

NEW LAW REGARDING HOTEL/MOTEL TAX EFFECTIVE JULY 1, 2025

This notice is to inform you about a change in Tennessee law regarding the collection of hotel occupancy tax. Previous law required hotel operators to refund or provide credit to a person who maintained occupancy in a hotel for 30 continuous days for the tax previously collected from or charged to that person.

Effective July 1, 2025, “hotels”, as defined by Tenn. Code Ann. § 67-4-1401, are required to collect occupancy tax for the first 30 days a person has maintained occupancy in a hotel. The occupancy tax collected for the first 30 days must be remitted by the hotel to the Sullivan County Clerk’s office no later than the twentieth day of each month for the preceding month. Tenn. Code Ann. § 67-4-1405. Applicable laws are provided below for your reference.

“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. Tenn. Code Ann. § 67-4-1401.

When a person has maintained occupancy for thirty (30) continuous days, the operator shall remit the tax for such period to the municipality pursuant to subsection (a) and cease collecting the tax from the person for the remainder of their stay in the operator's hotel. Public Chapter 364 (2025).