

ORDINANCE NO. 349-25-1C

**AN ORDINANCE LEVYING A PRIVILEGE TAX UPON THE OCCUPANCY
IN ANY HOTEL OR MOTEL OR ANY PLACE IN WHICH ROOMS,
LODGING OR ACCOMMODATIONS ARE FURNISHED
TO TRANSIENTS FOR CONSIDERATION**

WHEREAS, Tennessee Code Annotated § 67-4-1401, et seq. authorizes the city of Townsend, Tennessee, to levy by Ordinance an occupancy or hotel/motel tax; and

WHEREAS, the city of Townsend, Tennessee, deems it to be in the best interest of the city to have such a tax.

WHEREAS, the health, safety, and welfare of the citizens of the city of Townsend, Tennessee, will be positively impacted by the adoption of this Ordinance.

NOW, THEREFORE BE IT ENACTED BY THE BOARD OF COMMISSIONERS OF THE CITY OF TOWNSEND, TENNESSEE, AS FOLLOWS:

- (1) "Exhibit A" attached herein is hereby adopted and shall be codified in its entirety.
- (2) All ordinances and parts of ordinances in conflict herewith are hereby expressly repealed.
- (3) This Ordinance shall take effect from and after its adoption, the public welfare requiring it.

ENACTED BY THE BOARD OF COMMISSIONERS OF THE CITY OF TOWNSEND, TENNESSEE, this, the _____ day of _____, 2025.

Passed on first reading: _____

Passed on second reading: _____

Public hearing held: _____

Mayor

City Recorder

“EXHIBIT A”

TITLE 5

MUNICIPAL FINANCE AND TAXATION

CHAPTER 4

HOTEL/MOTEL TAX

SECTION

- 5-401. Definitions.
- 5-402. Rooms to be numbered.
- 5-403. Tax levied.
- 5-404. Collection.
- 5-405. Remission to the city.
- 5-406. Collection, development of report, audit, etc.
- 5-407. Operator cannot advertise that he will assume tax.
- 5-408. Delinquent taxes; offenses by operators and/or transients.
- 5-409. Operators to keep records.
- 5-410. Additional powers of recorder; remedies available to tax payer.
- 5-411. Recorder to collect; disposition of proceeds.

Section 5-401. Definitions. As used in this chapter:

(1) “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;

(2) “Hotel” means any structure or space, or any portion thereof, that is occupied or intended or designed for occupancy by transients for dwelling, lodging, or sleeping purposes, and includes privately, publicly, or government-owned hotels, inns, tourist camps, tourist courts, tourist cabins, motels, short-term rental units, primitive and recreational vehicle campsites and campgrounds, or any place in which rooms, lodgings, or accommodations are furnished to transients for consideration;

(3) “Municipality” means an incorporated city or town or a county, but does not include a county with a metropolitan form of government;

(4) “Occupancy” means the use or possession, or the right to the use or possession, of any room, lodgings or accommodations in any hotel;

(5) “Operator” means the person operating the hotel, whether as owner, lessee or otherwise;

- (6) “Person” means any individual, or group of individuals, that occupies the same room;
- (7) “Residential dwelling” means a cabin, house, or structure used or designed to be used as an abode or home of a person, family, or household, and includes a single-family dwelling, a portion of a single-family dwelling, or an individual residential dwelling in a multi-dwelling building, such as an apartment building, condominium, cooperative, or timeshare;
- (8) “Short-term rental unit” means a residential dwelling that is rented wholly or partially for a fee for a period of less than thirty (30) continuous days and does not include a hotel as defined in § 68-14-302 or a bed and breakfast establishment or a bed and breakfast homestay as those terms are defined in § 68-14-502;
- (9) “Short-term rental unit marketplace” means a person or entity, excluding a vacation lodging service, that provides a platform for compensation, through which a third party offers to rent a short-term rental unit to an occupant;
- (10) “Tourism” means attracting nonresidents to visit a particular municipality and encouraging those nonresidents to spend money in the municipality, which includes travel related to both leisure and business activities;
- (11) “Tourism development” means the creation or expansion of physical attractions, facilities, or events that are available and open to the public, improving the appeal of destinations to tourists, and enhancing tourist experiences that are primarily promoted to or used by tourists;
- (12) “Transient” means any person who exercises occupancy or is entitled to occupancy of any rooms, lodgings or accommodations in a hotel for a period of less than thirty (30) continuous days; and
- (13) “Vacation lodging service” means a person or entity that is engaged in the business of providing the services of management, marketing, booking, and rental of short-term rental units.
- (14) “Tourism promotion” means planning, conducting, or participating in programs of information, publicity, and advertising that are designed to attract tourists and foster economic activity through tourism;
- (15) “Tourist” means an individual who travels more than fifty (50) miles to a destination for business or leisure;

Section 5-402. Rooms to be numbered. Each sleeping room and in every hotel in the town shall be numbered in a plain and conspicuous manner. The number of each room shall be placed on the outside of the door of such room, and no two (2) doors shall bear the same number.

Section 5-403. Tax levied. There is hereby levied, assessed and imposed, and shall be paid and collected, a privilege tax upon the privilege of occupancy in any hotel of each transient in an amount equal to three (3) percent of the consideration charged by the operator. Such tax is a privilege tax upon the transient occupying such room and is to be collected as provided herein.

Section 5-404. Collection. Such tax shall be added by each operator to each invoice prepared by the operator for the occupancy in his hotel to be given directly or transmitted to the transient and shall be collected by such operator from the transient and remitted to the city.

Section 5-405. Remission to city. The tax hereby levied shall be remitted by all operators who lease, rent or charge for occupancy within a hotel in the city to the city recorder of the city, such tax to be remitted to such officer no later than the twentieth (20th) day of each month for the preceding month. The operator is hereby required to collect the tax from the transient at the time of the presentation of the invoice for such 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 city entitled to such tax shall be that of the operator.

Section 5-406. Collection, development of report, audit, etc. The city recorder shall be responsible for the collection of such tax. A monthly tax return under oath shall be filed with the city recorder by the operator with such number of copies thereof as the city recorder may reasonably require for the collection of such 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 city recorder and approved by the Board of Mayor and Commissioners prior to use. The city recorder shall audit each operator in the city at least once per year and shall report on the audits made on a quarterly basis to the Board of Mayor and Commissioners.

Section 5-407. Operator cannot advertise that his will assume tax. No operator of a hotel shall 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 5-408. Delinquent taxes; offenses by operators and/or transients. Taxes collected by the operator which are not remitted to the city recorder 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 the penalty of one percent (1%) for each month or fraction thereof such taxes are delinquent. Such interest shall become a part of the tax. 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 declared to be unlawful and shall be punishable upon conviction by a fine not in excess of fifty dollars (\$50.00).

Section 5-409. Operators to keep records. It shall be the duty of every operator liable for the collection and payment to the city of the tax imposed by this article 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 city. Every person to whom a permit is issued under this chapter shall at all times keep a standard hotel register, in which shall be inscribed the names of all guests renting or occupying rooms and the number of the room which guest is to occupy, together with the time such room is rented, which records the city recorder shall have the right to inspect at all reasonable times.

Section 5-410. Additional powers of recorder; remedies available to tax payer. The city recorder or other authorized collector of the tax 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 by law for the county clerks.

Upon any claim of illegal assessment and collection, the taxpayer shall have the remedy provided in Tennessee Code Annotated, title 67. The city recorder shall have all those powers and duties as provided in Tennessee Code Annotated § 67-1-707(b). Any tax paid under protest shall be paid to the city recorder. Any suit filed to recover taxes paid under protest may be brought by filing the same against the city recorder of the city.

Section 5-411. Recorder to collect; disposition of proceeds. The city recorder is hereby charged with the duty of collection of the tax herein levied and the proceeds received by the city from the tax shall be used exclusively for tourism and tourism development within the city and shall provide an annual written report to the commissioner of the department of tourist development as required by Tennessee Code Annotated § 67-4-1403.