

HOUSE BILL 2240

By Cochran

AN ACT to amend Tennessee Code Annotated, Title 7,  
Chapter 4 and Title 67, Chapter 4, relative to  
occupancy taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1403, is amended by adding  
the following new subsections:

(c)

(1) Not less than thirty (30) days after the end of a municipality's fiscal year, each municipality that receives revenue from a tax levied pursuant to this part shall provide an annual written report to the comptroller of the treasury, the chair of the state and local government committee of the senate, and the chair of the local government committee of the house of representatives. The report must detail the amount of revenue spent by the municipality, and its subordinate contractors, and how those expenditures have been designated and used for tourism and tourism development pursuant to this part. The comptroller of the treasury shall use the reports to audit the expenditures of funds from the revenue received.

(2) If an audit by the comptroller, or by contractors employed by a local municipality with the approval of the comptroller, finds that a municipality has spent funds derived from a tax levied pursuant to this part for purposes not related to the promotion of tourism and tourism development as required by subsection (a), the municipality shall, using general funds, appropriate an amount

equal to the amount spent improperly to be used to support tourism and tourism development purposes within the immediately following fiscal year.

(d) Except as provided in subsection (b), a municipality shall not use revenue from the tax levied pursuant to this part on the general government spending or on items that were previously funded by the municipality's general appropriations.

SECTION 2. Tennessee Code Annotated, Section 67-4-1402(a), is amended by adding the following as a new subdivision:

(4) On and after July 1, 2025, a municipality shall not levy or increase a tax under this part in an amount that results in the aggregate total tax on the privilege of occupancy in a hotel within the jurisdiction exceeding eight percent (8%).

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.