



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

May 11, 2024

Chapter XI - Taxation

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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Chapter XI - Taxation

Hotel/Motel Tax

Private Acts of 1997 Chapter 70

SECTION 1. As used in this act unless the context otherwise requires:

- (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) "County" means Chester County, Tennessee.
- (3) "Hotel" means any structure or space, or any portion thereof, which is located in the unincorporated areas of Chester County and 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.
- (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, and includes any governmental entity, specifically including, without limitation, the state as an owner or operator. "Operator" does not include an entity or agency of the federal government.
As amended by: Private Acts of 1998, Chapter 163
- (6) "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.
- (7) "Tax collection official" means the County Clerk of Chester County, Tennessee.
- (8) "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 thirty (30) continuous days.

SECTION 2. The Legislative Body of Chester County is authorized to levy a privilege tax upon the privilege of occupancy in any hotel of each transient in the amount of four percent (4%) 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 in this act.

SECTION 3. The proceeds received by the county from the tax shall be retained by the county and deposited into the general fund of the county.

SECTION 4. Such tax shall be added by each and every operator to each invoice prepared by the operator for the occupancy of the hotel and given directly or transmitted to the transient. Such tax shall be collected by such operator from the transient and remitted to Chester County.

When a person has maintained occupancy for thirty (30) continuous days, that person shall receive from the operator a refund or credit for the tax previously collected or charged and the operator shall receive credit for the amount of such tax if previously paid or reported to the county.

SECTION 5.

- (a) The tax levied shall be remitted by all operators who lease, rent or charge for any rooms, lodgings, spaces or accommodations in hotels within the unincorporated areas of the county to the tax collection official, such tax to be remitted to such officer not later than the twentieth (20th) day of each month for the preceding month. The operator is required to collect the tax from the transient at the time of the presentation of the invoice for such 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.
- (b) For the purpose of compensating the operator for remitting the tax levied by this act, the operator shall be allowed two percent (2%) of the amount of the tax due and remitted to the tax collection official in the form of a deduction in submitting the report and paying the amount due by

such operator, provided the amount due was not delinquent at the time of payment.

SECTION 6. The tax collection official shall be responsible for the collection of such tax. A monthly tax return shall be filed under oath with the tax collection official by the operator with such number of copies thereof as the tax collection official 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 tax collection official and approved by the County Legislative Body prior to use. The tax collection official shall audit each operator in the county at least once a year and shall report on the audits made on a quarterly basis to the County Legislative Body.

The County Legislative Body is authorized to adopt resolutions to provide reasonable rules and regulations for the implementation of the provisions of this act, including the form for such reports.

SECTION 7. 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 8. Taxes collected by an operator which are not remitted to the tax collection official on or before the due dates are delinquent. An operator is liable for interest on such delinquent taxes from the due date at the rate of twelve percent (12%) per annum, and is liable for an additional 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 unlawful and shall be punishable by a civil penalty not in excess of fifty dollars (\$50.00).

SECTION 9. It is 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 necessary to determine the amount of tax due and payable to the county. The tax collection official has the right to inspect such records at all reasonable times.

SECTION 10. The tax collection official in administering and enforcing the provisions of this act has 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 services in administering and enforcing the provisions of this act, the tax collection official is entitled to retain as a commission five percent (5%) of the taxes collected.

Upon any claim of illegal assessment and collection, the taxpayer has the remedies provided in Tennessee Code Annotated, Title 67; it is the intent of this act that the provisions of law which apply to the recovery of state taxes illegally assessed and collected shall also apply to the tax levied under the authority of this act. The provisions of Tennessee Code Annotated, Section 67-1-707, shall be applicable to adjustments and refunds of such tax.

With respect to the adjustment and settlement with taxpayers, all errors of county taxes collected by the tax collection official under authority of this act shall be refunded by the tax collection official.

Notice of any tax paid under protest shall be given to the tax collection official and the resolution authorizing levy of the tax shall designate a county official against whom suit may be brought for recovery.

SECTION 11. The tax levied pursuant to the provisions of this act shall only apply in accordance with the provisions of Tennessee Code Annotated, Section 67-4-1425.

SECTION 12. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 13. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the County Legislative Body of Chester County. Its approval or nonapproval shall be proclaimed by the presiding officer of the County Legislative Body and shall be certified by such presiding officer to the Secretary of State.

SECTION 14. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect upon being approved as provided in Section 13.

Passed: May 21, 1997.

Wheel Tax

Private Acts of 1972 Chapter 234

WHEREAS, A majority of the members of the Chester County Quarterly Court, in a specially called session, with a wheel or privilege tax being the special case for consideration at said specially called session; that a quorum of said Court was present of the Squires of the Chester County Quarterly Court; and whereas by resolution from said specially called meeting, a majority of the members of said Chester County Quarterly Court of Chester County, Tennessee have thus petitioned their State Senator and Representative to enact a wheel tax or privilege tax upon motor driven vehicles in an amount not to exceed Ten Dollars (\$10.00), said proceed to be used for the purpose of supplementing an ambulance service in Chester County, Tennessee; and it appearing said County did not have an ambulance service that would continue to operate, and it appearing that said county did have to enact a resolution, or receive some additional funds to provide a supplement to said ambulance service to be operated in Chester County, Tennessee;

WHEREAS, The resolution to enact a wheel or privilege tax has been presented to the State Senator and Representative in the Tennessee General Assembly; and,

WHEREAS, It is the desire of the State Senator and Representative representing Chester County, Tennessee, to give the people of Chester County the type of government they want; now, therefore,

SECTION 1. For the privilege of using the public highways, except State maintained roads, in counties of not less than 9,925 people nor more than 9,950 people, by the Federal Population Census of 1970, or any subsequent population census or Federal Population Census, there is hereby levied upon motor driven vehicles, except farm tractors, motor bicycles, scooters and cycles, trucks one ton and greater and any vehicle held for resale by automobile dealers, a special privilege tax for the benefit of such counties, and in addition to all other taxes, in an amount of up to and not in excess of ten dollars (\$10.00) per motor driven vehicle. This tax shall apply to and be paid on each motor driven vehicle whose owner resides, or usually stays in the Counties to which this Act applies, and it shall be a misdemeanor and punishable as such for any person to operate a motor driven vehicle, except farm tractors, motor bicycles, scooters and cycles, trucks one ton and greater and any vehicle held for resale by automobile dealers, over the highways of such counties without the payment of the tax herein provided. Provided, further that nothing in this Act shall be construed as permitting or authorizing the levy and collection of this tax against non-residents of the Counties to which this Chapter applies, but the same shall be levied only upon the motor driven vehicles of residents of the counties which this Chapter applies to.

As amended by:

Private Acts of 1985, Chapter 8

SECTION 2.

(a) The tax herein levied shall be collected by the County Court Clerk of counties to which this Act applies at the same time he collects the State privilege tax upon the operation of motor driven vehicles, and the Clerk shall receive a fee of not less than Twenty Five Cents (\$.25) nor more than Seventy Five Cents (\$.75) for each collection of the tax upon a vehicle in said Counties, the exact amount of such fee to be set by the County Quarterly Court. No clerk in the counties to which this Act applies shall issue to a resident of such county a state license plate or decal for the operation of a motor driven vehicle to which this tax applies, unless at the same time the said resident shall purchase the appropriate license as hereinafter provided for the operation of his motor driven vehicle under this Act. Payment of the license fee herein imposed shall be evidenced by a metal tag, emblem or sticker to be appropriately displayed upon some prominent part of the motor driven vehicle in question. The design of the tag, emblem, or sticker in question shall be determined by the County Court Clerk and the expense incident thereto shall be paid from the County General Funds. The tax herein levied shall entitle the owner of a motor driven vehicle to operate the same from the first day of April each year to the 31st of March of the next succeeding year and the same proportionate reduction shall be made as is now made in the case of State registration of motor driven vehicles where such motor driven vehicles are registered after April 1st for any reason whatsoever. For his services, in issuing said licenses, the County Court Clerk, shall be entitled to a fee of Twenty Five Cents (\$.25) for each one so issued, to be collected from the person purchasing the same, and the charge made in addition to the tax hereinabove provided for. He will report the funds collected by him monthly and pay the same to the Trustee of the counties to which this Act applies, and they shall be applied as herein provided.

It shall be a misdemeanor punishable by a fine of not less than twenty dollars (\$20.00) nor more than fifty dollars (\$50.00) for improper display of the wheel tax certificate.

As amended by: Private Acts of 1975, Chapter 121

Private Acts of 1983, Chapter 96

(b) In addition to the tax levied pursuant to subsection (a):

(1) For the privilege of using the public roads and highways in Chester County, Tennessee, there is levied upon motor-driven vehicles, and upon the privilege of the operation thereof, except motorcycles, motor-driven bicycles and scooters, farm tractors, self-propelled farm machines not usually used for operation upon public highways or roads, and motor-driven vehicles owned by any governmental instrumentality, and except for other exemptions provided by general law, a special privilege tax for the benefit of such county, which tax shall be in the amount of an additional Fifty and no/100 Dollars (\$50.00), for each such motor-driven vehicle, the owner of which resides within said county. The tax applies to, is a levy upon, and shall be paid on each motor-driven vehicle, the owner of which resides within said county.

(2) The tax herein levied shall be paid to and collected by the County Clerk of Chester County, who is authorized by Tennessee Code Annotated, § 67-4-103, to collect such privilege taxes. The County Clerk shall collect this tax at the same time he or she collects the state privilege tax levied upon the operation of a motor-driven vehicle over the public highways of this state. The County Clerk shall deduct a fee of five percent (5%), or such higher or lower fee as may from time to time be authorized under Tennessee Code Annotated, § 8-21-701 (55), for receiving and paying over county revenue, from the amount of taxes collected and paid over to the County Trustee.

(3) Payment of the privilege tax imposed hereunder shall be evidenced by a receipt, issued in duplicate by the County Clerk, the original of which shall be kept by the owner of the motor-driven vehicle and, if required by the county legislative body by resolution pursuant to Tennessee Code Annotated, § 55-4-103, by a decal or emblem also issued by the County Clerk, which shall be displayed in the manner required by resolution of the county legislative body. The design of the decal or emblem shall be determined by the County Clerk. The expense incident to the purchase of such decals herein required, as well as the expense of obtaining proper receipts and other records necessary for the performance of the duties herein incumbent upon the County Clerk, shall be paid from the General Fund of the County.

(4) The privilege tax or wheel tax herein levied, when paid, together with full, complete and explicit performance of and compliance with all provisions of this act by the owner, shall entitle the owner of the motor-driven vehicle for which said tax was paid and on which any required decal or emblem has been affixed, as herein provided, to operate or allow to be operated his vehicle over the streets, roads and highways of the county for a period of one (1) year which will run concurrently with the period established by Tennessee Code Annotated, § 55-4-104, for state registration fees.

In the event a wheel tax decal or emblem is sold by the Clerk for a period of more or less than a twelve-month period, the tax imposed shall be proportionate to the annual tax fixed for the vehicle and modified in no other manner, except that the proportional tax shall be rounded off to the nearest quarter of a dollar.

(5) In the event any motor-driven vehicle for which the wheel tax has been paid and any required decal or emblem issued and placed thereon becomes unusable or is destroyed or damaged to the extent that it can no longer be operated over the public roads, streets or highways of said county, or in the event that the owner transfers the title to such vehicle, or completely removes therefrom and destroys the decal or emblem issued for and placed thereon, and the owner makes proper application to the Clerk for the issuance of a duplicate decal or emblem to be used by him on another vehicle for the unexpired term for which the original decal or emblem was issued, and the Clerk is satisfied that the applicant is entitled to the issuance of a duplicate decal or emblem and the owner pays in the hands of the Clerk the sum of Five and no/100 Dollars (\$5.00), the Clerk will then issue to such owner a duplicate receipt, canceling the original receipt delivered to him by the owner, and will deliver to the owner a duplicate decal or emblem, which shall be affixed to the motor-driven vehicle for which it is issued, as herein provided, and such duplicate decal or emblem shall entitle the owner to operate or allow to be operated the vehicle upon the streets, roads, and highways of said county for the remainder of the period for which the original decal or emblem was issued. Likewise, in the event a decal or emblem becomes obliterated, erased, or defaced, or is destroyed under the provisions of this act, and is therefore illegible and unusable by the owner, upon proper application made by the owner and filed with the Clerk, showing such circumstances and facts to be true, then the Clerk, upon receipt from the owner of Five and no/100 Dollars (\$5.00), may issue and deliver to the owner a duplicate decal or emblem.

(6) Any person violating the provisions of this act, or any part thereof, shall be guilty of a misdemeanor and shall, upon conviction, be subject to the same penalties provided for in Tennessee Code Annotated, § 5-8-102 and § 55-4-105.

As amended by: Private Acts of 1975, Chapter 121
Private Acts of 2005, Chapter 47

SECTION 3. This Act shall have no effect unless it is approved by a two-thirds (2/3) vote of the Quarterly County Court of Chester County. Its approval or nonapproval shall be proclaimed by the presiding officer of the Quarterly Court and certified by him to the Secretary of State.

SECTION 4. For the purpose of approving or rejecting the provisions of this Act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective upon being approved as provided in Section 3.

SECTION 5. Be it further enacted, that the tax levied upon said motor driven vehicles shall be due from and after its passage and ratification of the Act by the Chester County Quarterly Court, as hereinabove set forth.

Passed: March 1, 1972.

Taxation - Historical Notes

Assessor of Property

The following acts were superseded, repealed or failed to win local ratification, but they are listed here as a reference to laws which once affected the Chester County Assessor. Also referenced below is an act which repeals prior law without providing new substantive provisions.

1. Private Acts of 1911, Chapter 487, abolished the office of County Tax Assessor in Chester County and authorized the County Court at its January term, 1912, to elect a District Tax Assessor for each civil district of the County and therefore every two (2) years the qualified voters of each civil district would elect a District Tax Assessor for their respective civil districts. The District Tax Assessor would take the same oath of office and discharge the same duties of assessing property for State, county, and municipal revenue as formally done by the County Tax Assessor. This Act was specifically repealed by Private Acts of 1937, Chapter 881, which follows.
2. Private Acts of 1937, Chapter 881, repealed Private Acts of 1911, Chapter 487, and restored the County Tax Assessor position to Chester County. This 1937 Act provided for the County Court to elect a Tax Assessor for the County, who would serve a two (2) year term, with the position to be filled every two (2) years thereafter accordingly. The salary for the County Tax Assessor position was set at nine hundred (\$900) dollars yearly, payable quarterly, by warrant from the Chairman of the County Court. The County Tax Assessor would also serve as an ex officio member of the Board of Equalization, but could not vote as a member of said Board Members of the County Court were not eligible for the office of County Tax Assessor.
3. Private Acts of 1939, Chapter 437, required the board of election commissioners in Chester County to hold an election on the questions of whether to establish the offices of County Judge and County Purchasing Agent and whether the following should be elected by popular vote: tax assessor, road supervisor, superintendent of education, and county board of education.
4. Private Acts of 1965, Chapter 152, amended Private Acts of 1937, Chapter 881, and increased the salary of the Tax Assessor in Chester County to one thousand five hundred (\$1,500) dollars for the two (2) year term of 1966 to 1968 and for the terms thereafter the annual salary would be two thousand four hundred dollars (\$2,400) payable in equal monthly installments from the funds of the county.

Taxation

The following is an act pertaining to taxation in Chester County which is no longer effective.

1. Private Acts of 1915, Chapter 166, empowered the Quarterly County Court in Chester County to levy in each year at its January or April term, or at any term when the general tax levy would be made, a special tax of not less than ten (10¢) cents per one hundred (\$100) dollars of property valuation to be used exclusively to maintain one or more high schools in said County. The Court was also empowered to levy an additional tax of five (5¢) cents for the same purpose when and if, they deemed same necessary. The funds received from the levy were to be used for high school purposes only.

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