



Room Occupancy Tax

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

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 municipal 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 MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

Table of Contents

Room Occupancy Tax	3
--------------------------	---

Room Occupancy Tax

Reference Number: MTAS-1862

Revenue Class: Local Taxes

Fund: General

Account No.: 31920

Description: Occupancy tax on hotel or motel room rentals, imposed by private act. Rates vary from 1.25 percent to 5 percent.

Authorization: T.C.A. § 67-4-1401 *et seq.*; T.C.A. § 6-55-102; and various private acts

Requirements or Restrictions: Tax must be approved by ordinance by two-thirds vote of the governing body at two consecutive regularly scheduled meetings; or be approved by referendum, and tax cannot exceed five percent. T.C.A. § 67-4-1402. City cannot assess the tax if the county has already levied an occupancy tax. T.C.A. § 67-4-1425 (a)(2). Additional limitations are found in T.C.A. § 67-4-1425.

Current Rate: Cannot exceed 5 percent. Hotel operator is allowed to retain 2 percent of the amount of the tax due for collecting the tax. T.C.A. § 67-4-1405 (b).

Frequency of Payment: Monthly by the 20th.

Late Pay Penalty: Interest is charged at 12 percent per annum plus a penalty of 1 percent for each month taxes are delinquent. T.C.A. § 67-4-1408.

Exemptions: N/A

Collection: Monthly. The municipality has the authority to collect delinquent taxes by any means available by law including issuing distress warrants and the seizure of assets. T.C.A. § 67-4-1408(d).

Use Restrictions: None unless the governing body specifies such in the authorizing ordinance. T.C.A. § 67-4-1403.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

Source URL (retrieved on 06/04/2020 - 3:01pm): <https://www.mtas.tennessee.edu/reference/room-occupancy-tax>



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE