



County Technical Assistance Service
INSTITUTE for PUBLIC SERVICE

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Chapter XI - Taxation

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county 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 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

Assessor of Property

Building Permits

Private Acts of 1975 Chapter 48

SECTION 1. No person shall erect or have erected, constructed, or reconstructed, any building or structure in Rhea County, or no person shall alter or have altered any existing building or structure in Rhea County, where the value of such alteration will exceed the sum of one thousand dollars (\$1,000.00), without first applying to the Assessor of Property of Rhea County for a building permit for such erection, construction, reconstruction, or alteration. As used in this Act, "building or structure" includes any mobile home, modular structure, or manufactured structure.

Such application shall be in a form to be prescribed by the Assessor of property and shall contain the following information: (1) whether the proposed work is to be new construction or the alteration of an existing structure; (2) the location or address of the proposed construction or alterations; (3) the identity of the owner or owners of the premises; (4) the estimated cost of the completed structure in the case of new construction, or in the case of alteration of an existing structure, the estimated value of such structure before and after such alteration; and (5) such other information as the Assessor shall prescribe.

Upon proper application, duly filed, the Assessor shall then issue a building permit and shall take note of the fact of such erection, construction, reconstruction or alteration for his tax records.

No new or additional property tax shall be assessed against such premises unless and until the same are completed to the extent that they are habitable or may be put to use. However, in the case of the alteration of an existing structure not theretofore on the tax books of the county, or against which no property tax has been assessed, the Assessor is not precluded from assessing such structure at its value before such alteration is completed and subsequently increasing the assessment upon completion of such alteration, so as to include the value thereof within the current taxable year.

SECTION 2. This Act shall not apply to the erection, construction, reconstruction, or alteration of buildings or other structures in cities requiring permits for the same, providing that copies of such permits are made available to the office of the, County Assessor of Property.

SECTION 3. The Assessor of Property shall collect a fee for the issuance of each building permit. The amount of the fee is to be set by Resolution of the Quarterly Court of Rhea County and is not to exceed five dollars (\$5.00). The Assessor shall make monthly reports and pay over to the County Trustee all funds received for such permits. The proceeds of the building permit fee shall be deposited in the general funds of Rhea County. The expenses incident to this Act shall be paid out of the General funds of the county.

SECTION 4. No electric, gas, or water service shall be provided for any building or other structure to which this Act applies until the building permit as required herein has been obtained, and it shall be unlawful for any person, corporation, municipality, co-operative or other agency to make, assist in making or permit to be made any connection which provides such electric, gas or water service until the required permit has been obtained.

SECTION 5. Any violation of any of the provisions of this Act shall be punishable upon conviction thereof by a fine of not less than twenty-five dollars (\$25.00) nor more than fifty dollars (\$50.00).

SECTION 6. This Act shall have no effect unless the same shall have been approved by two-thirds (2/3) vote of the next regular meeting of the Quarterly County Court of Rhea County thirty (30) days after its approval by the Chief Executive of this State. Its approval or nonapproval shall be proclaimed by the presiding officer of the Quarterly County Court and shall be certified by him to the Secretary of State.

SECTION 7. 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 6.

Passed: April 9, 1975.

General Purpose Tax

Private Acts of 1951 Chapter 423

SECTION 1. That Rhea County, acting by and through its Quarterly County Court, shall be and is hereby authorized and empowered to levy and collect annually for General County purposes a tax-not to exceed Eighty (\$.80) Cents on each One Hundred (\$100.00) Dollars of taxable property in said County, and this authority shall exist in the Quarterly County Court regardless of the amount of such tax authorized to be levied and collected by the General Revenue Law of the State.

SECTION 2. That this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: March 7, 1951.

Hotel/Motel Tax

Private Acts of 1992 Chapter 148

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

- (1) "Clerk" means the county clerk of Rhea County, Tennessee.
- (2) "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.
- (3) "County" means Rhea County, Tennessee.
- (4) "Hotel" means any structure or space, or any portion thereof, which is 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.
- (5) "Occupancy" means the use or possession, or the right to the use or possession, of any room, lodgings or accommodations in any hotel.
- (6) "Operator" means the person operating the hotel whether as owner, lessee or otherwise.
- (7) "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, governmental entity other than the United States or any of its agencies, or any other group or combination acting as a unit.
- (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.
- (9) "Not-for-profit corporation, association or organization" means a corporation, association or organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. Section 501(c)(3)), as amended, and which is organized and operated purely for religious or charitable purposes.

As amended by: Private Acts of 1995, Chapter 69

SECTION 2. The legislative body of Rhea County is authorized to levy a privilege tax upon the privilege of occupancy in any hotel of each transient in the amount not to exceed five percent (5%) of the rate charged by the operator; provided, however, the initial rate of such tax on the effective date of this act shall be two percent (2%). 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 designated and used for the following purposes: sixty percent (60%) for tourism development; forty percent (40%) for economic development, or for such purposes and in such amounts as may be designated by resolution of the county legislative body of Rhea County.

SECTION 4. (a) Except as provided in subsection (b) of this section, 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 the county clerk as provided in Section 5.

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.

(b) No tax shall be imposed under this act or be added by an operator if reservations for occupancy of the hotel is for the purpose of conducting official affairs of a not-for-profit corporation, association or organization as defined in Section 1 (9) and not for recreational purposes, and reservations are made by, through, or in the name of such corporation, association or organization which presents a federal or state tax exemption number at the time such reservations are made and completes necessary paperwork establishing its eligibility.

As amended by: Private Acts of 1995, Chapter 69

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 county to the clerk or such other officer as may by resolution be charged with the duty of collection thereof, 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 clerk 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 clerk, or other authorized collector of the tax, shall be responsible for the collection of such tax and shall place the proceeds of such tax in accounts for the purposes stated herein. A monthly tax return shall be filed under oath with the clerk by the operator with such number of copies thereof as the clerk 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, including provisions for insuring compliance with subsection (b) of Section 4 of this act, is to be developed by the clerk and approved by the county legislative body prior to use. The clerk 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.

As amended by: Private Acts of 1995, Chapter 69

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 clerk 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 as may be necessary to determine the amount of tax due and payable to the county. The clerk has the right to inspect such records at all reasonable times.

SECTION 10. The clerk 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 clerk 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

clerk under authority of this act shall be refunded by the clerk.

Notice of any tax paid under protest shall be given to the clerk and the resolution authorizing levy of the tax shall designate a county officer 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. The proceeds of the tax authorized by this act shall be allocated to and placed in the general fund, or other fund, of Rhea County to be used for the purposes stated in Section 3 of this act.

SECTION 13. 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 14. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the county legislative body of Rhea 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 15. 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 14.

Passed: February 24, 1992.

Litigation Tax

Private Acts of 1963 Chapter 173

SECTION 1. That a litigation tax of Two Dollars (\$2.00) shall be taxed as part of the costs in all civil and criminal actions in the General Sessions Court, the Circuit Court and the Chancery Court of Rhea County, Tennessee.

SECTION 2. That the said Clerks of the said Courts will collect the said litigation tax and pay same into a separate fund, which is to be designated as the "Court House and Jail Maintenance Repair Fund", to be used exclusively for the purpose of maintenance and repair of the Court House and Jail.

SECTION 3. That all expenditures made from the said Fund are to be made by the Purchasing and Finance Commission, upon the authorization of the Quarterly County Court.

SECTION 4. That this Act shall have no effect unless the same shall have been approved by a two-thirds (2/3) vote of the County Court of Rhea County, Tennessee, on or before the next regular meeting of such County Court occurring more than thirty days (30) days after its approval by the Chief Executive of the State. Its approval or non-approval shall be proclaimed by the presiding officer of the body having jurisdiction to approve or the reverse, and shall be certified by him to the Secretary of State.

SECTION 5. That this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: March 14, 1963.

Special Purposes Tax

Private Acts of 1951 Chapter 424

SECTION 1. That Rhea County is hereby authorized and empowered, by and through the Quarterly County Court, to levy in addition to taxes for other County purposes now authorized by law, a special tax for the following purposes, not to exceed the amount set out opposite each item, upon the \$100.00 worth of taxable property in Rhea County:

Charitable & Penal Institutions	.20c
Farm & Home Economic Agents	.05
Court Costs	.10
Service Officer	.03
Election Expense	.05
Jail Expense & Boarding Prisoners	.35
Salaries of Officers	.20

SECTION 2. That this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: March 7, 1951.

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 Rhea County Assessor. Also referenced below are acts which repeal prior law without providing new substantive provisions.

1. Private Acts of 1911, Chapter 411, amended Public Acts of 1907, Chapter 602, which set the annual salary of the Tax Assessors in the State, by fixing the annual salary of the Tax Assessors in several Counties, using the population figures of the 1910 Federal Census. In Rhea County the Tax Assessor would be paid \$700 each year.
2. Private Acts of 1921, Chapter 155, set the annual salary of the Tax Assessor in Rhea County, identified by the use of the 1920 Federal Census figures, at \$1,500 per year payable annually. This Act was repealed by the one following.
3. Private Acts of 1933, Chapter 288, expressly repealed Private Acts of 1921, Chapter 155, Item 2, above. This Act was repealed in Item 5, below.
4. Private Acts of 1933, Chapter 363, fixed the annual salary of the Tax Assessor of Rhea County at \$1,000. This Act was repealed by the one following.
5. Private Acts of 1945, Chapter 525, specifically repealed Private Acts of 1933, Chapter 288, Item 3, above, and Private Acts of 1933, Chapter 363, Item 4, above, which would presumably restore Private Acts of 1921, Chapter 155, Item 2, above.
6. Private Acts of 1953, Chapter 495, set the salary of the tax assessor at \$2,400 per annum and authorized the assessor to employ a clerk at a salary of \$600 per annum.
7. Private Acts of 1957, Chapter 377, made it the duty of the Assessor of Property to be present, or to have a Deputy present, at his office in the Court House during normal office hours. It was the Assessor's further duty to stamp on all deeds the information that he has copied the names of the parties on the deed, and knows the true consideration for the transaction. The Assessor must correct the tax rolls and check for any delinquent taxes which might be due on the property conveyed. The Assessor would collect \$1 as a fee for his services at the time the deed is stamped which he shall pay over to the County Trustee for deposit in the general fund account of Rhea County. This Act was not presented to the Quarterly Court and therefore was never ratified or rejected, thus nullifying its effect under the Home Rule 23 Amendment to the Constitution of the State which requires such local action to be taken.
8. Private Acts of 1949, Chapter 896, relative to the duties of the register of deeds and the tax assessor in Rhea County, was repealed by Private Acts of 2019, Chapter 33.

Board of Equalization

The private acts listed below are inoperative.

1. Private Acts of 1921, Chapter 874, declared that, in Rhea County, identified by the 1920 Federal Census figures, the Chairman of the County Court shall have the authority to appoint three additional members of the County Board of Equalization whose powers, duties, and compensation, shall be the same as the other members of the Board appointed under general state law. This Act was repealed by the one below.
2. Private Acts of 1949, Chapter 14, specifically repealed Private Acts of 1921, Chapter 874, Item One, above, as it was written.

Taxation

The following is a listing of acts pertaining to taxation in Rhea County which are no longer effective. Also referenced below are acts which repeal prior law without providing new substantive provisions.

1. Acts of 1825, Chapter 196, authorized the County Court of Rhea County, to levy an additional tax to build a jail on the public square, or at some other suitable place in Washington.
2. Acts of 1831, Chapter 12, required that the collector of the courthouse tax report the amount of money collected to the County Court on or before the second day of each term of the Court.
3. Acts of 1870, Chapter 50, allowed the several counties and incorporated cities to impose taxes for county and municipal purposes in the following manner, (1) all taxable property shall be taxed according to its value on the principles established for state taxation, and (2) the credit of no county nor city may be loaned to any person, firm, or corporation, unless a majority of the

- quarterly court first agrees to submit the question to a referendum vote of the people whereupon this law requires that three-fourths of the voters approve the same. Several counties exempted themselves from the three-fourths approval for the next ten years, saying a majority vote would be sufficient, but Rhea County was not among them.
4. Private Acts of 1929, Chapter 180, ratified, validated, and confirmed the tax levy of 13 cents on each \$100 of property valuation of all the taxable property in Rhea County, which levy was made by the Quarterly Court of the County.
 5. Private Acts of 1931, Chapter 468, was the enabling law which permitted the Quarterly Courts of Rhea and Macon Counties to levy an annual special tax to defray the current expenses of the two said Counties, to meet any and all expenses for boarding inmates of the said Counties' in the Eastern State Hospital, the Home for the Feeble Minded, and the Tennessee Industrial School, the boarding, the upkeep, and the burials of paupers, the cost of jury services, and to pay for witnesses' cost, jail expenses, the board and transportation of prisoners, and the salaries of county officials.
 6. Private Acts of 1943, Chapter 354, ratified the action of the Rhea County Quarterly Court in adopting a Resolution on December 12, 1942, which exempted Rhea County from the terms and conditions of the Public Acts of 1937 relative to delinquent taxes, and to validate and confirm the actions of the County Trustee in filing delinquent tax suits, all of which is officially ratified, confirmed, and approved, all laws to the contrary notwithstanding.
 7. Private Acts of 1951, Chapter 276, recited in the preamble that for many years the quarterly court of Rhea County had levied taxes for various county purposes which the people have constantly and continuously paid, and the quarterly court did the same thing in the year 1949, which taxes many of the citizens have paid without protest, but some of them have protested, which is not equitable; therefore, this Act ratifies, validates, and confirms the tax levy of the Rhea County Quarterly Court for the year 1949, all of which is repeated in the Act to the full extent including the portion in excess of the limitations placed upon the same by Chapter 3, Public Acts of 1931 (Ex. Sess.), but no penalty, or interest, shall accrue against those who have not yet paid the same. See Cincinnati N.O. & Ry Co. v. Rhea County, 194 Tenn. 167, 250 S.W.2d 60 (1952), an interesting case involving this statute.
 8. Private Acts of 1951, Chapter 423, was the legislative authority for Rhea County, acting by and through its Quarterly Court, to levy and collect annually for general county purposes a tax not to exceed .80 cents per \$100, taxable property valuation, and this authority shall exist in the Quarterly Court regardless of the amount of such tax authorized to be levied and collected by the General Revenue Law of the State.
 9. Private Acts of 1951, Chapter 424, authorized Rhea County through the Quarterly Court to levy a schedule of taxes listed in the Act. This Act is published herein.

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