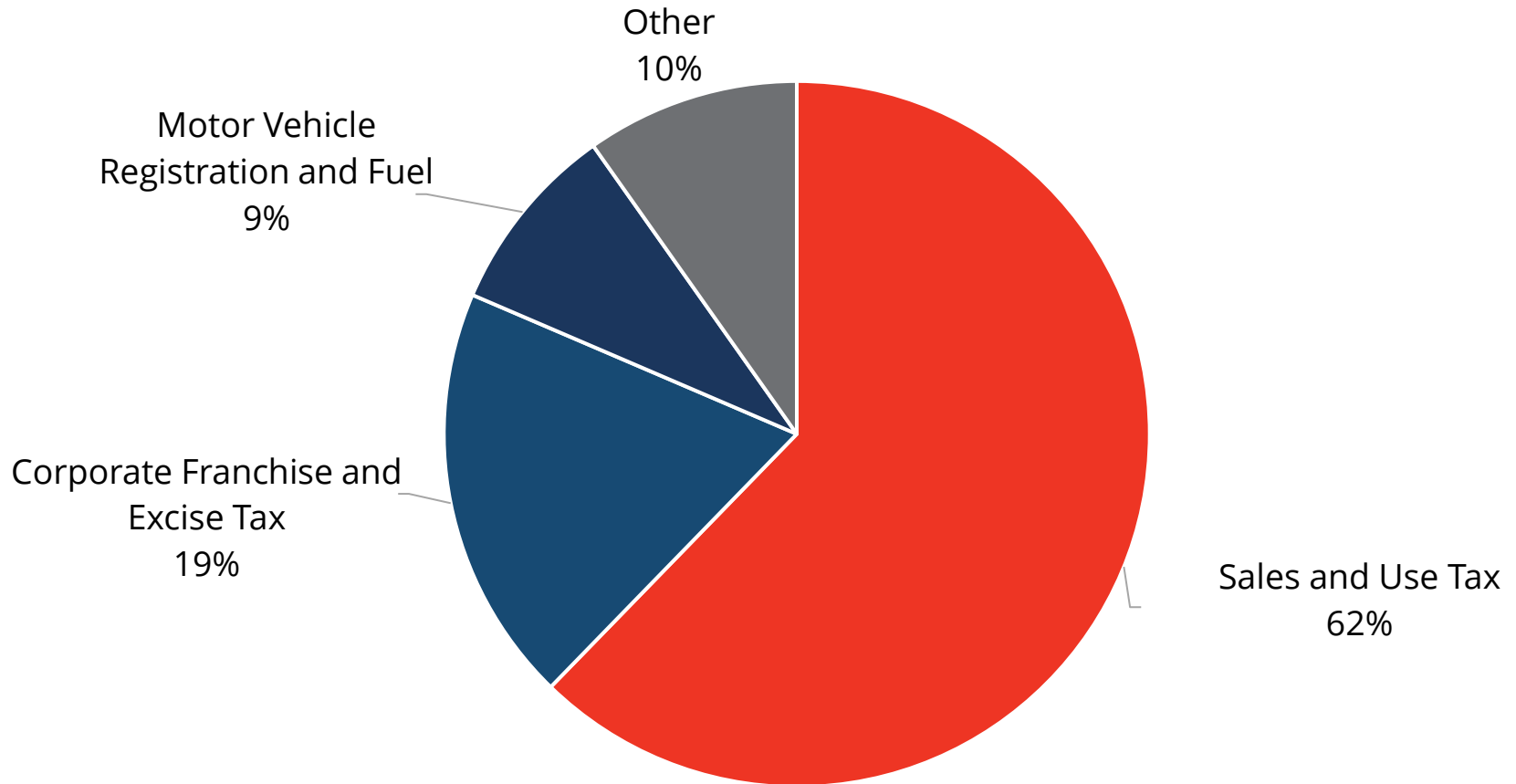
	Fiscal Year 2020	Fiscal Year 2021	% Change	Tax Weight FY 2020	Total % Point Contribution
Sales and Use Tax	\$9,619,215,200	\$11,083,119,600	15.22%	62%	9.37%
Corporate Franchise and Excise Tax	\$2,853,429,700	3,495,248,000	22.49%	18%	4.11%
Motor Vehicle Registration and Fuel <sup>1</sup>	\$1,518,408,200	\$1,572,341,000	3.55%	10%	0.35%
Other	\$1,669,389,000	\$1,681,991,400	3.53%	10%	0.37%
<b>TOTAL ACCRUAL REVENUE</b>	<b>\$15,615,700,000</b>	<b>\$17,832,700,000</b>	<b>14.20%</b>	<b>100%</b>	<b>14.20%</b>

\*Data from F&A.

<sup>1</sup>Includes motor vehicle registrations, gasoline, motor vehicle fuel, and petroleum special taxes.

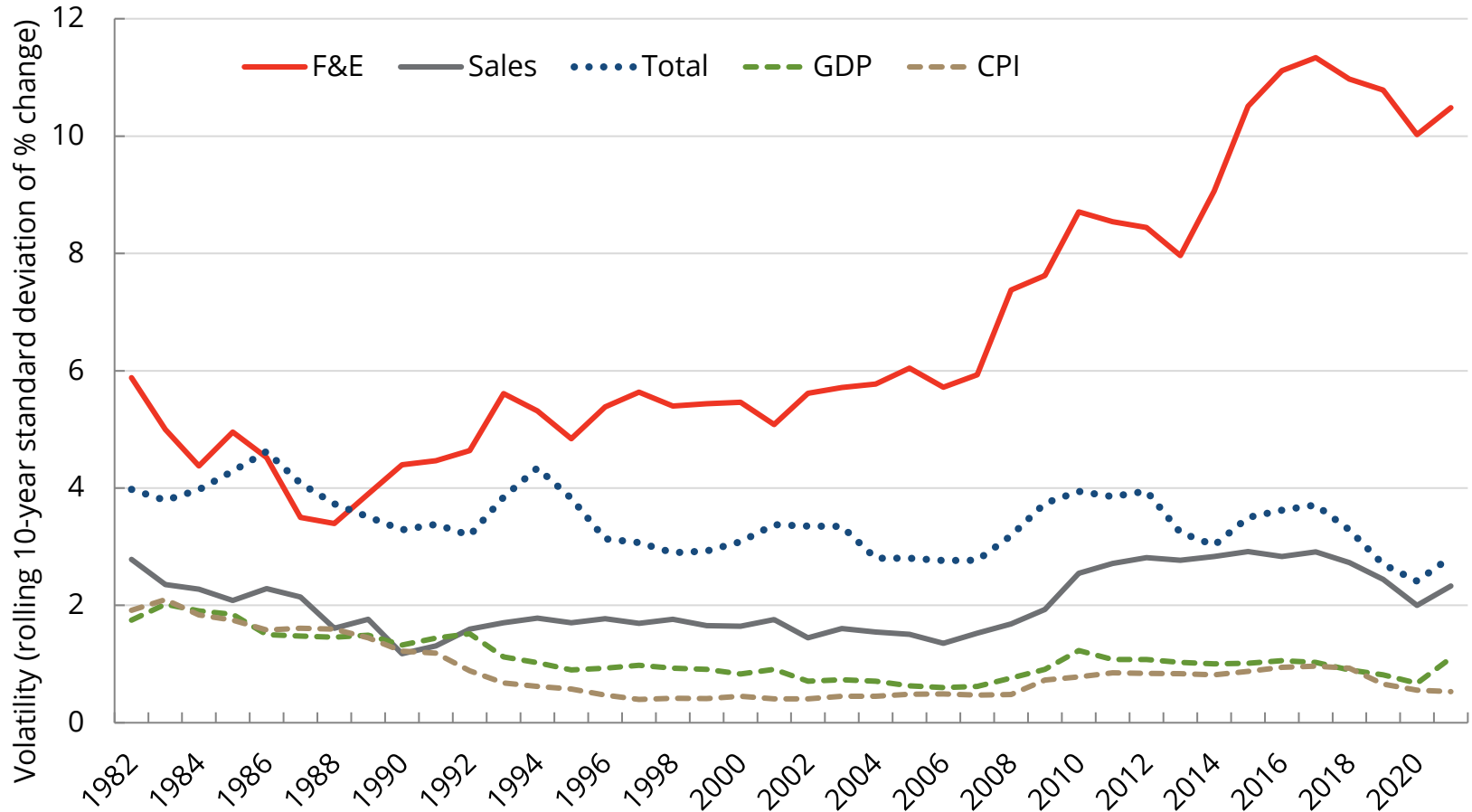
# Fiscal Year 2021 Tax Revenue

## FY2021 Accrual State Tax Collections



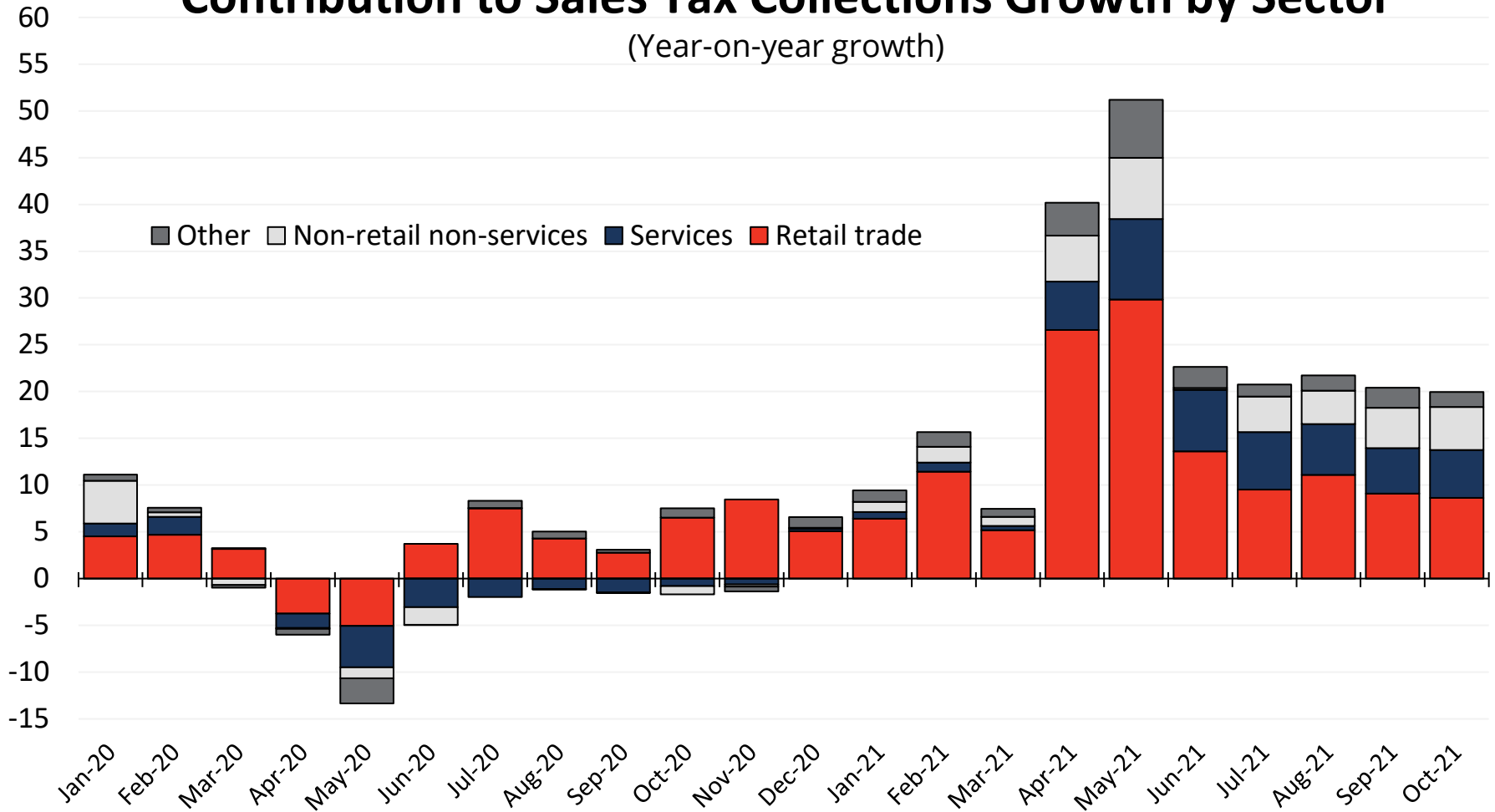
# Tennessee Tax Volatility Comparison

Volatility of state tax revenue, real GDP, and CPI (adjusted)



# Sales Tax Collection Growth Broad Sectors

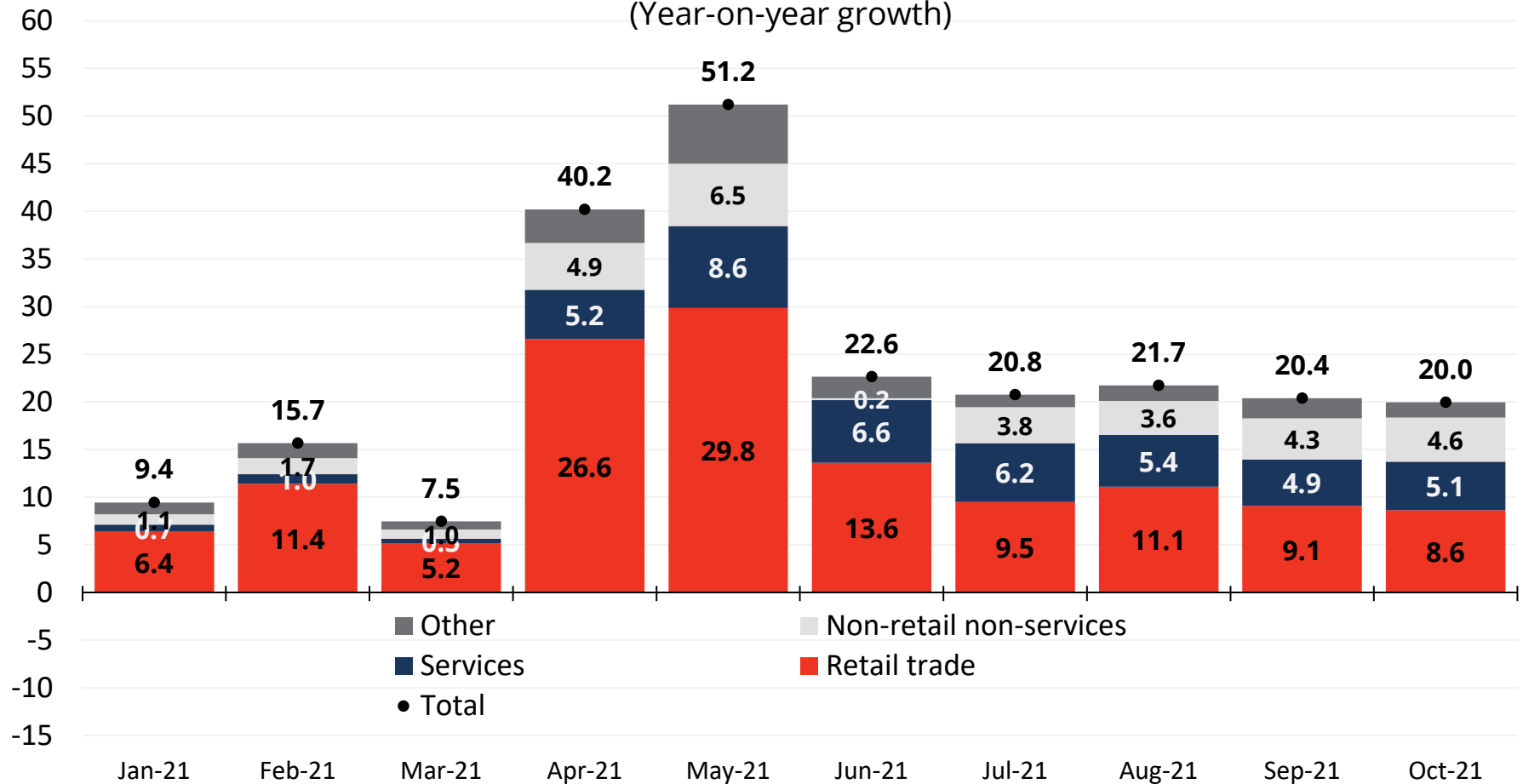
## Contribution to Sales Tax Collections Growth by Sector (Year-on-year growth)



# Sales Tax Collection Growth Broad Sectors

## Contribution to Sales Tax Collections Growth by Sector

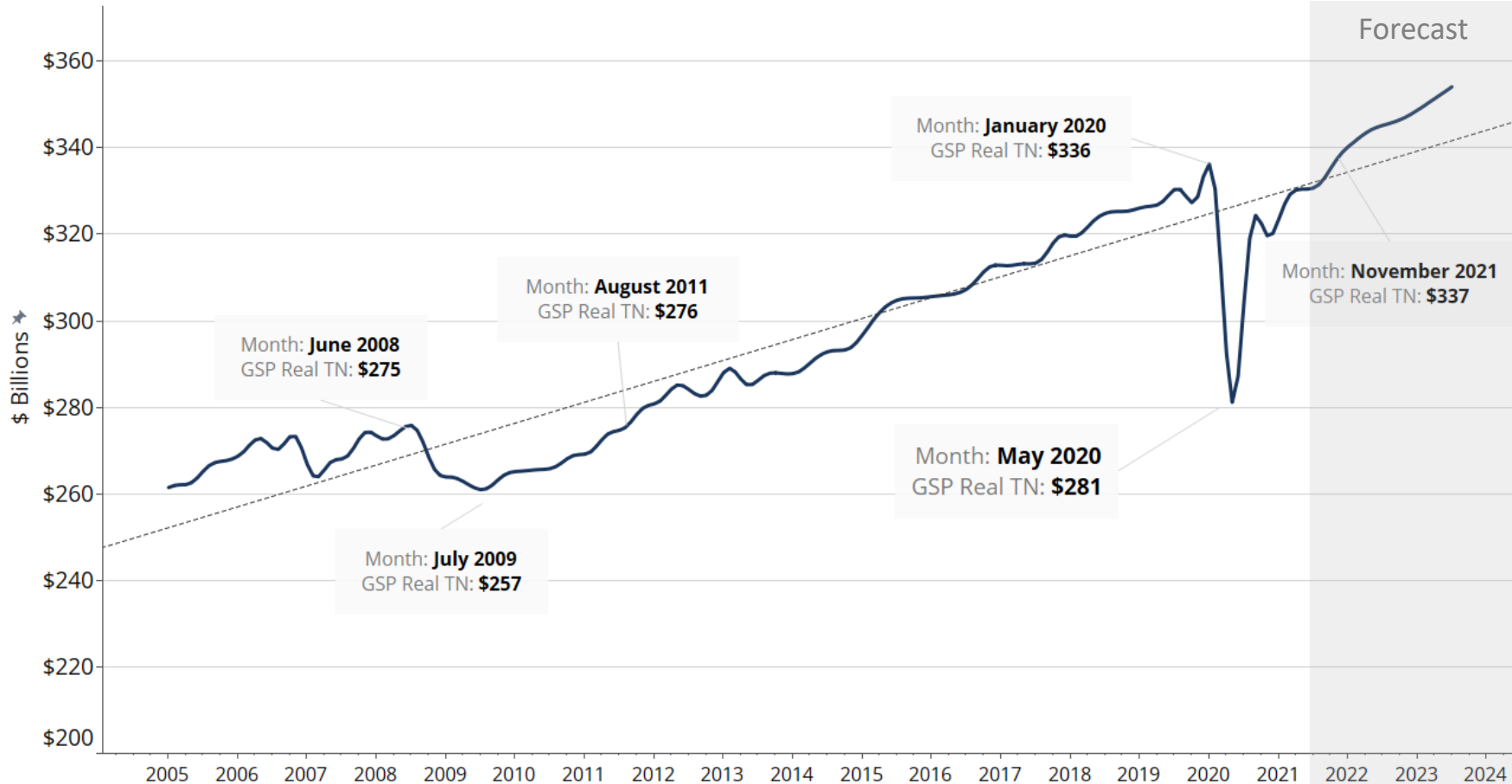
(Year-on-year growth)



# Tennessee Gross State Product

## Tennessee Real Gross State Product

Billions of Chained 2012 Dollars, Seasonally Adjusted Annual Rate.

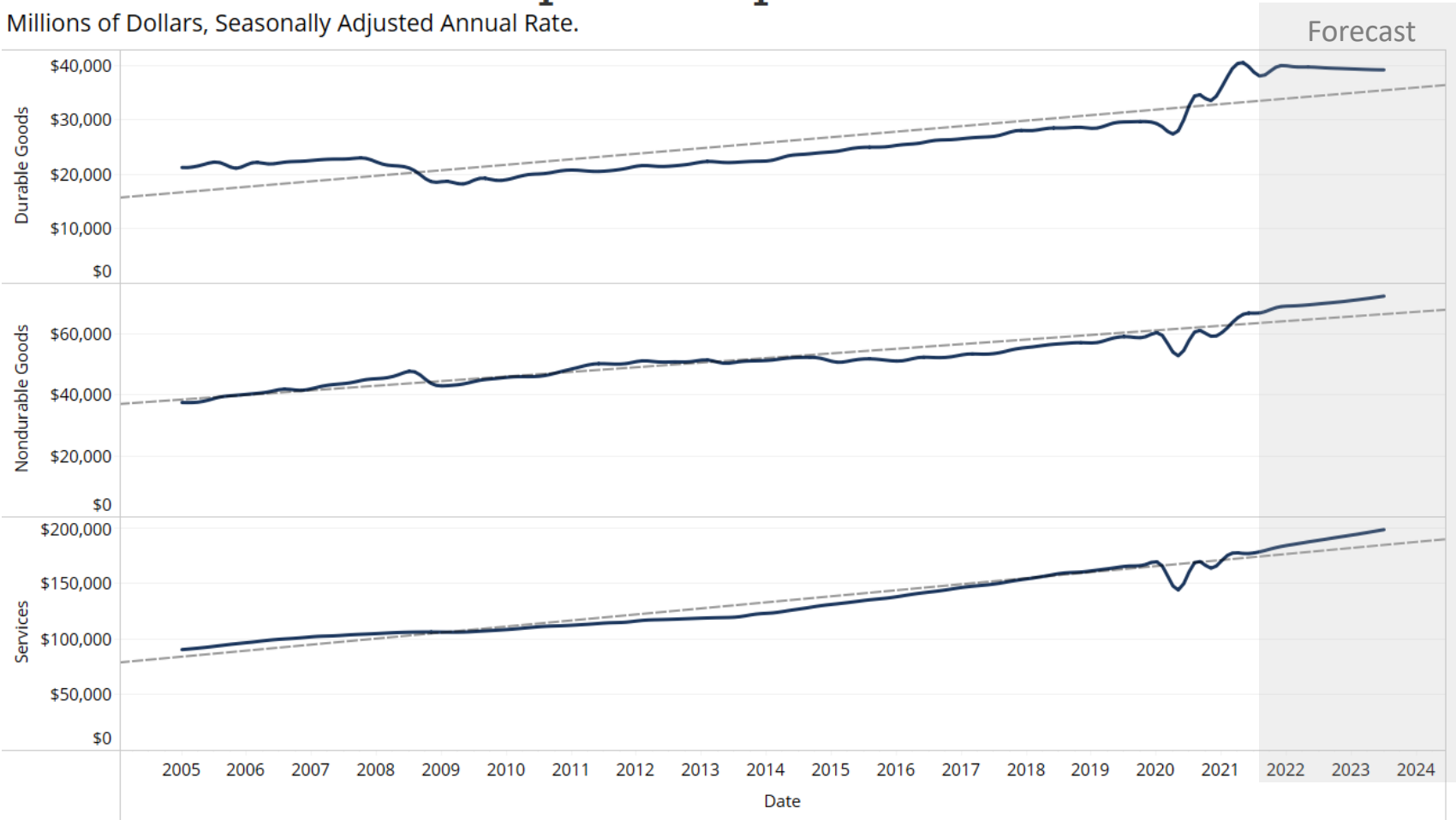




# Tennessee Personal Consumption

## TN Personal Consumption Expenditures

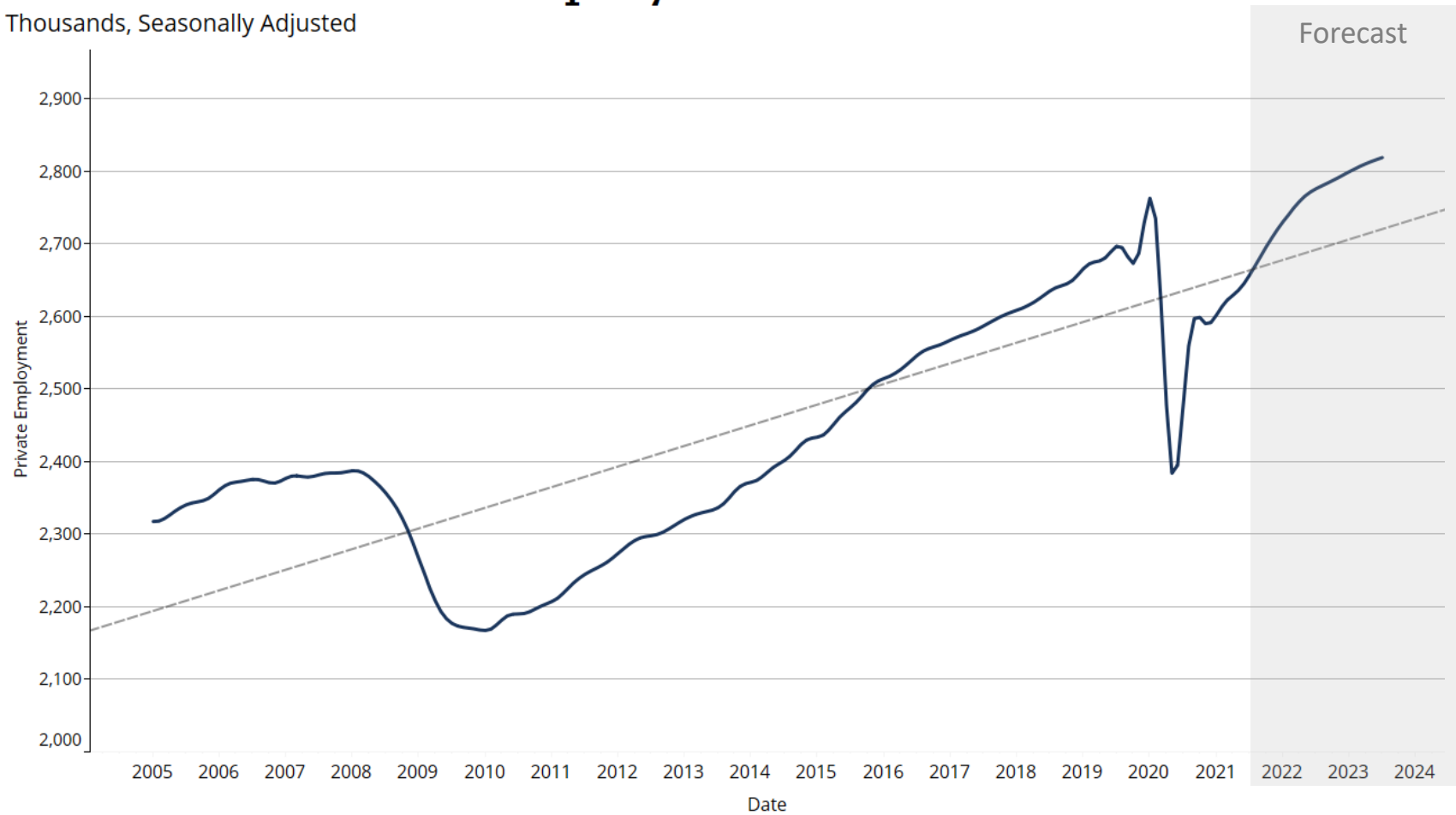
Millions of Dollars, Seasonally Adjusted Annual Rate.



# Tennessee Employment

## Tennessee Private Employment

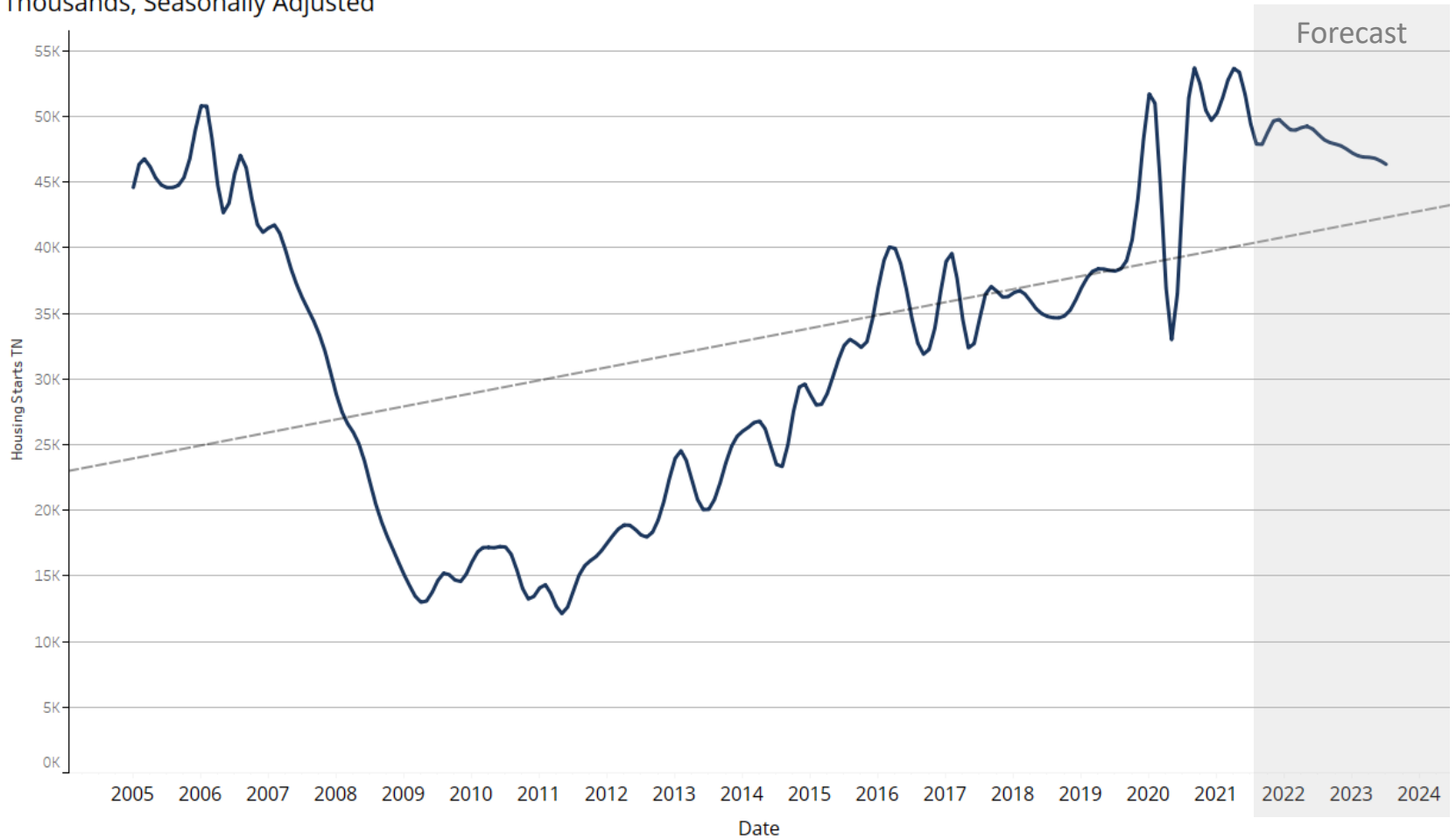
Thousands, Seasonally Adjusted



# Housing Starts

## Tennessee Housing Starts

Thousands, Seasonally Adjusted



# Housing Related Recent Collections History

## Revenue Implications of Housing Activity (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

### Sales Tax Collections from Building Materials

	Collections	YOY % Growth	YOY \$ Growth
May	\$77,229,530	16.40%	\$10,882,825
June	\$76,297,933	19.84%	\$12,630,083
July	\$72,410,017	7.72%	\$5,188,262
August	\$72,554,737	21.47%	\$12,822,630
September	\$62,391,667	12.85%	\$7,103,549
October	\$66,725,438	8.57%	\$5,267,772
		<b>14.42%</b>	<b>\$53,895,122</b>

### Privilege Tax Collections from Realty Transfer

	Collections	YOY % Growth	YOY \$ Growth
May	\$23,424,437	47.91%	\$7,587,906
June	\$24,814,868	87.84%	\$11,604,161
July	\$30,510,002	73.51%	\$12,926,025
August	\$29,980,254	63.23%	\$11,613,885
September	\$31,543,144	41.87%	\$9,309,593
October	\$29,648,642	32.33%	\$7,243,293
		<b>54.99</b>	<b>\$60,284,864</b>

### Privilege Tax Collections from Realty Mortgage

	Collections	YOY % Growth	YOY \$ Growth
May	\$11,948,867	12.53%	\$1,330,662
June	\$10,978,999	26.14%	\$2,275,325
July	\$12,181,176	19.71%	\$2,005,189
August	\$12,150,797	41.81%	\$3,582,456
September	\$12,235,241	7.75%	\$880,154
October	\$13,162,181	13.84%	\$1,600,443
		<b>19.14%</b>	<b>\$11,674,229</b>

**6 Month Total Growth**

**23.12%**

**\$125,854,215**

# Public Chapter 92 of 2015

- There are no known non-recurring items included in the Franchise and Excise tax estimates for fiscal year 2021 and the Department is not aware of any upcoming non-recurring payments in FY 2021.
- The fiscal year 2022 Franchise and Excise tax estimates do not include revenue estimates for any proposed or potential rule changes.



**REVENUE COLLECTION ESTIMATES**  
**STATE FUNDING BOARD MEETING - 11/17/2021**  
**Accrual year basis (USD)**

SOURCE OF REVENUE

Department of Revenue	Accrual Revenues	Official	FY 2022	% change <sup>3</sup> over FY 2021	FY 2023	% change <sup>3</sup> over FY 2022
	FY 2021	Revenue Estimates FY2022	Revised Estimates FY 2022		Revenue Estimates FY 2023	
<b>Actual</b>						
Sales and Use Tax <sup>1</sup>	\$11,083,119,600	\$10,443,700,000	11,923,300,000	7.6%	12,329,100,000	3.4%
Gasoline Tax	841,298,500	850,300,000	883,900,000	5.1%	892,700,000	1.0%
Motor Fuel Tax	306,454,100	297,200,000	313,700,000	2.4%	319,300,000	1.8%
Gasoline Inspection Tax	68,282,500	68,500,000	69,600,000	1.9%	70,400,000	1.1%
Motor Vehicle Registration Tax	356,305,900	347,800,000	359,300,000	0.8%	363,300,000	1.1%
Income Tax	86,025,400	3,900,000	32,700,000	-62.0%	9,000,000	-72.5%
Privilege Tax <sup>2</sup>	482,858,700	495,000,000	528,700,000	9.5%	536,600,000	1.5%
Gross Receipts Tax - TVA	339,575,800	349,100,000	351,800,000	3.6%	364,100,000	3.5%
Gross Receipts Tax - Other	33,658,400	26,200,000	28,300,000	-15.9%	29,100,000	2.8%
Beer Tax	17,909,000	17,500,000	18,500,000	3.3%	18,600,000	0.5%
Alcoholic Beverage Tax	84,155,900	87,000,000	88,800,000	5.5%	90,800,000	2.3%
Franchise & Excise Tax	3,495,248,000	2,833,800,000	3,907,700,000	11.8%	4,067,900,000	4.1%
Inheritance and Estate Tax	502,700	0	0	0.0%	0	0.0%
Tobacco Tax	242,790,400	232,600,000	237,900,000	-2.0%	234,300,000	-1.5%
Motor Vehicle Title Fees	23,644,300	23,300,000	24,100,000	1.9%	24,300,000	0.8%
Mixed Drink Tax	115,846,500	129,800,000	156,500,000	35.1%	165,900,000	6.0%
Business Tax	254,256,000	240,100,000	257,100,000	1.1%	264,000,000	2.7%
Severance Tax	447,600	800,000	400,000	-10.6%	300,000	-25.0%
Coin-operated Amusement Tax	323,000	200,000	300,000	-7.1%	300,000	0.0%
<b>Total Department of Revenue</b>	<b>\$17,832,700,000</b>	<b>\$16,446,800,000</b>	<b>\$19,182,600,000</b>	<b>7.6%</b>	<b>\$19,780,000,000</b>	<b>3.1%</b>
<b>General Fund Only</b>	<b>\$15,195,000,000</b>	<b>\$14,014,100,000</b>	<b>\$16,406,400,000</b>	<b>8.0%</b>	<b>\$16,948,300,000</b>	<b>3.3%</b>

<sup>1</sup>Excludes \$127.3 million earmarked fees collected under sales tax for E911 telecommunications service.

<sup>2</sup>Privilege excludes \$74.5 million earmarked fees collected under the privilege tax.

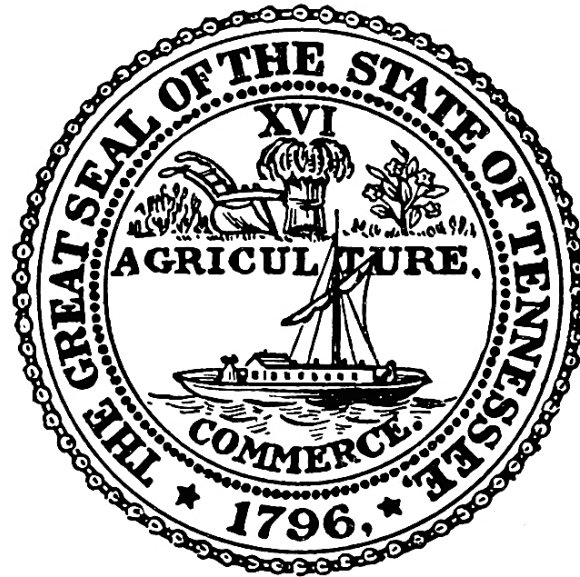
<sup>3</sup>Percent change in revenue for each tax is the calculated percentage change *after* rounding to nearest \$100,000.

Note: Totals may differ due to rounding.

# Sources

- Data Sourced From:
  - Moody's Analytics (Fall, 2021)
  - BEA (Fall, 2021)
  - BLS (Fall, 2021)
  - U.S. Census Bureau (Fall, 2021)
  - TN Department of Revenue (Fall, 2021)
  - TN Department of Finance & Administration (Fall, 2021)

# Economic Outlook and Tax Revenue Estimates



Fiscal Review Committee Staff  
November 17, 2021

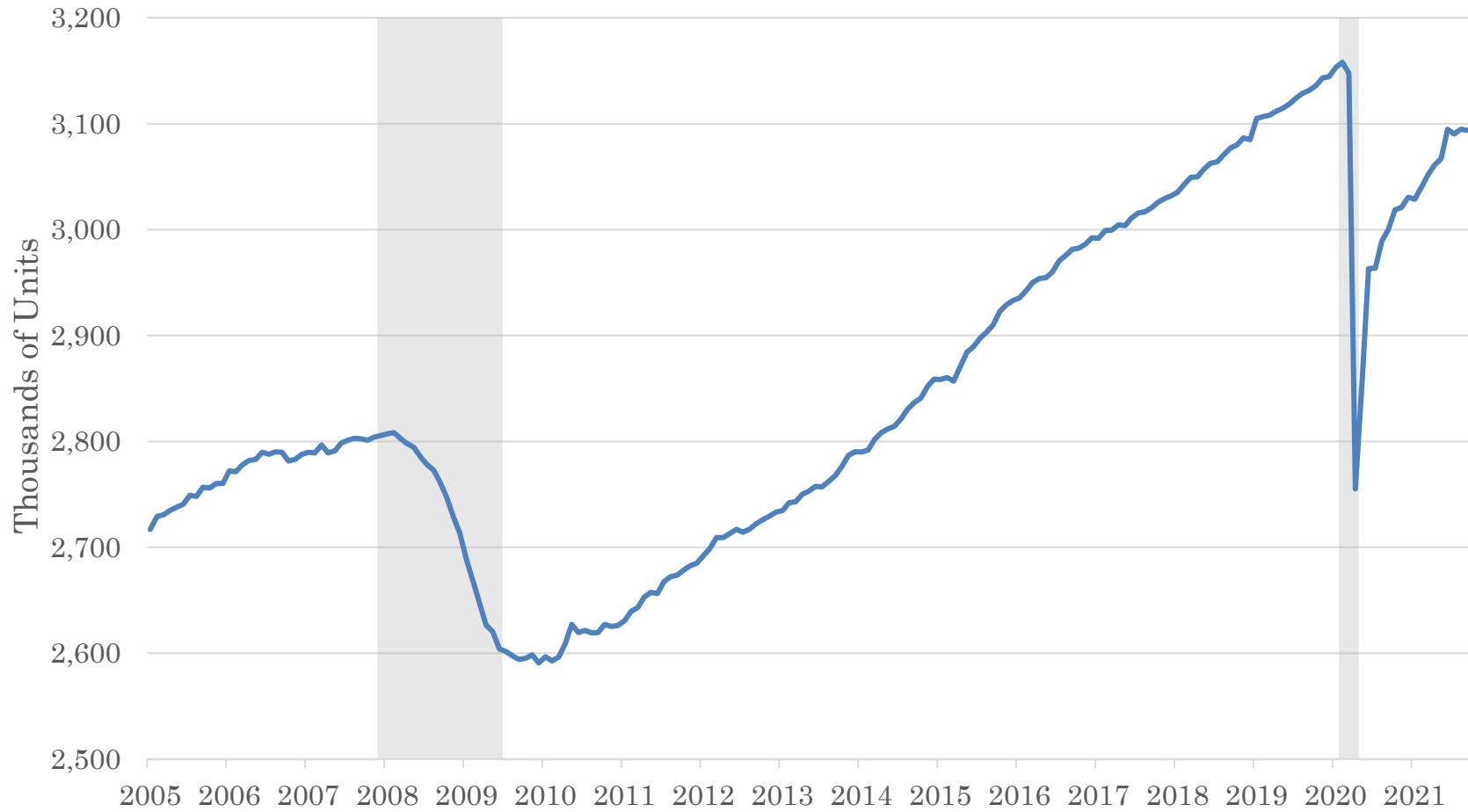


# Overview

- Finished FY20-21 with large gains over a low FY19-20 as things began to return to normal
- Employment has recovered much of the loss, but still room for growth
- Inflation concerns, fuel, necessities, and sales tax
- Supply chain issues
- Pent-up demand
- Business and population movement to TN
- Tax revenue estimates

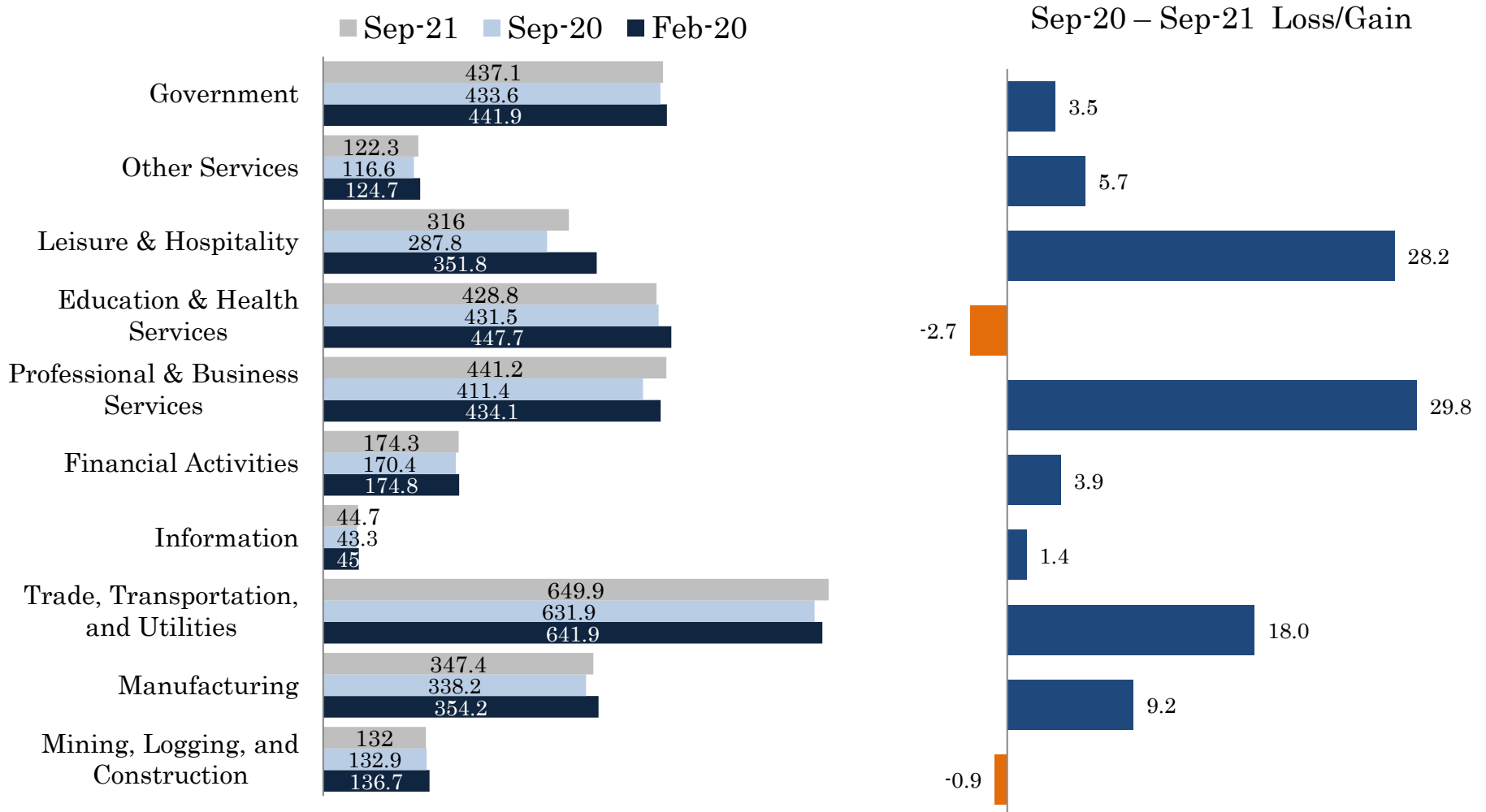
# Tennessee Employment

Total Non-Farm, Monthly, SA



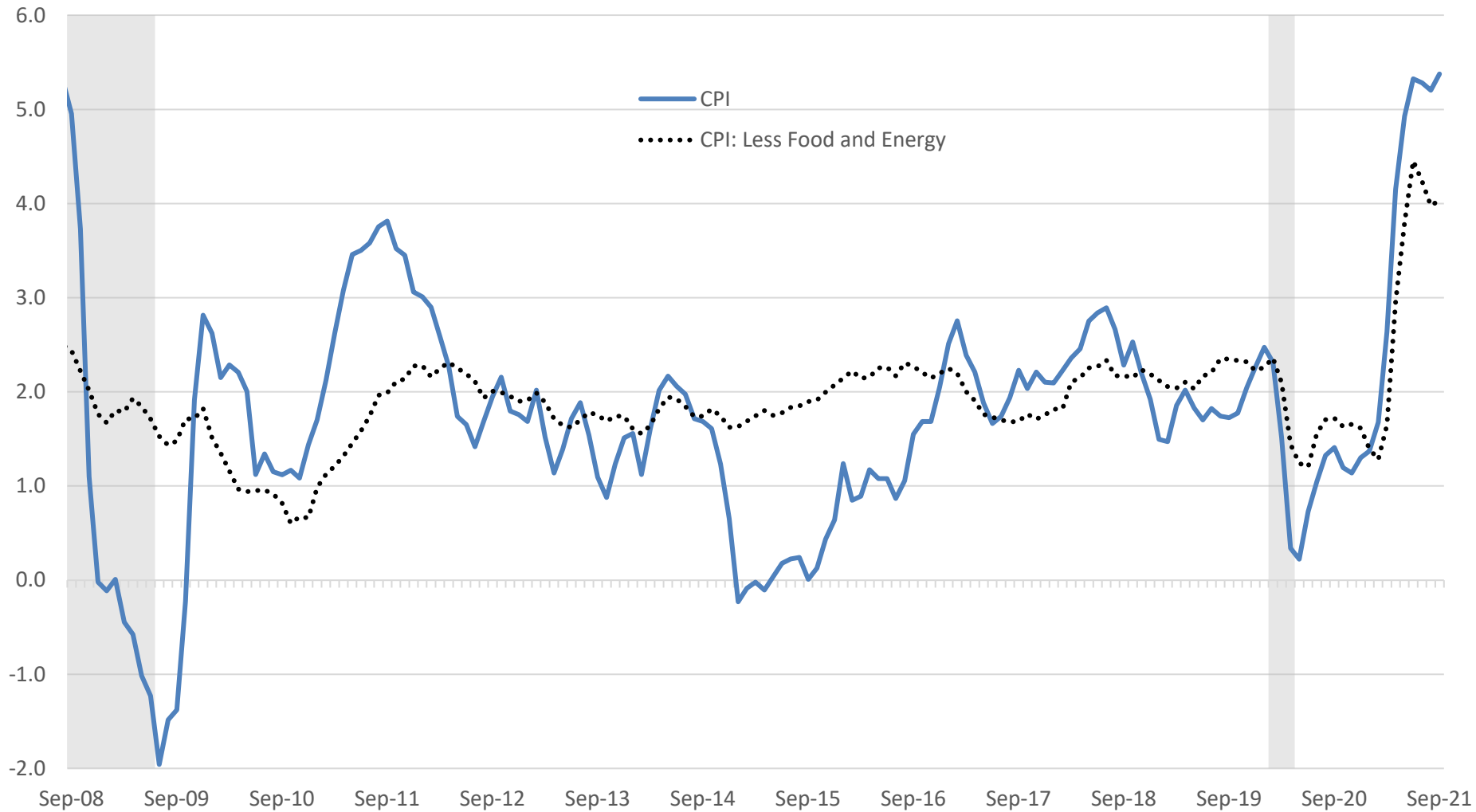
Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 3, 2021.

# Tennessee Employment (Thousands)



Sources: U.S. Bureau of Labor Statistics, Nov. 3, 2021.

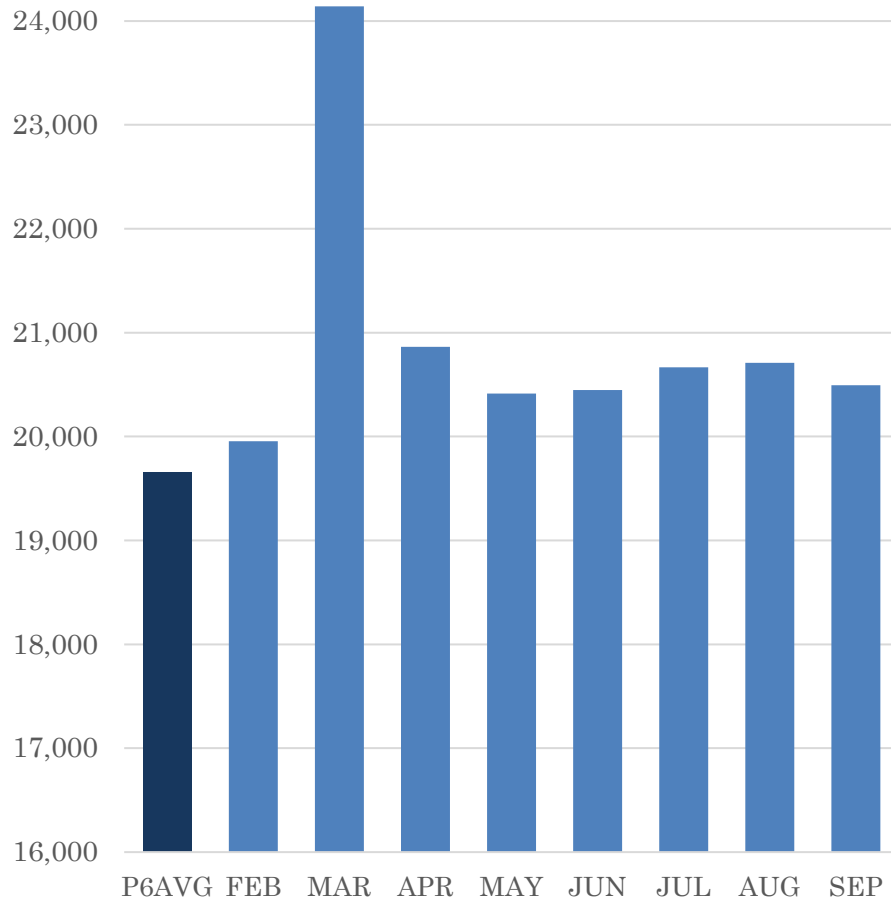
# Inflation



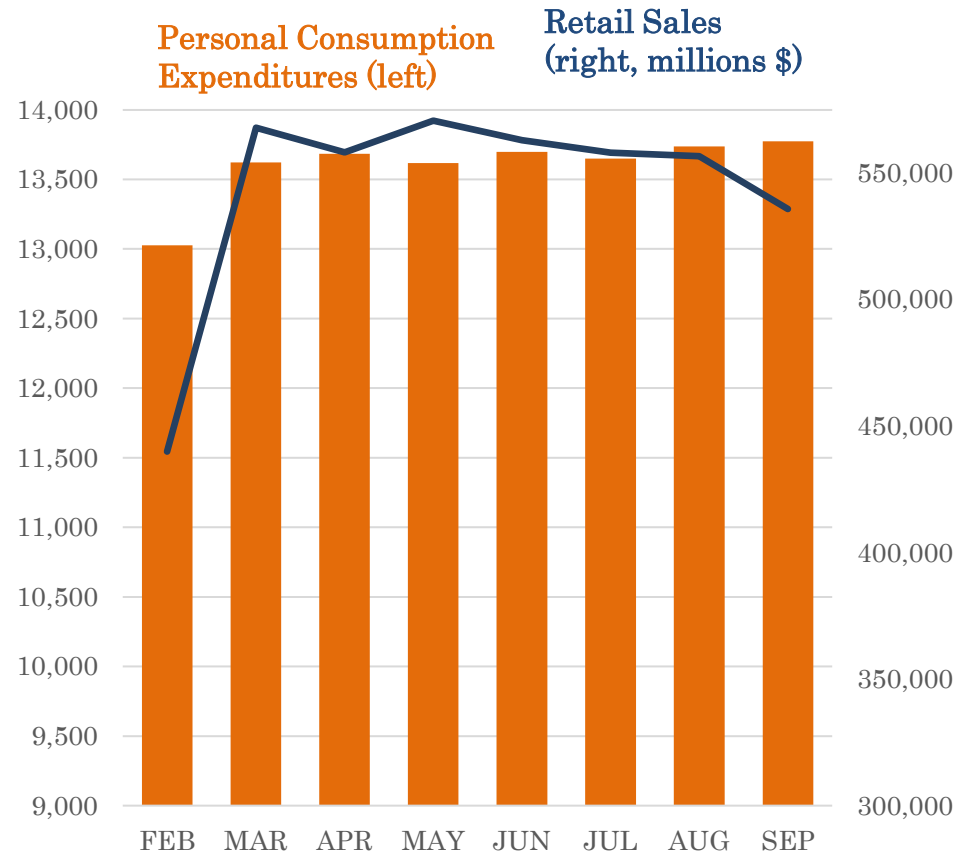
Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 3, 2021.

# Personal Income and Expenditures (SAAR, Billions \$)

## Personal Income

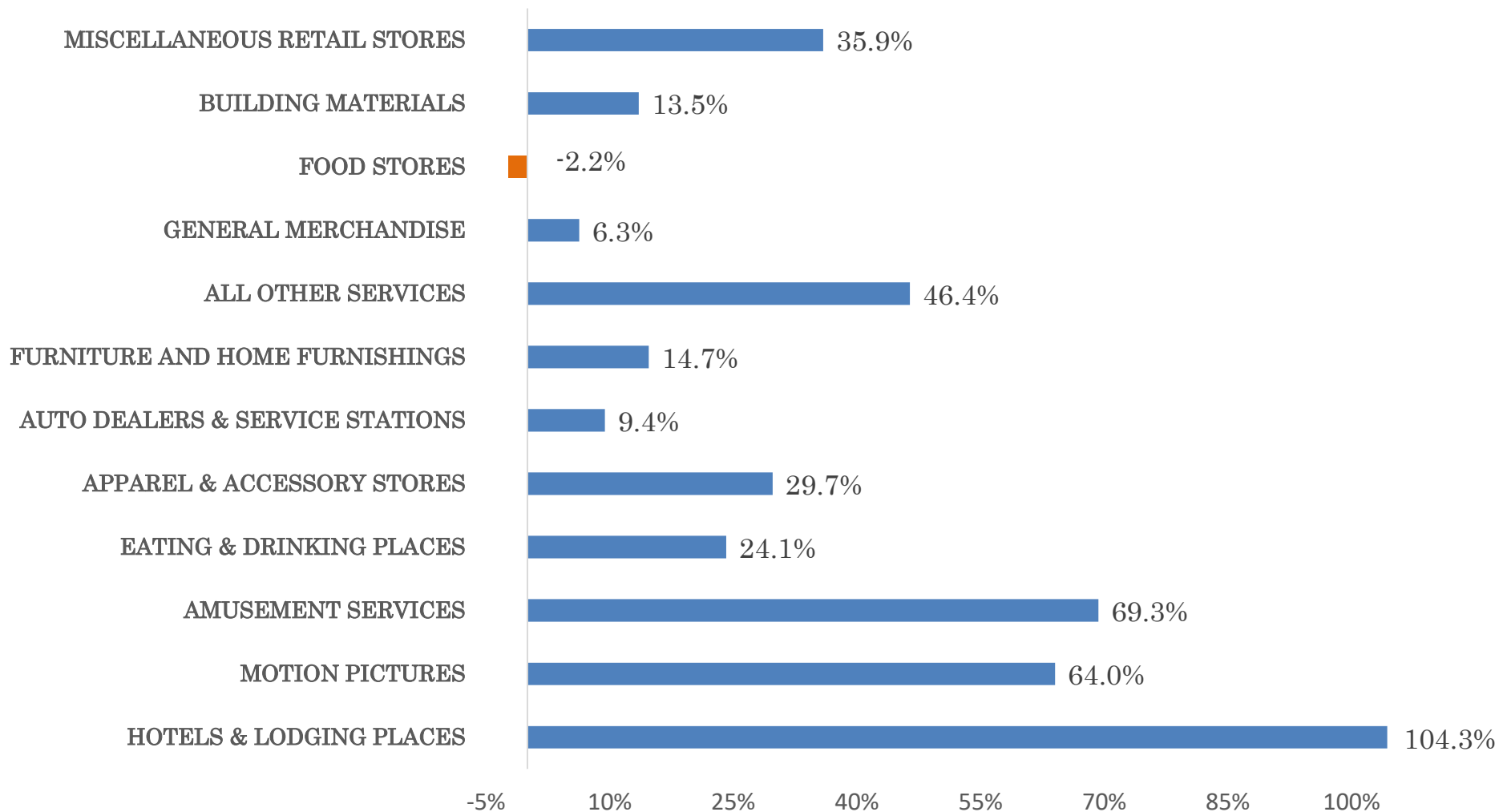


## Consumer Spending



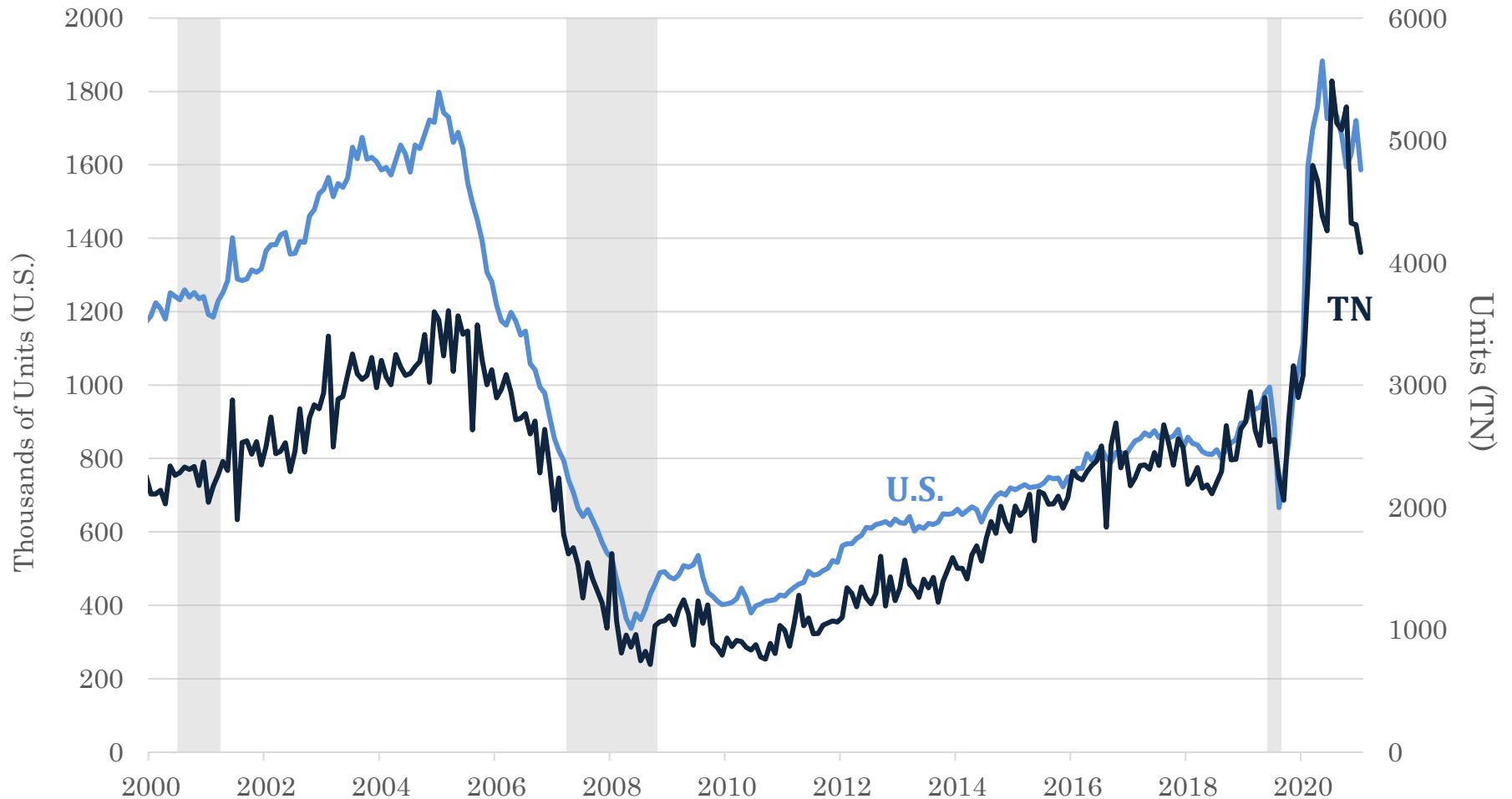
# Sales Tax Collections

YTD FY21-22 over YTD FY20-21



Source: TN Department of Revenue; retrieved Nov 4, 2021.

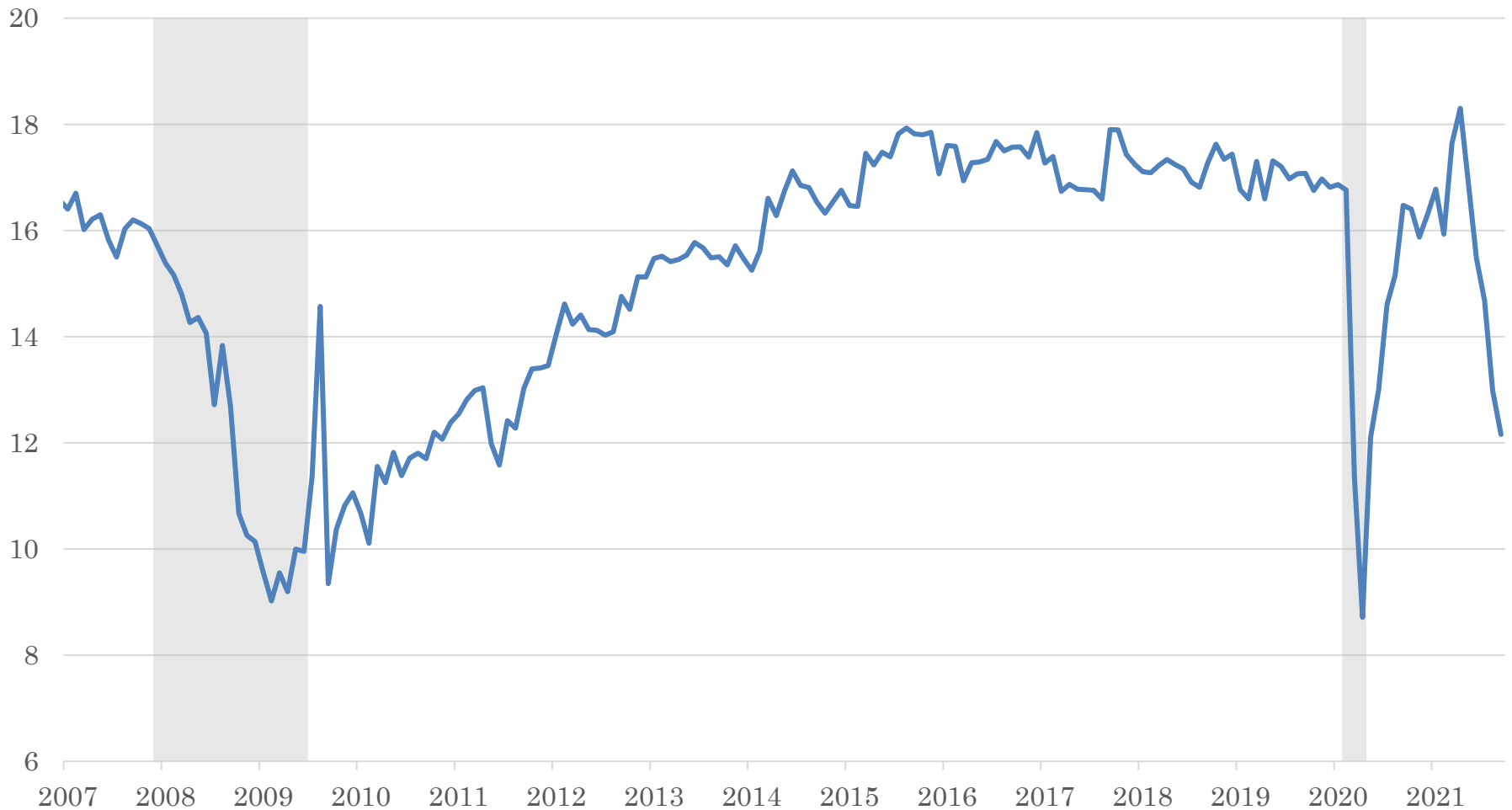
# Housing Sector (Building Permits 1-Unit)



Sources: U.S. Bureau of the Census, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 4, 2021.

# Auto Sector

## U.S. Light Weight Vehicle Sales (Millions of Units)

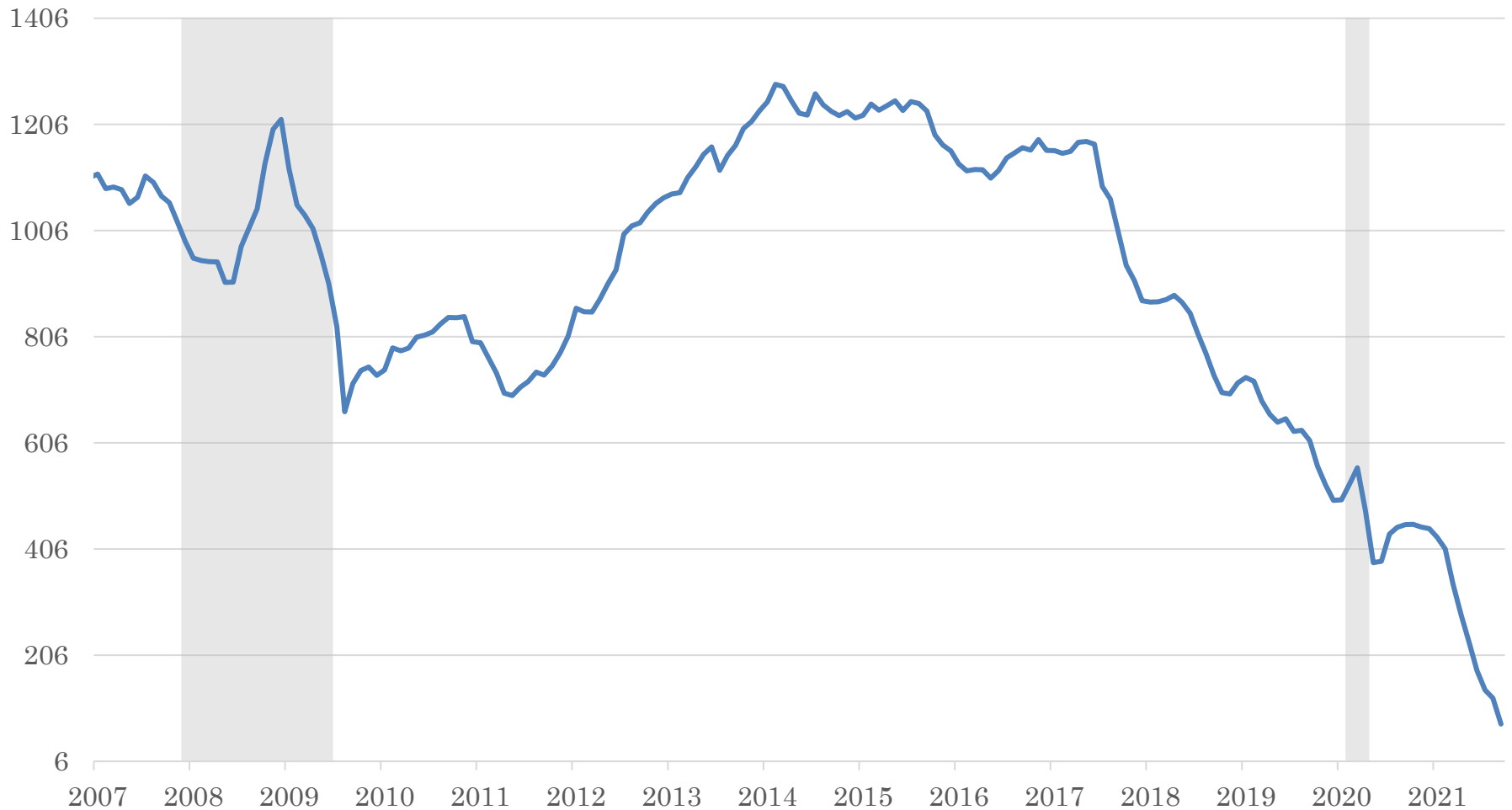


Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 4, 2021.



# Domestic Auto Inventories

## U.S., Canada, and Mexico Assemblies (Thousands of Units)

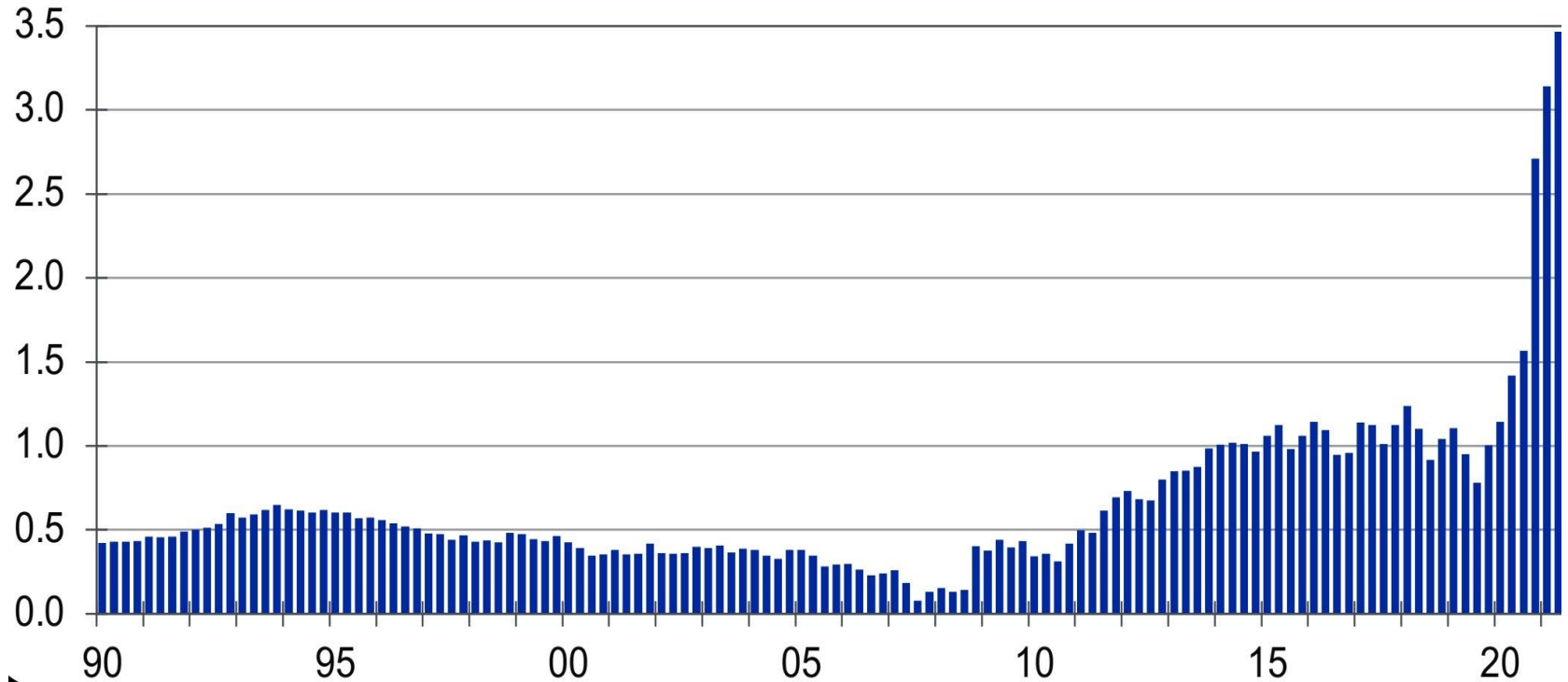


Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis, November 8, 2021

# Pent-Up Demand

## Potential Pent-Up Demand is Historic

Household checkable deposits and currency, \$ tril

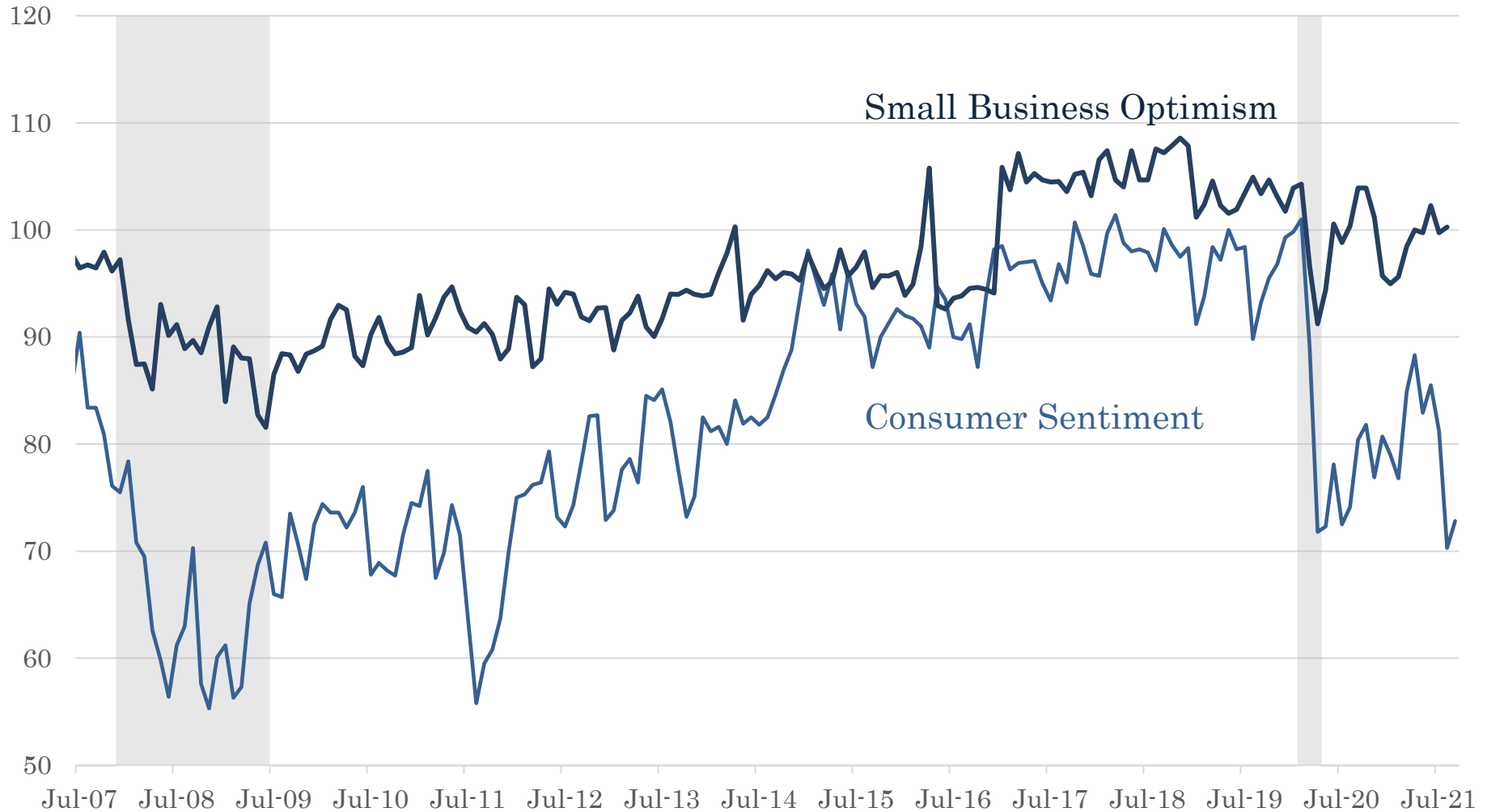


# Stock Market



Sources: S&P Dow Jones Indices LLC; retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 4, 2021.

# Consumer Sentiment & Small Business Optimism



Sources: UofM, retrieved from FRED, Federal Reserve Bank of St. Louis; NFIB, retrieved from nfib-sbet.org, Nov 3, 2020.

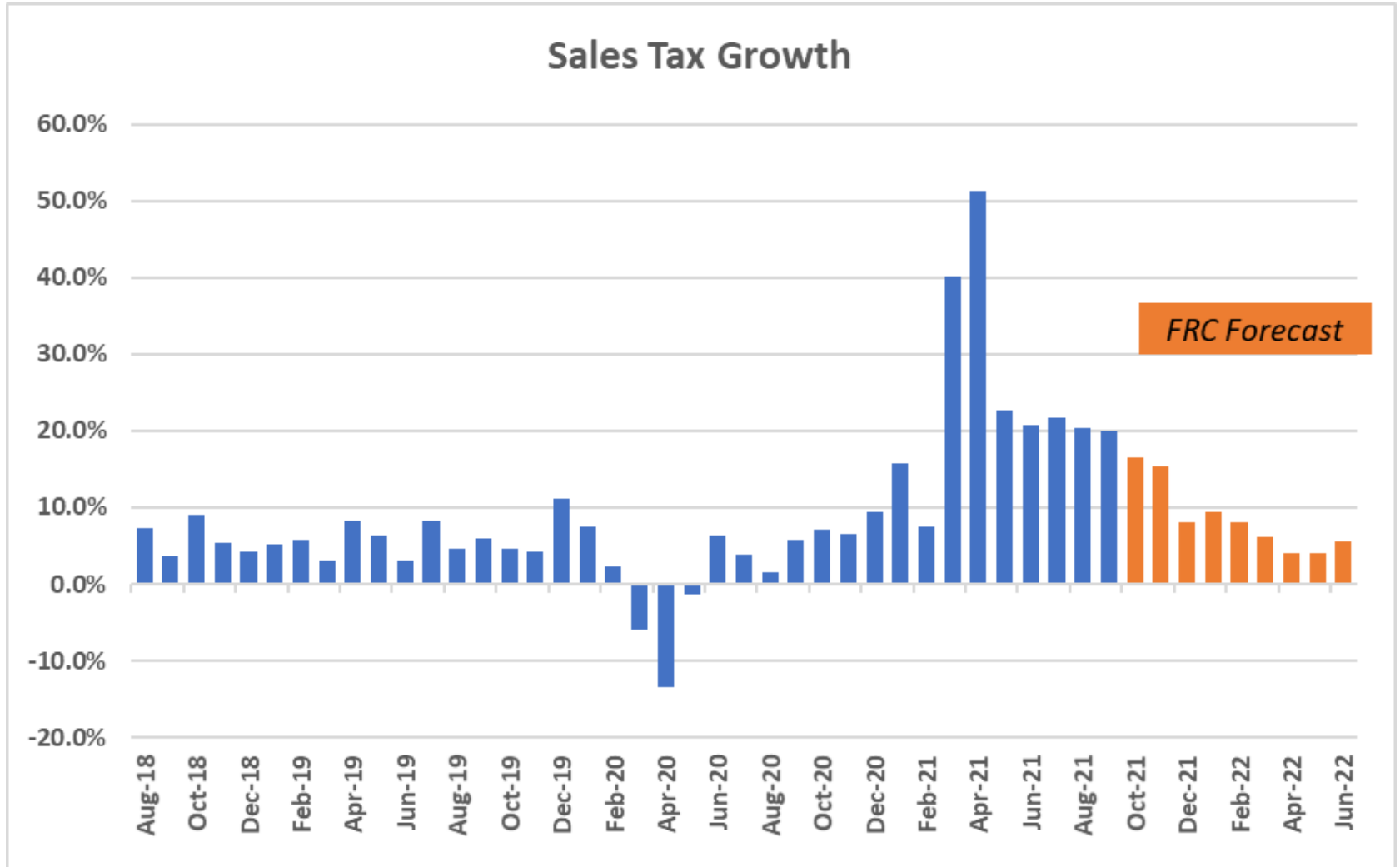
# Base Analysis for F&E Taxes

	Growth over previous year			FY21-22 Growth/ FY18-19
	FY19-20 Growth	FY20-21 Growth	FY21-22 Growth	
<b>Q1</b>	17.06%	3.48%	38.50%	67.62%
<b>Q2 thru Q4</b>	0.91%	26.68%	2.55% <i>FRC</i> <i>Forecast</i>	28.88% <i>FRC</i> <i>Forecast</i>

# Base Analysis for Sales Tax

	Growth over previous year			FY21-22
	FY19-20 Growth	FY20-21 Growth	FY21-22 Growth	Growth/ FY18-19
<b>Q1</b>	6.30%	3.73%	20.70%	33.10%
<b>Q2 thru Q4</b>	1.80%	19.32%	8.27% <i>FRC</i> <i>Forecast</i>	31.50% <i>FRC</i> <i>Forecast</i>

# Sales Tax Growth



# Outlook

- Continued growth in the current year for sales and F&E but at lower rates compared with higher bases
- Still room for improvement in overall employment numbers and total statewide personal income
- Pent-up demand will support future spending on certain goods including auto sales
- Supply chain issues begin to correct later in the forecasting period, curbing inflation
- Continued business and population growth in Tennessee



# FY21-22 & FY22-23 Estimates

REVENUE SOURCE	ACTUAL ACCRUED	FRC STAFF TAX REVENUE	PERCENT INCREASE	FRC STAFF TAX REVENUE	PERCENT INCREASE
	COLLECTIONS FY20-21	ESTIMATES FY21-22	OVER FY20-21	ESTIMATES FY22-23	OVER FY21-22
SALES AND USE TAX - LESS EARMARKED*	\$11,083,119,600	\$12,298,000,000	10.96%	\$12,913,000,000	5.00%
GASOLINE TAX	\$841,298,500	\$890,000,000	5.79%	\$915,000,000	2.81%
MOTOR FUEL TAX	\$306,454,100	\$325,000,000	6.05%	\$332,000,000	2.15%
GASOLINE INSPECTION TAX	\$68,282,500	\$71,000,000	3.98%	\$72,200,000	1.69%
MOTOR VEHICLE REGISTRATION TAX	\$356,305,900	\$362,000,000	1.60%	\$368,000,000	1.66%
INCOME TAX	\$86,025,400	\$10,000,000	-88.38%	\$0	-100.00%
PRIVILEGE TAX - LESS EARMARKED**	\$482,858,700	\$542,500,000	12.35%	\$572,500,000	5.53%
GROSS RECEIPTS TAX – TVA	\$339,575,800	\$349,100,000	2.80%	\$351,000,000	0.54%
GROSS RECEIPTS TAX – OTHER	\$33,658,400	\$31,000,000	-7.90%	\$31,300,000	0.97%
BEER TAX	\$17,909,000	\$19,100,000	6.65%	\$19,600,000	2.62%
ALCOHOLIC BEVERAGE TAX	\$84,155,900	\$91,500,000	8.73%	\$95,600,000	4.48%
FRANCHISE AND EXCISE TAX	\$3,495,248,000	\$3,750,000,000	7.29%	\$3,990,000,000	6.40%
INHERITANCE TAX	\$502,700	\$0	-100.00%	\$0	N/A
TOBACCO TAX	\$242,790,400	\$236,000,000	-2.80%	\$231,000,000	-2.12%
MOTOR VEHICLE TITLE FEES	\$23,644,300	\$24,300,000	2.77%	\$25,000,000	2.88%
MIXED DRINK TAX	\$115,846,500	\$153,000,000	32.07%	\$166,000,000	8.50%
BUSINESS TAX	\$254,256,000	\$262,000,000	3.05%	\$274,300,000	4.69%
SEVERANCE TAX	\$447,600	\$600,000	34.05%	\$700,000	16.67%
COIN OPERATED AMUSEMENT TAX	\$323,000	\$300,000	-7.12%	\$300,000	0.00%
UNAUTHORIZED SUBSTANCE TAX	\$19,200	\$0	-100.00%	\$0	N/A
<b>TOTAL REVENUE</b>	<b>\$17,832,721,500</b>	<b>\$19,415,400,000</b>	<b>8.88%</b>	<b>\$20,357,500,000</b>	<b>4.85%</b>

\*Sales and Use Tax has been reduced by \$127.3 million FY20-21, and \$147 million in both FY21-22 and FY22-23 for the earmarked portion of the tax.

\*\*Privilege Tax has been reduced by \$74.5 million in FY20-21, and \$67.5 million in both FY21-22 and FY22-23 for the earmarked portion of the tax.

# FY21-22: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY21-22	GENERAL FUND FY21-22
SALES AND USE TAX - LESS EARMARKED*	\$12,298,000,000	\$11,545,485,400
GASOLINE TAX	\$890,000,000	\$12,771,500
MOTOR FUEL TAX	\$325,000,000	\$2,187,300
GASOLINE INSPECTION TAX	\$71,000,000	\$20,838,500
MOTOR VEHICLE REGISTRATION TAX	\$362,000,000	\$71,712,200
INCOME TAX	\$10,000,000	\$6,410,000
PRIVILEGE TAX - LESS EARMARKED**	\$542,500,000	\$533,489,100
GROSS RECEIPTS TAX - TVA	\$349,100,000	\$192,005,000
GROSS RECEIPTS TAX - OTHER	\$31,000,000	\$26,737,500
BEER TAX	\$19,100,000	\$12,777,900
ALCOHOLIC BEVERAGE TAX	\$91,500,000	\$75,615,600
FRANCHISE AND EXCISE TAX	\$3,750,000,000	\$3,487,300,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$236,000,000	\$236,000,000
MOTOR VEHICLE TITLE FEES	\$24,300,000	\$21,600,000
MIXED DRINK TAX	\$153,000,000	\$76,500,000
BUSINESS TAX	\$262,000,000	\$262,000,000
SEVERANCE TAX	\$600,000	\$150,000
AMUSEMENT TAX	\$300,000	\$300,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$19,415,400,000</b>	<b>\$16,583,880,000</b>
*Sales and Use Tax has been reduced by \$147 million in FY21-22 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$67.5 million in FY21-22 for the earmarked portion of the tax.		

# FRC Estimates vs. FY20-21 and Current Budgeted Estimates

	ACTUAL FY20-21 ACCRUALS	CURRENT BUDGETED ESTIMATES FOR FY21-22	FRC ESTIMATES FOR FY21-22	INCREASE OVER FY20-21	INCREASE OVER CURRENT BUDGETED ESTIMATES
SALES AND USE*	\$11,083,119,600	\$10,296,700,000	\$12,298,000,000	\$1,214,880,400	\$2,001,300,000
FRANCHISE AND EXCISE	\$3,495,248,000	\$2,833,800,000	\$3,750,000,000	\$254,752,000	\$916,200,000
ALL FUNDS	\$17,832,721,500	\$16,232,300,000	\$19,415,400,000	\$1,582,678,500	\$3,183,100,000
GENERAL FUND	\$15,195,064,900	\$13,620,800,000	\$16,583,880,000	\$1,388,815,100	\$2,963,080,000

\*Sales and Use Tax has been reduced by \$127.3 million in FY20-21 and \$147 million in FY21-22 for the earmarked portion of the tax.

# FY22-23: All Funds and GF

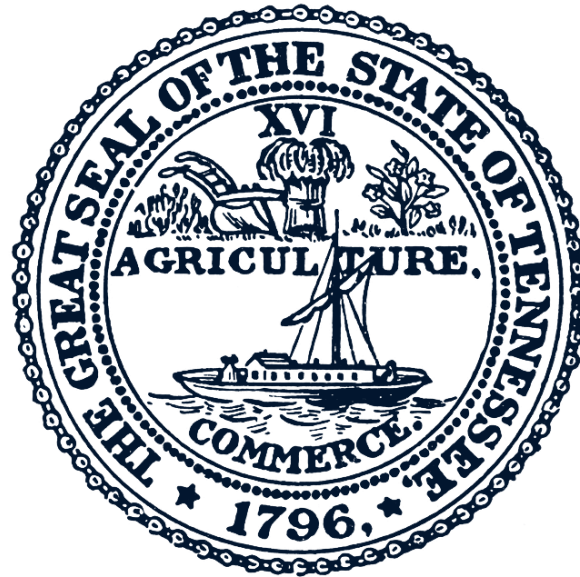
REVENUE SOURCE	ALL FUNDS FY22-23	GENERAL FUND FY22-23
SALES AND USE TAX - LESS EARMARKED*	\$12,913,000,000	\$12,122,853,500
GASOLINE TAX	\$915,000,000	\$13,130,300
MOTOR FUEL TAX	\$332,000,000	\$2,234,400
GASOLINE INSPECTION TAX	\$72,200,000	\$21,190,700
MOTOR VEHICLE REGISTRATION TAX	\$368,000,000	\$72,900,800
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED**	\$572,500,000	\$562,990,800
GROSS RECEIPTS TAX - TVA	\$351,000,000	\$193,050,000
GROSS RECEIPTS TAX - OTHER	\$31,300,000	\$26,996,300
BEER TAX	\$19,600,000	\$13,112,400
ALCOHOLIC BEVERAGE TAX	\$95,600,000	\$79,003,800
FRANCHISE AND EXCISE TAX	\$3,990,000,000	\$3,727,300,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$231,000,000	\$231,000,000
MOTOR VEHICLE TITLE FEES	\$25,000,000	\$22,300,000
MIXED DRINK TAX	\$166,000,000	\$83,000,000
BUSINESS TAX	\$274,300,000	\$274,300,000
SEVERANCE TAX	\$700,000	\$175,000
AMUSEMENT TAX	\$300,000	\$300,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$20,357,500,000</b>	<b>\$17,445,838,000</b>
*Sales and Use Tax has been reduced by \$147 million in FY22-23 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$67.5 million in FY22-23 for the earmarked portion of the tax.		



**Thank You**

**Fiscal Review Committee Economics Division**

# Net Lottery Proceeds & After-School Funding Estimates

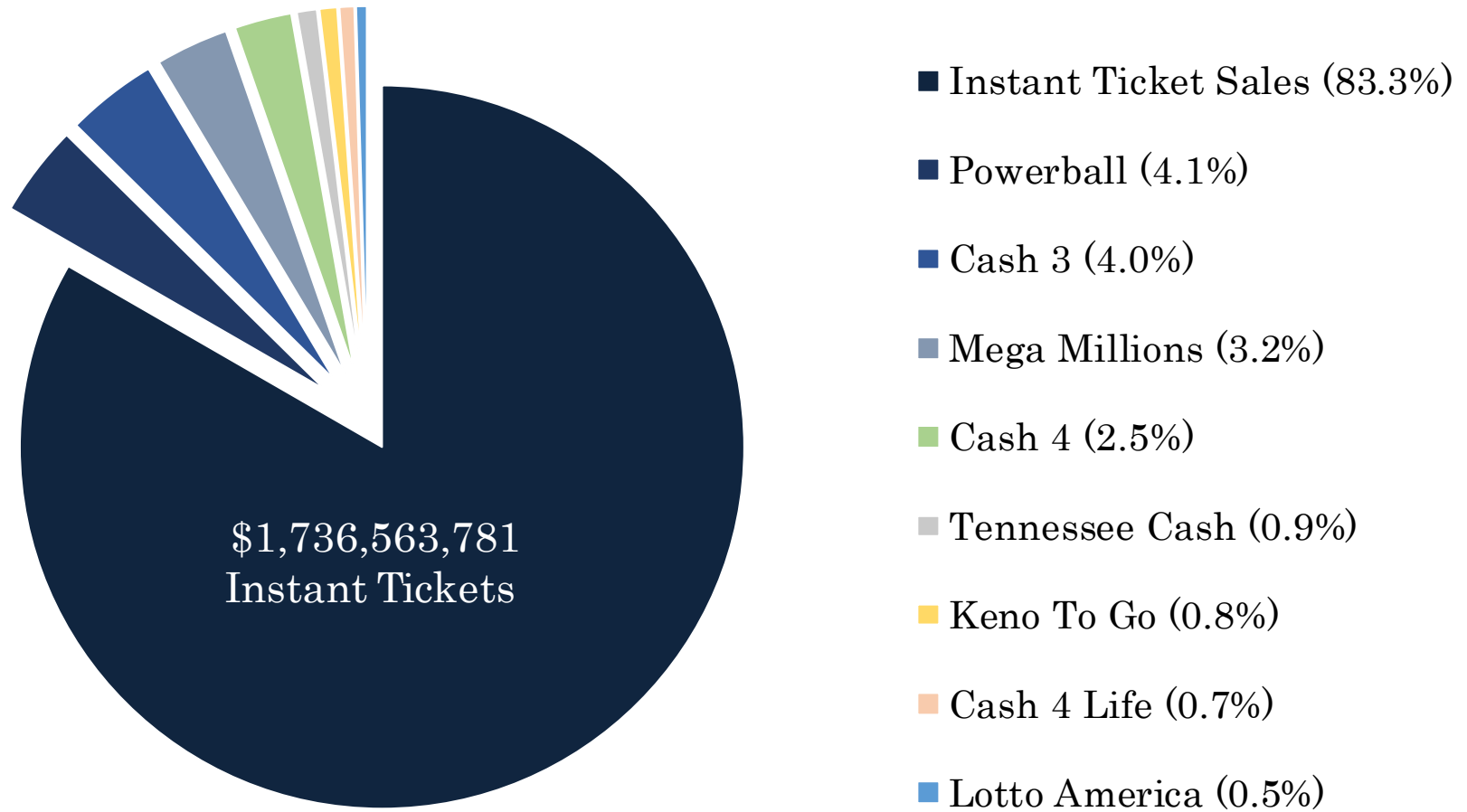


Fiscal Review Committee Staff  
November 17, 2021

# Historical Results

Category	FY17-18	FY18-19	FY19-20	FY20-21	FY20-21 Growth Rate
Net Revenue	\$1,622,043,134	\$1,695,925,302	\$1,717,366,573	\$1,942,839,389	13.13%
Total Expenses	\$1,215,530,214	\$1,266,963,791	\$1,296,742,086	\$1,460,523,034	12.63%
<b>NET LOTTERY PROCEEDS</b>	<b>\$406,512,920</b>	<b>\$428,961,511</b>	<b>\$420,624,487</b>	<b>\$482,316,355</b>	<b>14.67%</b>
After-School Funding	\$15,168,045	\$18,000,000	\$17,604,763	\$17,568,924	-0.20%
Total State Proceeds	\$421,680,965	\$446,961,511	\$438,229,250	\$499,885,279	14.07%

# Ticket Sales Composition



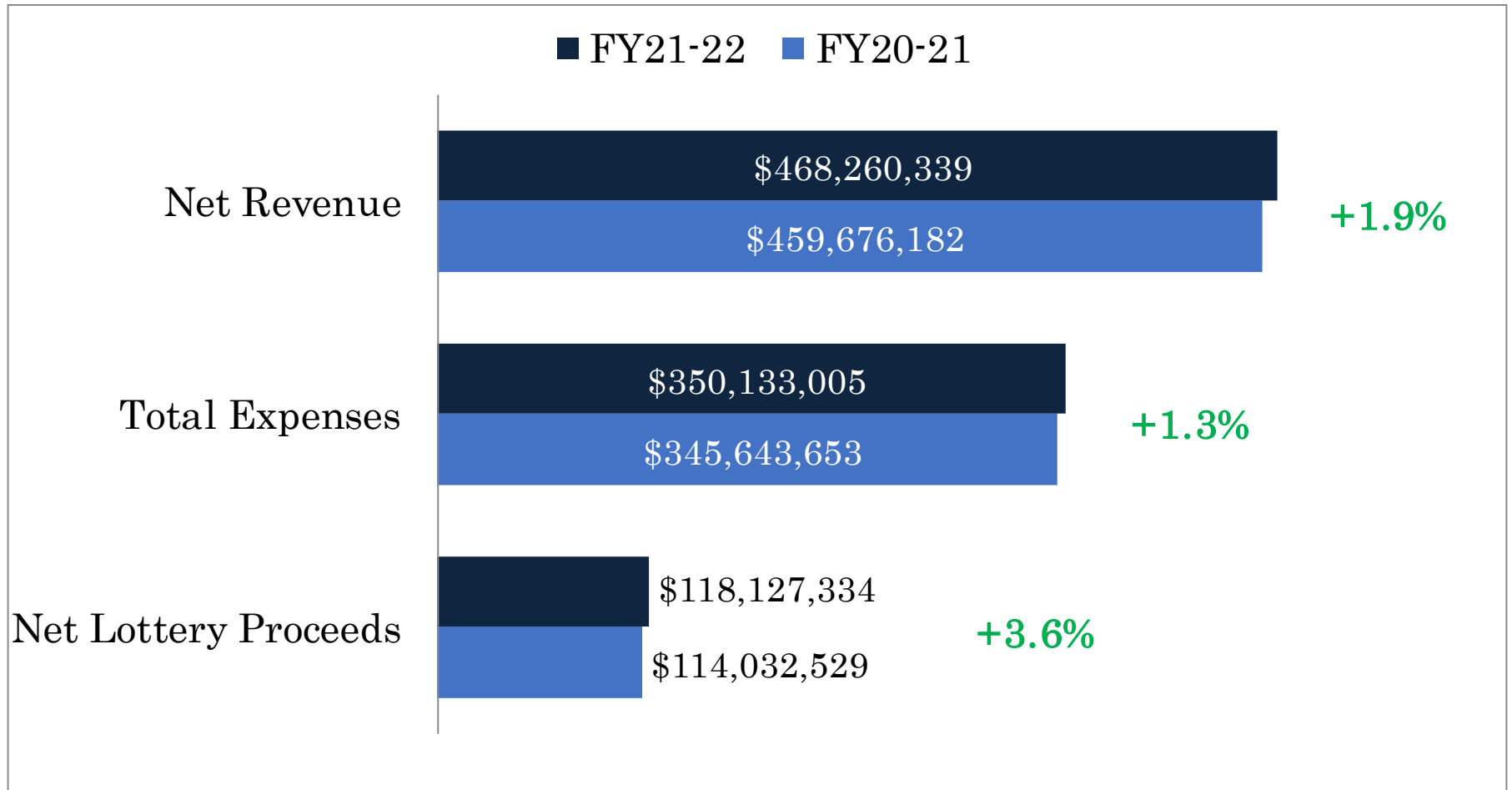
\$1,736,563,781  
Instant Tickets

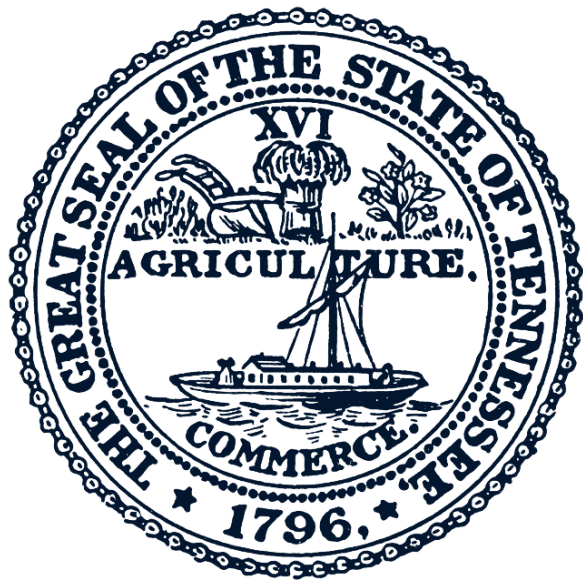
FY20-21 Gross Ticket Sales: \$2,083,873,334



# FY21-22 Year-to-Date

July 2021 through September 2021

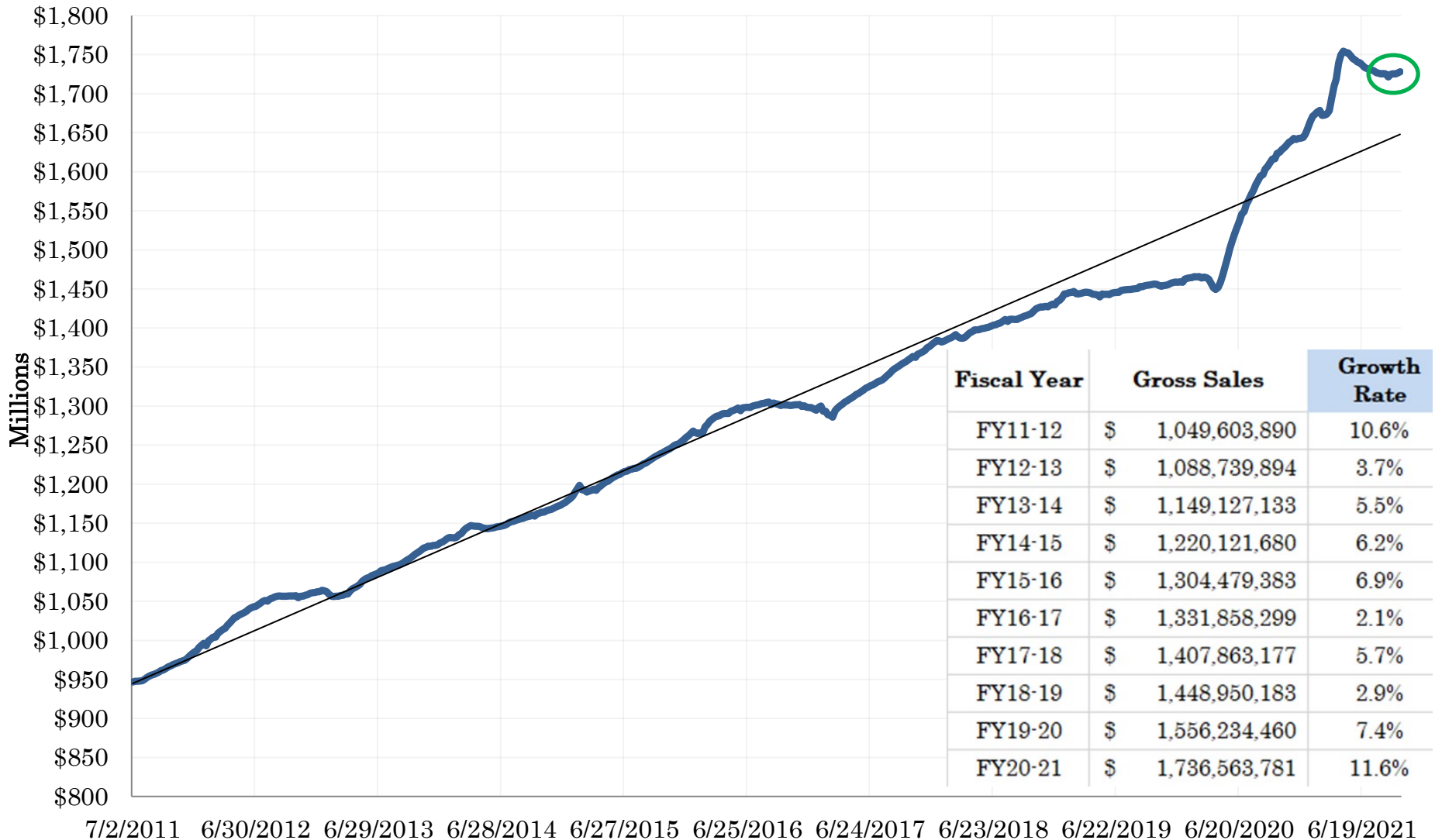




# Instant Games

# Instant Games

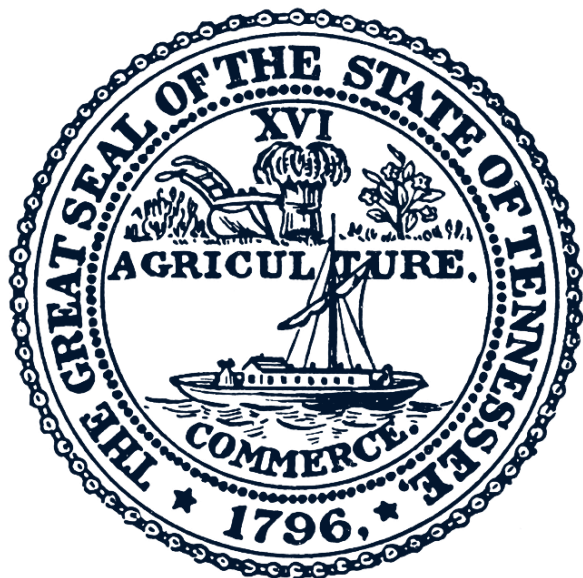
## 52-Week Moving Sum



# Instant Games

## Estimates

Category	FY19-20 Actual	FY20-21 Actual	FY21-22 Estimates	FY22-23 Estimates	Range
Instant Games (Gross Sales)	\$1,556,234,460	\$1,736,563,781	\$1,765,000,000	\$1,810,000,000	Low
			\$1,775,000,000	\$1,825,000,000	Median
			\$1,785,000,000	\$1,840,000,000	High
Tickets Provided as Prizes	\$128,464,552	\$145,398,964	\$149,368,250	\$153,599,750	Low
			\$150,218,250	\$154,449,750	Median
			\$151,068,250	\$155,299,750	High
Instant Games (Net Sales)	\$1,427,769,917	\$1,591,164,817	\$1,615,631,750	\$1,661,400,250	Low
			\$1,624,781,750	\$1,670,550,250	Median
			\$1,633,931,750	\$1,679,700,250	High



# Powerball & Mega Millions

# Powerball & Mega Millions Jackpot Changes

- Mega Millions:
  - Resets at \$20 million and grows by a set amount based on interest and sales.
- Powerball:
  - Resets at \$20 million and grows by a set amount based on interest and sales.
  - Extra drawing per week.
  - “Double Play” feature, \$1 additional entry, up to \$10 million prize.

# Powerball

- FY19-20 sales: \$66,681,663
- FY20-21 sales: \$84,714,936
- FY20-21 growth: **+\$18,033,273 (27.0%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY19-20	\$171,500,000	\$394,000,000	4	0	8
FY20-21	\$303,400,000	\$730,000,000	10	3	5
FY21-22 YTD	\$685,000,000	\$685,000,000	18	5	1

# Powerball

## Estimates

<b>FY19-20 Actual Sales</b>	<b>FY20-21 Actual Sales</b>	<b>FY21-22 Estimates</b>	<b>FY22-23 Estimates</b>	<b>Range</b>
\$66,681,663	\$84,714,936	\$89,000,000	\$88,000,000	Low
		\$94,000,000	\$95,000,000	Median
		\$99,000,000	\$102,000,000	High



# Mega Millions

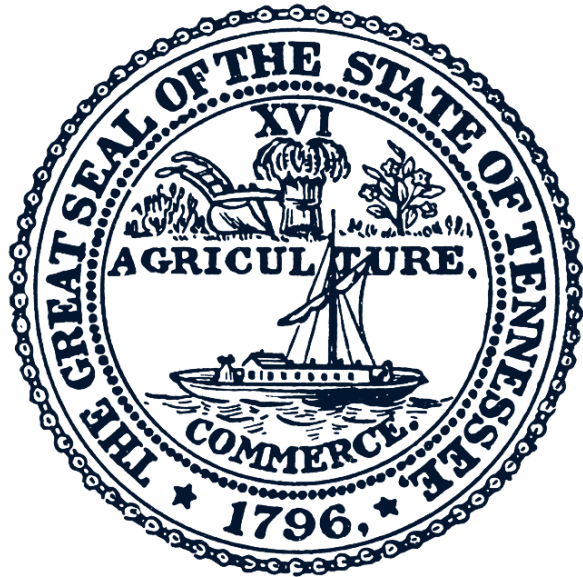
- FY19-20 sales: \$46,348,298
- FY20-21 sales: \$67,556,029
- FY20-21 growth: **+\$21,207,731 (45.8%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY19-20	\$275,800,000	\$410,000,000	8	0	5
FY20-21	\$244,250,000	\$1,000,000,000	18	6	7
FY21-22 YTD	\$270,000,000	\$432,000,000	7	0	2

# Mega Millions

## Estimates

FY19-20 Actual Sales	FY20-21 Actual Sales	FY21-22 Estimates	FY22-23 Estimates	Range
\$46,348,298	\$67,556,029	\$47,000,000	\$50,000,000	Low
		\$57,000,000	\$60,000,000	Median
		\$67,000,000	\$70,000,000	High



# Other Games

# Cash 3 and Cash 4

- CASH 3

- FY19-20 sales: \$71,900,530
- FY20-21 sales: \$84,199,299
- FY20-21 growth: **+\$12,298,769 (+17.1%)**

- CASH 4

- FY19-20 sales: \$44,311,825
- FY20-21 sales: \$52,983,605
- FY20-21 growth: **+\$8,671,780 (+19.6%)**

# Cash 3 and Cash 4

## Estimates

<b>FY19-20 Actual Sales</b>	<b>FY20-21 Actual Sales</b>	<b>FY21-22 Estimates</b>	<b>FY22-23 Estimates</b>	<b>Range</b>
\$116,212,355	\$137,182,904	\$135,000,000	\$140,000,000	Low
		\$137,000,000	\$142,000,000	Median
		\$139,000,000	\$144,000,000	High

# Tennessee Cash

- FY19-20 sales: \$20,600,681
- FY20-21 sales: \$18,415,790
- FY20-21 growth: **-\$2,184,891 (-10.6%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$1,000,000 or More	Jackpot Winners
FY19-20	\$721,429	\$1,500,000	10	9
FY20-21	\$731,667	\$1,150,000	7	6
FY21-22 YTD	\$745,000	\$1,150,000	4	2

# Tennessee Cash

## Estimates

FY19-20 Actual Sales	FY20-21 Actual Sales	FY21-22 Estimates	FY22-23 Estimates	Range
\$20,600,681	\$18,415,790	\$17,800,000	\$17,800,000	Low
		\$18,300,000	\$18,600,000	Median
		\$18,800,000	\$19,400,000	High

# Cash 4 Life

## Estimates

- FY19-20 sales: \$11,155,698
- FY20-21 sales: \$13,561,086
- FY20-21 growth: **+\$2,405,388 (+21.6%)**

FY19-20 Actual Sales	FY20-21 Actual Sales	FY21-22 Estimates	FY22-23 Estimates	Range
\$11,155,698	\$13,561,086	\$13,500,000	\$14,200,000	Low
		\$14,000,000	\$14,700,000	Median
		\$14,500,000	\$15,200,000	High



# Lotto America

- FY19-20 sales: \$10,081,142
- FY20-21 sales: \$9,737,776
- FY20-21 growth: **-\$343,366 (-3.4%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$15,000,000 or More	Jackpot Winners
FY19-20	\$13,122,300	\$21,600,000	3	2
FY20-21	\$3,885,000	\$4,270,000	0	2
FY21-22 YTD	\$8,040,000	\$8,040,000	0	1

# Lotto America

## Estimates

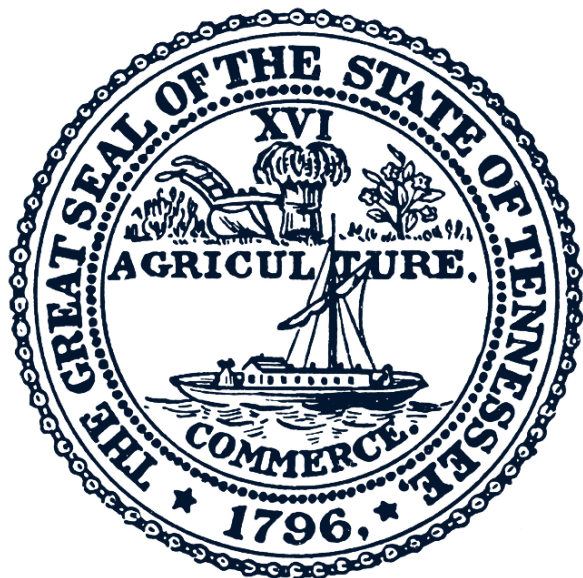
FY19-20 Actual Sales	FY20-21 Actual Sales	FY21-22 Estimates	FY22-23 Estimates	Range
\$10,081,142	\$9,737,776	\$8,800,000	\$9,000,000	Low
		\$9,300,000	\$9,500,000	Median
		\$9,800,000	\$10,000,000	High

# Keno To Go

## Estimates

- FY19-20 sales: \$13,484,606
- FY20-21 sales: \$16,141,032
- FY20-21 growth: **\$2,656,426 (19.7%)**

FY19-20 Actual Sales	FY20-21 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$13,484,606	\$16,141,032	\$15,500,000	\$15,300,000	Low
		\$16,000,000	\$16,100,000	Median
		\$16,500,000	\$16,900,000	High



# Summary & Net Lottery Proceeds

# FY21-22 Estimates

	FY20-21 Actuals	FY21-22 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,591,164,817	\$1,615,631,750	\$1,624,781,750	\$1,633,931,750
Powerball	\$84,714,936	\$89,000,000	\$94,000,000	\$99,000,000
Mega Millions	\$67,556,029	\$47,000,000	\$57,000,000	\$67,000,000
Cash 3 and Cash 4	\$137,182,904	\$135,000,000	\$137,000,000	\$139,000,000
Other Games	\$57,855,684	\$55,600,000	\$57,600,000	\$59,600,000
Misc. Revenue	\$4,365,019	\$4,200,000	\$4,500,000	\$4,800,000
Net Revenue	\$1,942,839,389	\$1,946,431,750	\$1,974,881,750	\$2,003,331,750
Total Expenses	\$1,460,523,034	\$1,452,013,000	\$1,474,713,000	\$1,497,413,000
<b>NET LOTTERY PROCEEDS</b>	<b>\$482,316,355</b>	<b>\$494,418,750</b>	<b>\$500,168,750</b>	<b>\$505,918,750</b>
After-School Funding	\$17,568,924	\$16,700,000	\$17,700,000	\$18,700,000
<b>Total State Proceeds</b>	<b>\$499,885,279</b>	<b>\$511,118,750</b>	<b>\$517,868,750</b>	<b>\$524,618,750</b>

# FY22-23 Estimates

	FY21-22 Median Estimate	FY22-23 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,624,781,750	\$1,661,400,250	\$1,670,550,250	\$1,679,700,250
Powerball	\$94,000,000	\$88,000,000	\$95,000,000	\$102,000,000
Mega Millions	\$57,000,000	\$50,000,000	\$60,000,000	\$70,000,000
Cash 3 and Cash 4	\$137,000,000	\$140,000,000	\$142,000,000	\$144,000,000
Other Games	\$57,600,000	\$56,300,000	\$58,900,000	\$61,500,000
Misc. Revenue	\$4,500,000	\$3,900,000	\$4,500,000	\$5,100,000
Net Revenue	\$1,974,881,750	\$1,999,600,250	\$2,030,950,250	\$2,062,300,250
Total Expenses	\$1,474,713,000	\$1,486,940,000	\$1,516,440,000	\$1,545,940,000
<b>NET LOTTERY PROCEEDS</b>	<b>\$500,168,750</b>	<b>\$512,660,250</b>	<b>\$514,510,250</b>	<b>\$516,360,250</b>
After-School Funding	\$17,700,000	\$16,700,000	\$17,700,000	\$18,700,000
<b>Total State Proceeds</b>	<b>\$517,868,750</b>	<b>\$529,360,250</b>	<b>\$532,210,250</b>	<b>\$535,060,250</b>

# Subsequent Years

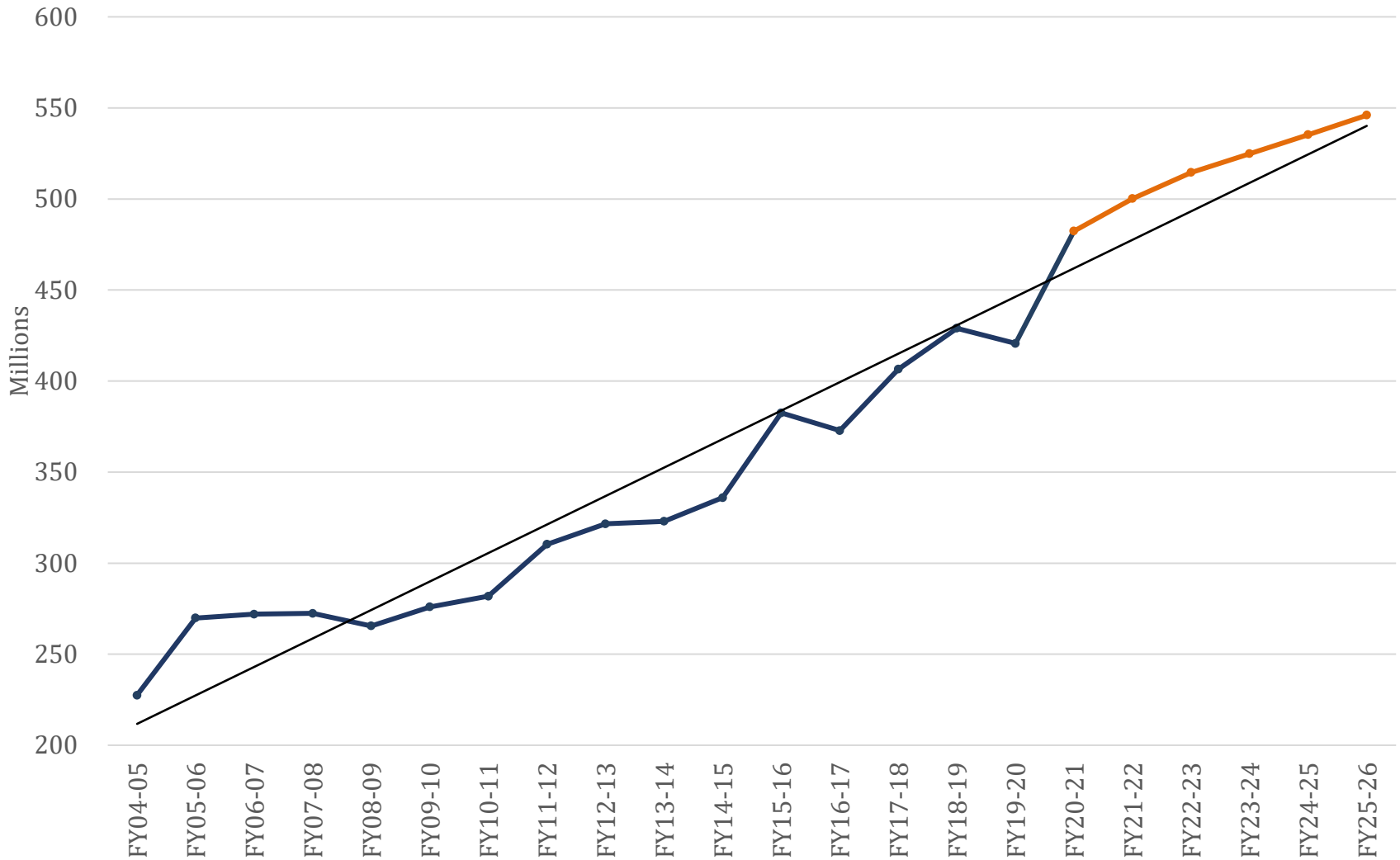
- Growth beyond FY22-23 is difficult to forecast due to a number of unknown factors, such as:
  - Changes to payout ratios
  - Matrix changes to jackpot based games
  - Structure changes to pari-mutuel and online games
  - Legislative action
  - Varying jackpot cycles
  - New and discontinued games
  - Changes to retailer base
  - Changes to advertising
  - Changes in economy

# FY23-24, FY24-25, FY25-26

Category	FY23-24	FY24-25	FY25-26
Net Revenue	\$2,071,569,255	\$2,113,000,640	\$2,155,260,653
Total Expenses	\$1,546,768,800	\$1,577,704,176	\$1,609,258,260
<b>NET LOTTERY PROCEEDS</b>	<b>\$524,800,455</b>	<b>\$535,296,464</b>	<b>\$546,002,393</b>
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$542,800,455	\$553,296,464	\$564,002,393



# Net Lottery Proceeds





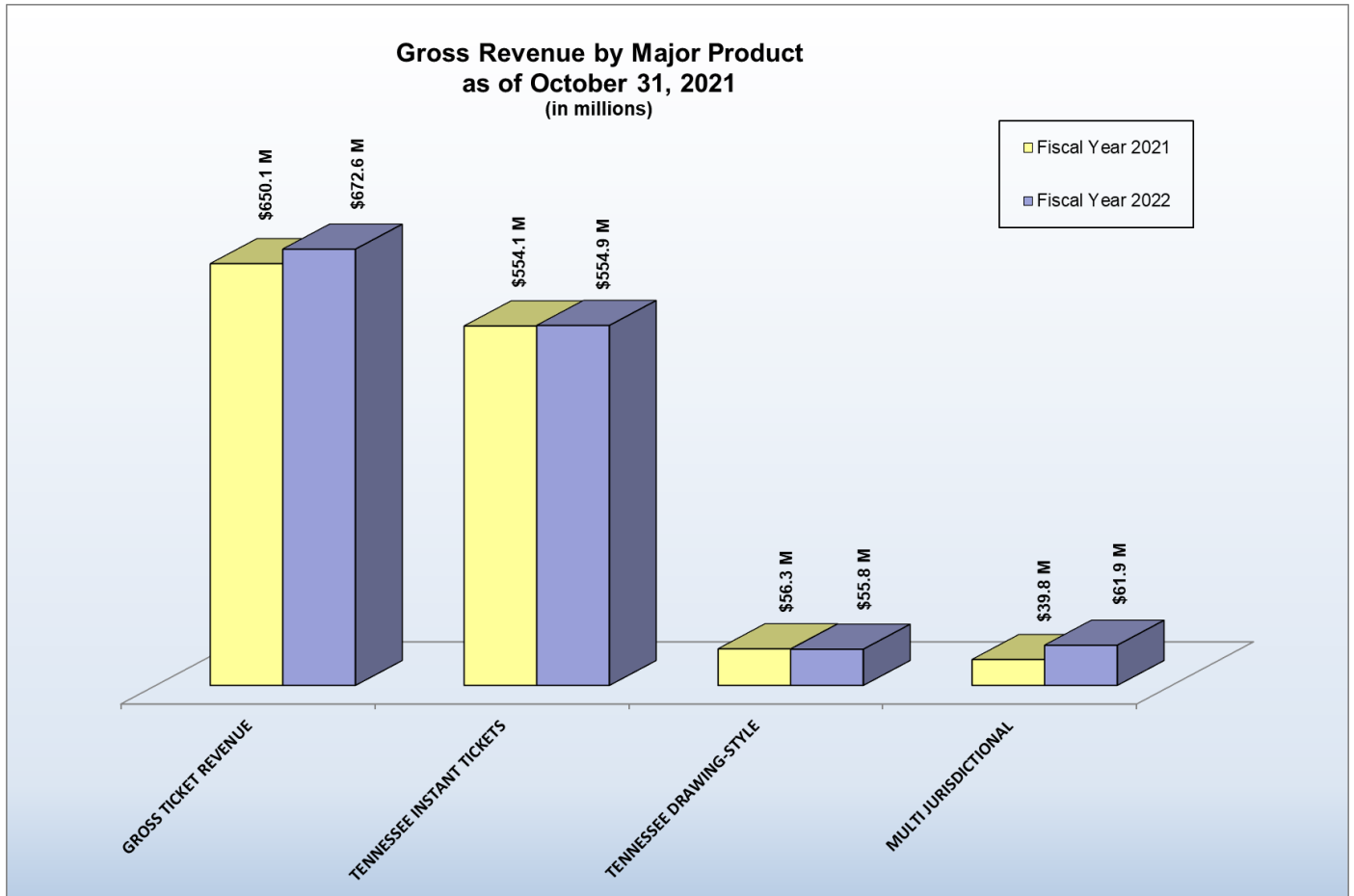
**Thank You**

**Fiscal Review Committee Economics Division**

**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**November 2021**

**ESTIMATION OF**  
**TOTAL AND NET LOTTERY PROCEEDS**  
**FOR FISCAL YEARS ENDING**  
**JUNE 30, 2022, 2023, 2024, 2025 and 2026**

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



- Gross Ticket Revenues of \$672.6 million through October 31, 2021 are up more than \$22 million year over year.
- *Tennessee Instant ticket* revenues are \$554.9 million compared to \$554.1 million the prior year.
- *Tennessee draw-style games (Cash 3, Cash 4, Tennessee Cash and Keno to Go)* revenues are \$55.8 million compared to \$56.3 million the prior year.
- *Multijurisdictional games (Powerball, Mega Millions, Cash 4 Life and Lotto America)* revenues are \$61.9 million compared to \$39.8 million the prior year.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

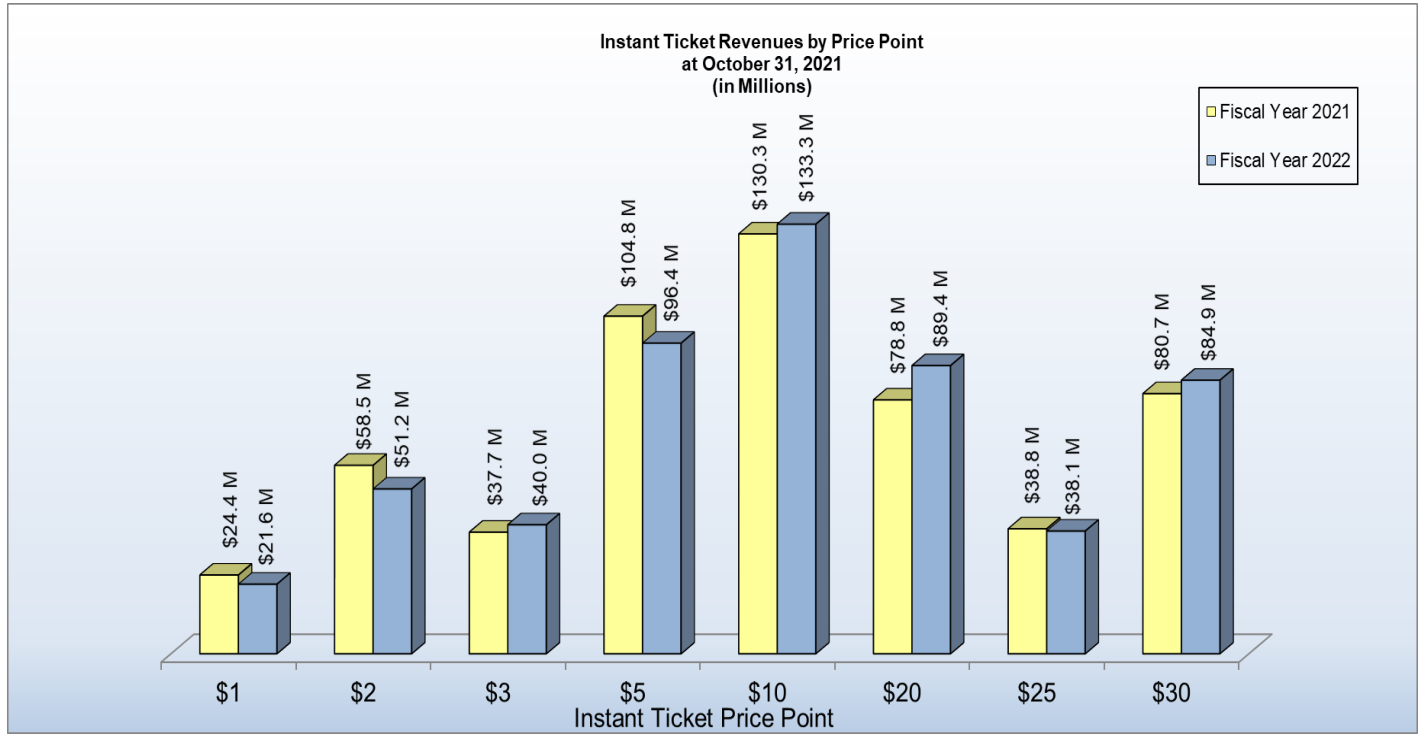
**As of  
10/31/2021  
(in millions)**

**FY 2022  
Projected  
Revenue Range  
(in millions)**

**INSTANT GAMES**

\$ 554.9

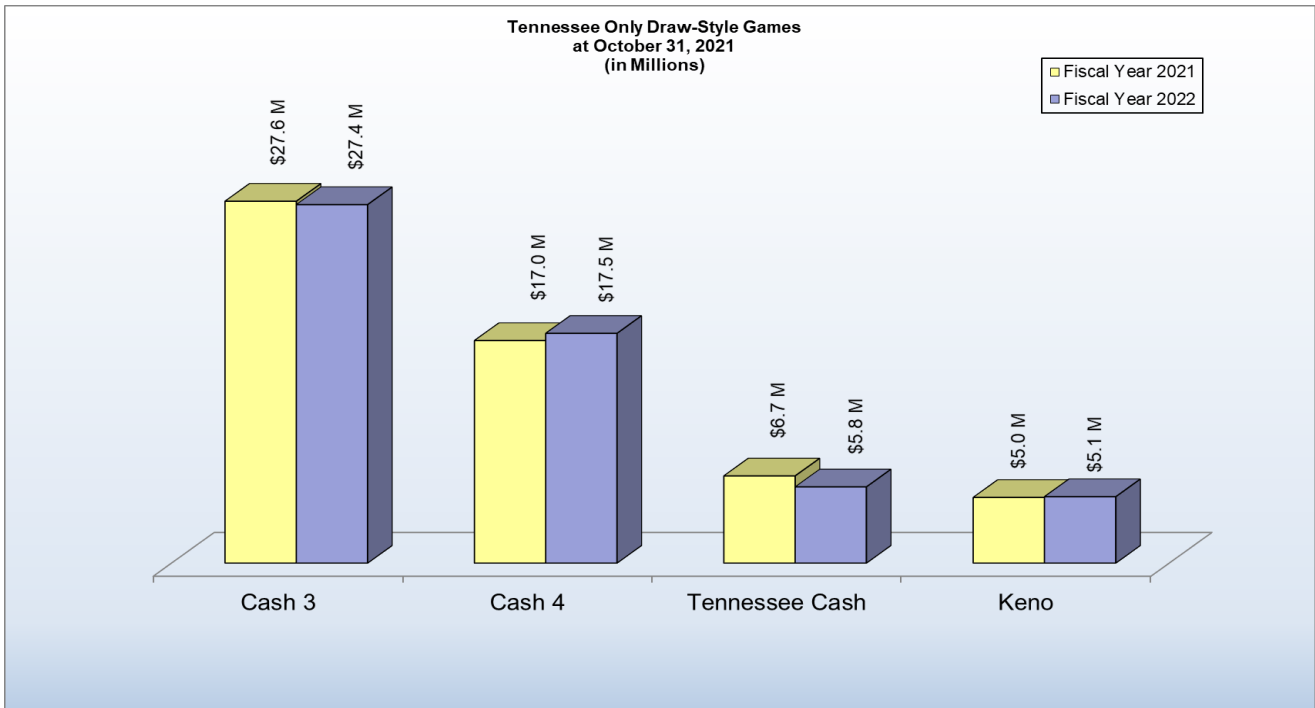
\$1,722 - \$1,786



- *Instant tickets* are 82.5% of our product mix at October 31, 2021.
- *Instant ticket* revenues were \$554.9 million or \$31.5 million per week at October 31, 2021.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences, prize payouts, and optimization of our retailer distribution network.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 68% for the fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>As of 10/31/2021 (in millions)</b>	<b>FY 2022 Projected Revenue Range (in millions)</b>
<b><i>TENNESSEE ONLY DRAWING-STYLE GAMES</i></b>	\$55.8	\$169 - \$171



**Cash 3 and Cash 4**

- *Cash 3* and *Cash 4* games are drawn three (3) times daily, six (6) days a week, and once on Sunday.
- TEL is projecting revenues for these two games in the range of \$135 million and \$137 million for FY 2022.

**Tennessee Cash**

- *Tennessee Cash* is a drawing-style cash jackpot game available only in Tennessee.
- Revenues are driven primarily by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL currently projects revenues in FY 2022 to be in the range of \$17 million and \$18 million.

**Keno to Go**

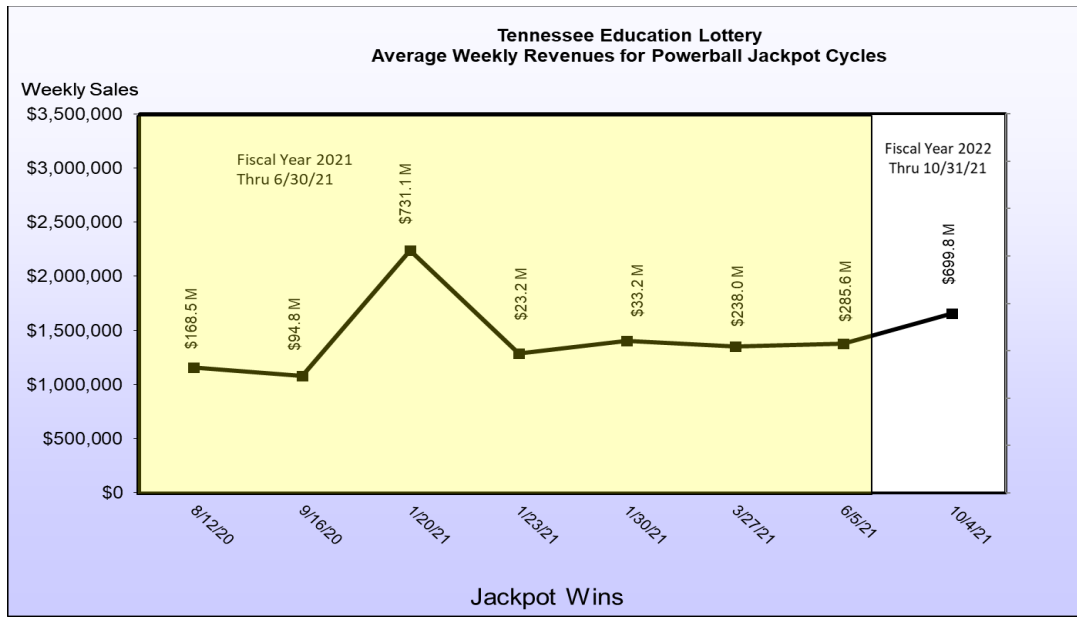
- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be approximately \$16 million for FY 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>As of 10/31/2021 (in millions)</b>	<b>FY 2022 Projected Revenue Range (in millions)</b>
<b><i>MULTI-JURISDICTIONAL GAMES</i></b>	\$61.9	\$157 - \$159

Multi-jurisdictional game revenues, with the exception of *Cash 4 Life*, are directly impacted by the size of the games' jackpots.

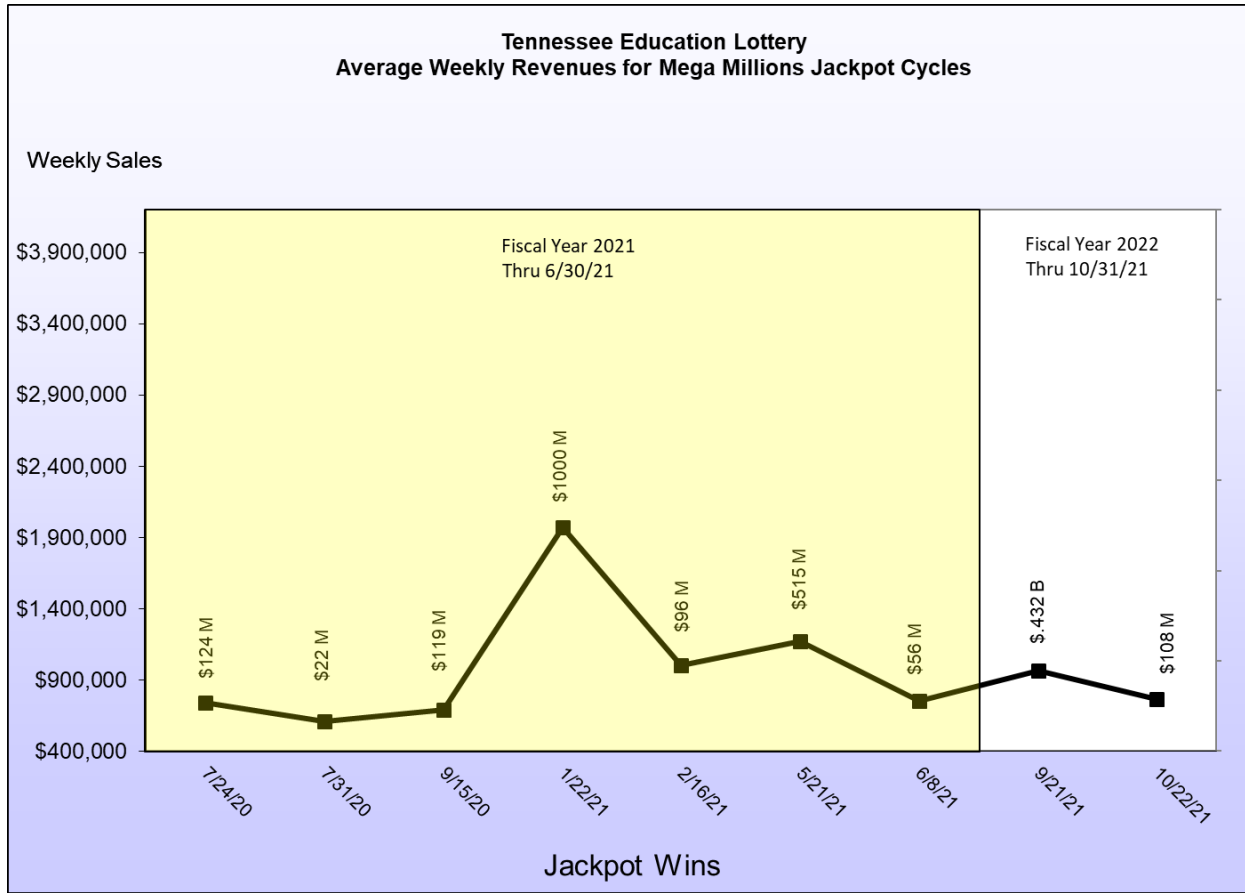
**Powerball**



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$300 million to \$450 million.
- *Powerball* is currently sold in 48 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- In August 2021, *Powerball* added a third drawing on Monday to compliment the Wednesday and Saturday drawings. In addition, a Double Play feature was launched, providing a second drawing win opportunity. Early indication is the added draw and Double Play feature will generate incremental sales over time at similar size jackpot cycles.
- TEL projects revenues in FY 2022 to be in the range of \$84 million and \$85 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

**Mega Millions**



- *Mega Millions* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$250 million to \$350 million.
- *Mega Millions* is currently sold in 47 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2022 to be in the range of \$52 million and \$53 million.



**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

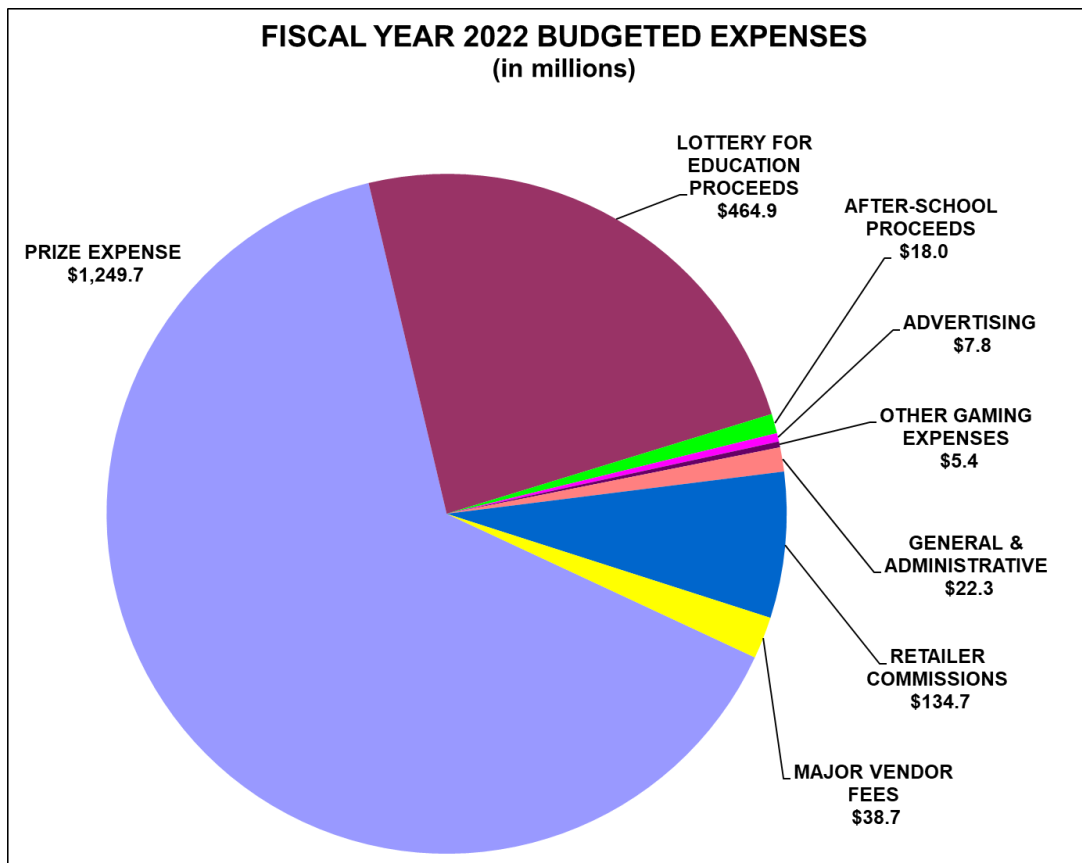
**Lotto America**

- Jackpots for this draw-style game start at \$2 million, with drawings held Wednesday and Saturday.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in FY 2022 to be approximately \$8 million.

**Cash 4 Life**

- *Cash 4 Life* is drawn 7 days per week.
- The game is the only drawing-style game that provides two opportunities for a lifetime prize:
  - \* Top Prize is \$1,000 dollars a day for life.
  - \* Second Prize is \$1,000 dollars a week for life.
- *Cash 4 Life* is currently sold in 9 jurisdictions.
- TEL projects revenues in FY 2022 to be approximately \$13 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



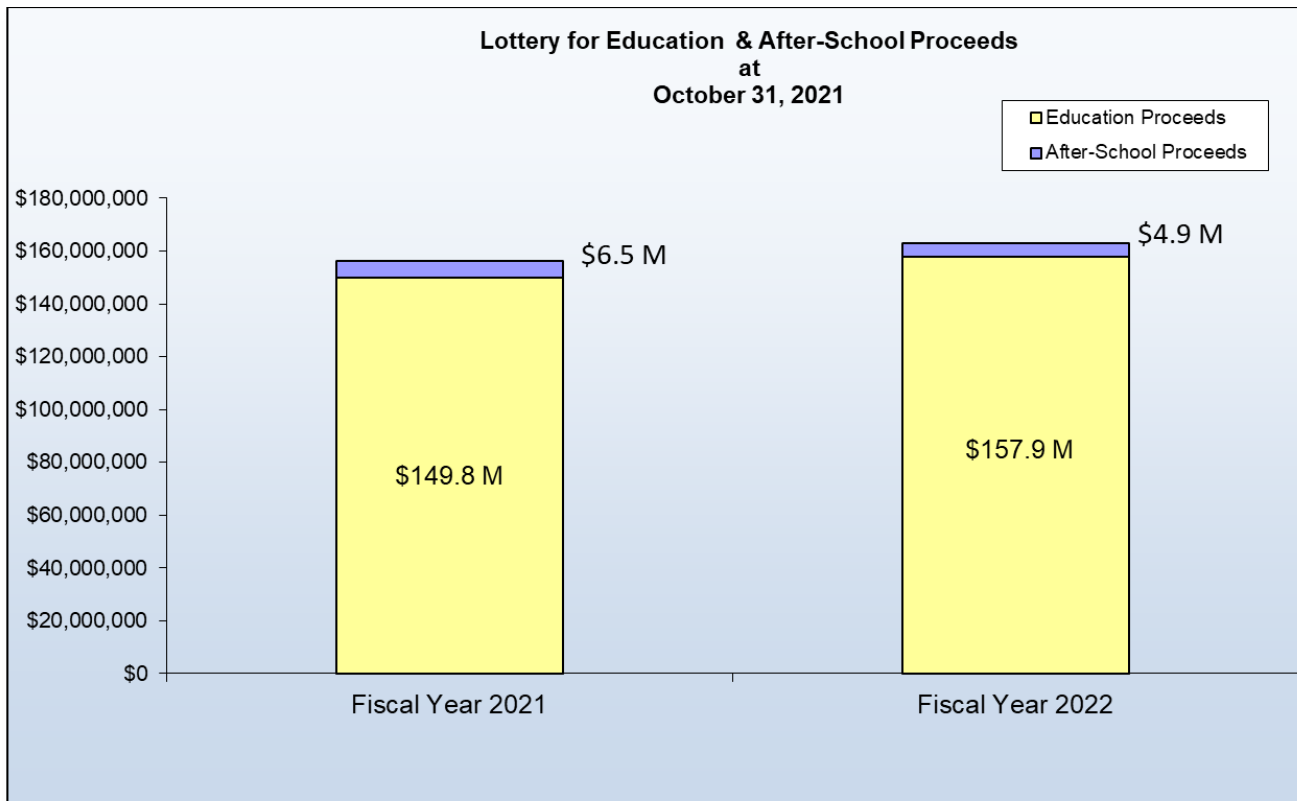
**Direct Gaming-Related Expenses**

- Aggregate Prize Expense for all Games is budgeted at **\$1.25 billion** or **60.5%** of Total Revenues.
  - *Instant Games* aggregated prize expense is budgeted at **\$1.09 billion** or **68%** of Total Revenues.
  - *Drawing-style Games* aggregated prize expense is budgeted at **\$159.4 million** or **50.4%** of Total Revenues.
- Retailer commissions are budgeted at **\$134.7 million**.
- Major gaming vendors' fees are budgeted at **\$38.7 million**.

**Non-Direct Expenses**

- Non-direct expenses are budgeted at **\$35.5 million** or **1.8%** of Gross Revenues.
  - Advertising expenses are budgeted at **\$7.8 million**.
  - Other Gaming expenses are budgeted at **\$5.4 million**.
  - General and Administrative expenses are budgeted at **\$22.3 million**.
- Actual non-direct expenses have trended between \$32 million and \$34 million annually over the last five years.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



**Lottery for Education Proceeds**

- \$157.9 million as of 10/31/2021
- \$149.8 million as of 10/31/2020

**Projected Fiscal Year 2022**

\$468 million - \$483 million

**After-School Program Proceeds**

- \$4.9 million as of 10/31/2021
- \$6.5 million as of 10/31/2020

**Projected Fiscal Year 2022**

\$18 million

After-School Programs Proceeds are projected based on the TEL's five-year historical unclaimed prize experience of slightly less than 1.5% of prize expense.

Unclaimed proceeds are significantly impacted by the timing of instant games' closings and large drawing-style game prizes not claimed.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>FY 2021 Actuals</b>	<b>FY 2022 Approved Budget</b>	<b>FY 2022 Low Projections</b>	<b>FY 2022 High Projections</b>
Instant Ticket Games	\$ 1,736,563,781	\$ 1,747,000,000	\$ 1,722,280,000	\$ 1,786,622,000
Tennessee Only Draw-Style Games	\$ 171,739,726	\$ 169,577,000	\$ 168,888,000	\$ 170,900,000
Multi Jurisdictional Games	\$ 175,569,827	\$ 147,000,000	\$ 157,521,000	\$ 158,359,000
<b>GROSS TICKET REVENUES</b>	<b>\$ 2,083,873,334</b>	<b>\$ 2,063,577,000</b>	<b>\$ 2,048,689,000</b>	<b>\$ 2,115,881,000</b>
Less: Tickets Provided as Prizes	\$ (145,398,964)	\$ (143,833,000)	\$ (142,011,000)	\$ (147,229,000)
<b>Net Ticket Revenues</b>	<b>\$ 1,938,474,370</b>	<b>\$ 1,919,744,000</b>	<b>\$ 1,906,678,000</b>	<b>\$ 1,968,652,000</b>
<b>Other Revenues</b>	<b>4,365,019</b>	<b>3,925,000</b>	<b>3,925,000</b>	<b>3,925,000</b>
<b>TOTAL LOTTERY PROCEEDS</b>	<b>\$ 1,942,839,389</b>	<b>\$ 1,923,669,000</b>	<b>\$ 1,910,603,000</b>	<b>\$ 1,972,577,000</b>
<b>EXPENSES</b>				
Prize Expense	\$ 1,253,820,848	\$ 1,249,726,000	\$ 1,234,881,000	\$ 1,276,383,000
Retailer Commissions	135,957,165	134,751,000	133,729,000	138,103,000
Vendor Fees	38,811,515	38,755,000	38,376,000	39,700,000
<b>Direct Expense</b>	<b>\$ 1,428,589,528</b>	<b>\$ 1,423,232,000</b>	<b>\$ 1,406,986,000</b>	<b>\$ 1,454,186,000</b>
<b>Non-Direct Expenses</b>	<b>\$ 31,933,506</b>	<b>\$ 35,480,000</b>	<b>\$ 35,480,000</b>	<b>\$ 35,480,000</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,460,523,034</b>	<b>\$ 1,458,712,000</b>	<b>\$ 1,442,466,000</b>	<b>\$ 1,489,666,000</b>
<b>LOTTERY FOR EDUCATION PROCEEDS</b>	<b>\$ 482,316,355</b>	<b>\$ 464,957,000</b>	<b>\$ 468,137,000</b>	<b>\$ 482,911,000</b>
<b>AFTER SCHOOL PROGRAM PROCEEDS</b>	<b>\$ 17,569,000</b>	<b>\$ 18,000,000</b>	<b>\$ 18,000,000</b>	<b>\$ 18,000,000</b>

**FISCAL YEARS ENDING JUNE 30, 2023, 2024, 2025 and 2026**

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Total Lottery Proceeds	\$1,872- \$1,944 Million	\$1,905- \$1,987 Million	\$1,938- \$2,032 Million	\$1,972- \$2,078 Million
Lottery for Education Proceeds	\$476 - \$493 Million	\$485 - \$505 Million	\$493 - \$516 Million	\$502 - \$528 Million
After-School Programs Proceeds	\$18 Million	\$18 Million	\$18 Million	\$18 Million



State of Tennessee  
**Tennessee Higher Education Commission**  
**Tennessee Student Assistance Corporation**  
WRS Tennessee Tower, 9<sup>th</sup> Floor  
312 Rosa L. Parks Avenue  
Nashville, TN 37243  
(615) 741-3605

November 17, 2021

**MEMORANDUM**

TO: State Funding Board

FROM: Tim Phelps, Senior Director for Grant & Scholarship Programs  
Tennessee Student Assistance Corporation

SUBJECT: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation (TSAC) have collaborated to project expenditures for the lottery scholarship and grant programs through the 2024-25 academic year.

The expenditures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, the Math & Science Teacher Loan Forgiveness Program, the Tennessee Middle College Scholarship, and Tennessee Reconnect.

<u>Fiscal Year</u>	<u>TELS Low</u>	<u>TELS Baseline</u>	<u>TELS High</u>	<u>Recipients</u>
2020-21 actual	N/A	\$368.5M	N/A	134,400
2021-22 estimated*	\$345.9M	\$353.0M	\$363.6M	129,800
2022-23 estimated*	\$349.4M	\$356.5M	\$367.2M	131,100
2023-24 estimated*	\$352.9M	\$360.1M	\$370.9M	132,400
2024-25 estimated*	\$356.4M	\$363.7M	\$374.6M	133,700
2025-26 estimated*	\$360.0M	\$367.3M	\$378.4M	135,000

*\*Does not include estimated administrative costs of \$9.0M and Tennessee Promise estimated expenditures of \$28M.*

These projections are based on the size of the annual high school graduating class, the scholarship take-up rate of eligible students, and the renewal rate of recipients. Please let me know if you have questions or need anything further.



**BILL LEE**  
GOVERNOR

STATE OF TENNESSEE  
**DEPARTMENT OF EDUCATION**  
NINTH FLOOR, ANDREW JOHNSON TOWER  
710 JAMES ROBERTSON PARKWAY  
NASHVILLE, TN 37243-0375

**PENNY SCHWINN**  
COMMISSIONER

**TO:** Members of the Tennessee State Funding Board

**FROM:** Dr. Penny Schwinn

**DATE:** November 2, 2021

**SUBJECT:** Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day  
For FY 2022-2023

Pursuant to Tenn. Code Ann. 4-51-111(c)(2)(B) which states prior to December 15, "appropriate state agencies shall submit to the funding board and to the governor their recommendations for other education programs and purposes consistent with article XI, § 5 of the Tennessee Constitution", the Department of Education requests the allotment of \$23,000 from net lottery proceeds in FY 2022-2023 for Lottery Scholarship Day.

These funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes.

Your consideration and approval of this request is appreciated.

cc: David Thurman