

## Frequently Asked Questions: City of Townsend Occupancy Tax

### **What is the Occupancy Tax?**

The City of Townsend has implemented a 3% Occupancy Tax on all short-term lodgings (hotels, motels, inns, and short-term rentals). This tax is paid by the guest, not the business, and is collected at the time of stay.

### **When does this go into effect?**

The tax applies to all stays occurring on or after May 1, 2026. Please ensure your booking systems are updated to reflect this change for future reservations.

### **How is the tax collected and remitted?**

Collect: Add a 3%-line item to the guest's total bill (pre-sales tax).

Report: Fill out the monthly Occupancy Tax Remittance Form provided by the City Recorder's office.

Remit: Submit the form and payment by the 20th of the following month.

### **Where does the money go?**

Revenue generated from this tax is reinvested into the community to support tourism and tourism development. By improving our city's services and visibility, we aim to continue driving high-quality visitors to your doors.

### **Are there any exemptions?**

Stays exceeding 30 consecutive days are generally exempt from this tax, as they are considered long-term rentals rather than transient occupancy.

### **What if I have questions about the forms?**

We are here to help make this transition as seamless as possible. You can reach the City Recorder's office directly at 865-448-6886 or visit us at City Hall between 8:00 AM and 4:30 PM.