

HOUSE BILL 497

By McCormick

AN ACT to amend Tennessee Code Annotated, Title 7;
Title 13; Title 56; Title 62; Title 66; Title 67 and
Title 68, relative to short-term rentals.

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

SECTION 1. Tennessee Code Annotated, Title 62, Chapter 7, is amended by adding the following new part:

62-7-201.

For purposes of this part:

(1) "Owner-occupied unit" means a short-term rental unit in which the owner is domiciled and currently living while renting the unit to the general public, and the owner provides sleeping accommodations for consideration;

(2) "Short-term rental listing service" means a business that facilitates or arranges the renting of at least one (1) short-term rental unit, whether through the listing of short-term rental units on a website or through other means, but does not include any business in which the primary function is ownership or marketing of a bed and breakfast establishment as defined by § 68-14-502 or dwellings used by vacation lodging services (VLS) as defined by § 62-13-104(b);

(3) "Short-term rental provider" means a person who receives payment for owning or operating a short-term rental unit from the short-term rental listing service; "Short-term rental provider" does not include vacation lodging services (VLS) as defined by § 62-13-104(b); and

(4) "Short-term rental unit":

(A) Means a residential dwelling of any type, including, but not limited to, a single-family residence, apartment, condominium, trailer, RV, tent, temporary structure, or cooperative unit, in which a person can obtain, for consideration, sleeping accommodations for less than thirty (30) consecutive days; and

(B) Does not include:

(i) A bed and breakfast establishment or bed and breakfast homestay as defined by § 68-14-502;

(ii) A hotel as defined by § 67-4-1401;

(iii) A time-share program as defined by § 66-32-102;

(iv) A timeshare plan as defined by 11 USC § 101 (53D);

(v) Vacation lodging services (VLS) as defined by § 62-13-104(b) or a vacation lodging dwelling; or

(vi) An owner-occupied dwelling where the owner resides on the property, only one (1) room in the unit is offered for rent, and the owner rents the room for no more than three (3) weeks in a calendar year.

62-7-202.

(a) Under authority granted to a local government through other law, a local government may regulate and tax a short-term rental unit that is located within the local government's jurisdiction.

(b) Notwithstanding subsection (a), a local government shall not prohibit the operation of an owner-occupied unit.

62-7-203.

(a) A short-term rental provider must comply with all applicable federal and state laws if renting a unit to the general public, including, but not limited to, any applicable building codes.

(b) A short-term rental provider must obtain all applicable permits and business licenses required by the state and the local jurisdiction in which the provider's short-term rental unit is located.

(c) Short-term rental providers shall not advertise a short-term rental unit that is not authorized by the local government in which the short-term rental unit is located. For purposes of this subsection (c), "not authorized" means the short-term rental provider did not obtain the applicable permits or licenses or did not pay applicable state and local taxes.

62-7-204.

(a) A short-term rental provider is subject to all state and local occupancy tax, sales tax, and all other applicable taxes and fees on the amount paid by the overnight transient customer.

(b) A short-term rental listing service shall, on behalf of each short-term rental unit it lists through its service, collect and remit to the appropriate state and local governments all applicable taxes, fees, and assessments to which each short-term rental unit is subject.

(c) A short-term rental listing service shall provide any data relevant to taxes, fees, or other assessments that may be owed on a short-term rental unit transaction if such information is requested by the state or a local government.

62-7-205.

A condominium, co-op, homeowners' association, or other similar entity may prohibit or restrict an owner of property within the jurisdiction of the condominium, co-op, homeowners' association, or other similar entity from using the owner's property as a short-term rental unit.

62-7-206.

(a) In every advertisement, in whatever medium, a short-term rental listing service shall include any license or permit number for the short-term rental unit if a license or permit is required by the local government of the jurisdiction in which the short-term rental unit is located.

(b) A short-term rental provider shall not place the words "bed and breakfast" on any advertising or short-term rental listing for the provider's short-term rental unit.

62-7-207.

(a) A short-term rental unit provider shall have at least five hundred thousand dollars (\$500,000) in property and casualty insurance to cover the short-term rental unit and at least one million dollars (\$1,000,000) in liability insurance or coverage to cover damage done or suffered by any person renting the unit from the provider.

(b) A local government may increase the amounts set out in subsection (a) for short-term rental units located within the jurisdiction of the local government.

(c) No short-term rental provider shall prepare or serve food to transients staying in a short-term rental unit owned or operated by the provider.

62-7-208.

(a) Any violation of this part is a Class C misdemeanor punishable by a fine only.

(b) A short-term rental listing service shall remove a short-term rental unit from its listings if the short-term rental listing service discovers any violation of this part that is not cured within thirty (30) days from the short-term rental listing service discovering the violation.

SECTION 2. Tennessee Code Annotated, Section 62-13-104(b)(1)(C), is amended by deleting the language "fourteen (14)" and substituting instead the language "thirty (30)".

SECTION 3. If any provision of this act or its application to any person or circumstance is held invalid, then such invalidity shall not affect other provisions or applications of the act that

can be given effect without the invalid provision or application, and to that end, the provisions of this act shall be severable.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.