



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Hotel/Motel Tax

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Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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# Hotel/Motel Tax

## Private Acts of 1979 Chapter 118

### **SECTION 1.** Definitions. For the purposes of this Act:

(a) Person. "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

(b) Hotel. "Hotel" means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for a consideration.

(c) Occupancy. "Occupancy" means the use or possession, or the right to the use or possession, of any room, lodgings or accommodations in any hotel.

(d) Transient. "Transient" means any person who exercises occupancy or is entitled to occupancy for any rooms, lodgings or accommodations in a hotel for a period of less than ninety (90) continuous days.

(e) Consideration. "Consideration" means the consideration charged, whether or not received, for the occupancy in a hotel valued in money whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits, property and services of any kind or nature without any deduction therefrom whatsoever. Nothing in this definition shall be construed to imply that consideration is charged when the space provided to the person is complimentary from the operator and no consideration is charged to or received from any person.

(f) County. "County" means any county within this state having a population of not less than 35,480 nor more than 35,500 according to the Federal Census of 1970, or any subsequent Federal Census.

(g) Operator. "Operator" means the person operating the hotel whether as owner, lessee or otherwise.

**SECTION 2.** Authority to Levy Tax. The county is authorized to levy a privilege tax upon the privilege of occupancy in any hotel of each transient, in an amount not exceeding seven percent (7%) to the rate charged by the operator. The county commission may modify the amount of tax by resolution remaining subject to the seven percent (7%) limitation, and such tax is to be collected as hereinafter provided.

Private Acts of 2003, Chapter 3

As amended by:

Private Acts of 2016, Chapter 47

**SECTION 3.** Tax added to Room Invoice. Said tax shall be added by each and every operator to each invoice prepared by the operator for the occupancy of his hotel and to be given directly or transmitted to the transient and shall be collected by such operator from the transient and remitted to the County.

When a person has maintained occupancy for ninety (90) continuous days, he shall receive from the operator refund or credit for the tax previously collected from or charged to him, and the operator shall receive credit for the amount of such tax if previously paid or reported to the County.

**SECTION 4.** Remittance to Trustee. The tax hereby levied shall be remitted by all operators who lease, rent or charge for any rooms within the County which has adopted the provisions of this Act to the County Trustee or such other officer as may by Resolution be charged with the duty of collection thereof, said tax to be remitted to such officer not later than the 20th day of each month for the preceding month. The operator is hereby required to collect the said tax from the transient at the time of the presentation of the invoice for said occupancy whether prior to occupancy or after occupancy as may be the custom of the operator, and if credit is granted by the operator to the transient; then the obligation to the County entitled to such tax shall be that of the operator.

**SECTION 5.** Rules and Regulations. The Trustee or other authorized collector of the tax authorized by this Act shall be responsible for the collection of said tax. A monthly tax return under oath shall be filed with the Trustee by the operator with such number of copies thereof as the Trustee may reasonably require for the collection of said tax. The report of the operator shall include such facts and information as may be deemed reasonable for the verification of the tax due. The form of such report shall be developed by the Trustee and approved by the Board of County Commissioners prior to use. The Trustee shall audit each operator in the county at least once per year and shall report on the audits made on a quarterly basis to

the Board of County Commissioners. The Board of County Commissioners is hereby authorized to adopt resolutions to provide reasonable rules and regulations for the implementation of the provisions of this Act.

**SECTION 6.** Offer to Absorb Tax Prohibited. No operator of a hotel should advertise or state in any manner whether directly or indirectly that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the rent, or that if added, any part will be refunded.

**SECTION 7.** Penalties and Interest for Delinquency. Taxes collected by an operator which are not remitted to the County Trustee on or before the due dates are delinquent. An operator shall be liable for interest on such delinquent taxes from the due date at the rate of twelve percent (12%) per annum, and in addition for penalty of one percent (1%) for each month or fraction thereof such taxes are delinquent. Such interest and penalty shall become a part of the tax herein required to be remitted. Each occurrence of willful refusal of an operator to collect or remit the tax or willful refusal of a transient to pay the tax imposed is hereby declared to be unlawful and shall be punishable by a fine not in excess of fifty dollars (\$50.00).

**SECTION 8.** Records. It shall be the duty of every operator liable for the collection and payment to the County of any tax imposed by this Act to keep and preserve for a period of three (3) years all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of and payment to the County, which records the County Trustee shall have the right to inspect at all reasonable time.

**SECTION 9.** Administration. The County Trustee in administering and enforcing the provisions of this Act shall have as additional powers, those powers and duties with respect to collecting taxes as provided in Title 67 of Tennessee Code Annotated or otherwise provided by law for the County Clerks.

For his services in administering and enforcing the provisions of this Act, the County Trustee shall be entitled to retain as a commission one percent (1%) of the taxes so collected. Upon any claim of illegal assessment and collection, the taxpayer shall have the remedy provided in T.C.A. Section 67-3033, it being the intent of this Act that the provisions of law which apply to the recovery of State taxes illegally assessed and collected under the authority of this Act: Provided further, the County Trustee shall possess those powers and duties as provided in Section 67-2301, Tennessee Code Annotated, for the county clerks. With respect to the adjustment and settlement with taxpayers, all errors of County taxes collected by him under authority of this Act and to direct the refunding of same. Notice of any tax paid under protest shall be given to the County Trustee and the Resolution authorizing levy of the tax shall designate a County officer against whom suit may be brought for recovery.

**SECTION 10.**

(a) Application and Allocation of Revenue. The County Trustee is hereby charged with the duty of collection of the tax herein authorized and shall place the proceeds of said tax in the county debt service fund or such other fund as the Board of County Commissioners may specify by resolution, and that one-half (1/2) of one percent (1%) of the total collections to be used to promote tourist trade.

(b) The proceeds from the one percent (1%) increase from five percent (5%) to six percent (6%) shall be for the purpose of recreational facilities operation, development and capital improvements.

(c) The proceeds from the one percent (1 %) increase from six percent (6%) to seven percent (7%) shall be for the purpose of increased funding for parks and recreation, economic development, and tourism.

As amended by: Private Acts of 2003, Chapter 3  
Private Acts of 2016, Chapter 47

**SECTION 11.** Severability Clause. The provisions of this Act are hereby declared to be severable. If any of its sections, provisions, exceptions, or parts be held unconstitutional or void, the remainder of this Act shall continue to be in full force and effect, it being the legislative intent now hereby declared, that this Act would have been adopted even if such unconstitutional or void matter had not been included herein.

**SECTION 12.** This Act shall have no effect unless it is approved by a two-thirds (2/3) vote of the Board of County Commissioners of any County to which it may apply, not more than Ninety (90) days subsequent to its approval by the Chief Executive of this State or after its otherwise effective date. Its approval or non-approval shall be proclaimed by the presiding officer of the Board of County Commissioners and shall be certified by him to the Secretary of State.

**SECTION 13.** This Act shall be effective upon becoming a law, the public welfare requiring it, but the provisions thereof shall not become operative until ratified as provided in Section 12.

Passed: May 10, 1979.

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