

LOUDON COUNTY COMMISSION WORKSHOP
Loudon, Tennessee
Tuesday January 22, 2019
County Office Building
6 P.M.

AGENDA

1. Comments by Members of the General Public

2. **Loudon County Mayor – Buddy Bradshaw**
 - A. E-911 Board Term Update

 - B. Inter-local Agreement between Loudon Sheriff's Department & Monroe County

 - C. Fenders Community Center

 - D. Child Advocacy Center

3. **Commission Chairman – Henry Cullen**
 - A. Food Lion

 - B. Street Lights at 444 & 72 and 444 & 321

4. **Commissioner Bill Satterfield**
 - A. Street Light at 95 & 321

5. **Commissioner Kelly Brewster**
 - A. Discussion on the Future of the EDA

6. **Commissioner Van Shaver**
 - A. Request \$10,000 Contribution to Innovative Pet be Returned to the County

7. **Commissioner Matthew Tinker**

A. Allenbrooke POA

8. **Commissioner Julia Hurley**

A. Discussion on RV & AirBnB Tax Collection According to the AG Opinion Released Last Year

9. **Director of Accounts & Budgets – Tracy Blair**

A. Budget Committee Recommendations

LOUDON COUNTY COMMISSION
LOUDON COUNTY, TENNESSEE
Monday January 07, 2018
Courthouse Annex Building
6 P.M.

DRAFT
Not Approved

REGULAR COMMISSION MEETING

(1)
Public
Hearings

1. Resolution amending the Zoning Map of Loudon County, Tennessee, pursuant to Chapter 7, § 13-7-105 of the Tennessee Code Annotated, to rezone approximately 1.0 acres from R-1(Suburban Residential District) to C-2 (General Commercial District) referenced by Tax Map 016, Parcel 303.00 located at Hwy 11 E., and Old Midway Rd., Lenoir City, TN, situated in the 6th Legislative District
No one from the General Public came forward to speak.

2. Resolution to amend the Loudon County Zoning Resolution, Article 4. Supplementary Provisions Applying to Specific Districts, pursuant to Tennessee Code Annotated, Section 13-7-105
No one from the General Public came forward to speak.

3. Resolution to amend the Loudon County Zoning Resolution, Section 4.240 Site Plan Review, pursuant to Tennessee Code Annotated, Section 13-7-105
No one from the General Public came forward to speak.

4. Resolution to amend the Loudon County Zoning Resolution, Article 7, Section 7.030. Building Permits, and Article 5. Section 5.041. A-1, Agriculture Forestry District and Section 5.042. A-2, Rural Residential District pursuant to Tennessee Code Annotated, Section 13-7-105
No one from the General Public came forward to speak.

(2)
Opening of
Meeting

BE IT REMEMBERED that the Board of Commissioners of Loudon County convened in regular session in Loudon, TN on the 7th day of January, 2019.

Commission Chairman Henry Cullen called the meeting to order at 6:00 P.M.

Commissioner Matthew Tinker opened the County Commission Meeting, leading the Pledge of the Allegiance to the Flag of the United States of America, and gave the Invocation.

(3)
Roll Call

Upon Roll Call, the following Commissioners were present: Kelly Brewster, David Meers, Julia Hurley, Matthew Tinker, Bill Satterfield, Gary Whitfield, Henry Cullen, Harold Duff, Van Shaver, and Adam Waller. (10)

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All Commissioners were noted as being **PRESENT**.

Thereupon **Chairman Cullen** announced the presence of a quorum.

Also present was the **Honorable Mayor Buddy Bradshaw** and **Director of Accounts and Budgets, Tracy Blair**.

(4)
Agenda
Adoption

Chairman Cullen requested that the January 07, 2019 Agenda be adopted with the following amendments:

-Under **Mayor Buddy Bradshaw**, add item 6.A.2. Register of Deeds Resolution (Register's Commission)

-Under Commissioner David Meers, add item 6.D.2 Official Statutory Bond for **Steve Harrelson**, Circuit Court Clerk

Commissioner Shaver made a motion to adopt the January 07, 2019 Commission agenda with amendments. The motion was seconded by **Commissioner Waller**.

Upon Voice Vote, the motion **PASSED** unanimously.

(5)
12-03-18
Minutes
Approved

Chairman Cullen requested that the December 03, 2018 Commission Meeting Minutes be accepted and approved with the following amendment:

On Page #2, Item #6 General Public Comments, under Speaker #8, Pat Hunter amend comment to state: "Notch-In-Hill Road & Laura Standridge Consideration".

Commissioner Shaver made a motion to accept and approve the December 03, 2018 minutes with discussed amendment. The motion was seconded by **Commissioner Tinker**.

Upon Voice Vote, the motion **PASSED** unanimously.

(6)
General Public
Comments

Chairman Cullen opened the floor for comments by the General Public. No one from the General Public came forward to speak.

(7)
Board Term
Update

Mayor Buddy Bradshaw made a recommendation to Commission for the update of terms for the Construction Board of Adjustment and Appeals. **Commissioner Shaver** made a motion to approve the term update resolution and **Commissioner Whitfield** seconded the motion.

Upon Voice Vote, the motion **PASSED** unanimously.

RESOLUTION 010719-A

(8)
Register of
Deeds

Mayor Bradshaw presented Commission with a Resolution for the Register of Deeds. The purpose of the Resolution was to request and urge the General Assembly to support the restoration of the five percent (5%) Register's Commission.

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Commissioner Shaver made a motion to approve the resolution and a second was provided by Commissioner Brewster.

Chairman Cullen called for a Roll Call Vote.

Upon Roll Call Vote, the following Commissioners voted AYE: Meers, Hurley, Tinker, Satterfield, Whitfield, Cullen, Duff, Shaver, Waller, and Brewster (10)

The following Commissioners voted NAY: (0)

The motion PASSED (10/0)

RESOLUTION 010719-B

(9)
Rezone at
Hwy 11 E &
Old Midway Rd

Planning Director, Laura Smith presented Commission with a Resolution amending the Zoning Map of Loudon County, Tennessee, pursuant to Chapter 7, § 13-7-105 of the Tennessee Code Annotated, to rezone approximately 1.0 acres from R-1 (Suburban Residential District) to C-2 (General Commercial District) referenced by Tax Map 016, Parcel 303.00 located at Hwy 11 E., and Old Midway Rd., Lenoir City, TN, situated in the 6th Legislative District. Commissioner Waller made a motion to approve the Resolution and Commissioner Duff seconded the motion.

Upon Voice Vote, the motion PASSED unanimously.

RESOLUTION 010719-C

(10)
Rezone Res
Amended
13-7-105

Planning Director, Laura Smith presented Commission with a Resolution to amend the Loudon County Zoning Resolution, Article 4. Supplementary Provisions Applying to Specific Districts, pursuant to Tennessee Code Annotated, Section 13-7-105. Commissioner Brewster made a motion to approve the Resolution and Commissioner Whitfield seconded the motion.

Upon Voice Vote, the motion PASSED unanimously.

RESOLUTION 010719-D

(11)
Rezone Res
Amended
Sect 4.240

Planning Director, Laura Smith presented Commission with a Resolution to amend the Loudon County Zoning Resolution, Section 4.240 Site Plan Review, pursuant to Tennessee Code Annotated, Section 13-7-105. Commissioner Waller made a motion to approve the Resolution and Commissioner Hurley seconded the motion.

Upon Voice Vote, the motion PASSED unanimously.

RESOLUTION 010719-E

(12)
Rezone Res
Amended
Art 7. & Art. 5

Planning Director, Laura Smith presented Commission with a Resolution to amend the Loudon County Zoning Resolution, Article 7, Section 7.030. Building Permits, and Article 5. Section 5.041. A-1, Agriculture Forestry District and Section 5.042. A-2, Rural Residential District pursuant to Tennessee Code Annotated, Section 13-7-105. Commissioner Shaver made a motion to approve the Resolution and Commissioner Whitfield seconded the motion.

DRAFT

Upon Voice Vote, the motion PASSED with 8 Ayes & 2 Nays.
RESOLUTION 010719-F

(13)
Budget
Amendments:
Funds 101, 122,
131, 141 & 142

Director of Accounts and Budgets, Tracy Blair requested consideration of recommendation to approve amendments in the following funds:

- a. County General Fund 101
- b. County Drug Fund 122
- c. Highway Department Fund 131
- d. General Purpose School Fund 141
- e. School Federal Projects Fund 142

Commissioner Tinker made a motion to approve all eight budget amendments and **Commissioner Hurley** seconded the motion.

Chairman Cullen called for a Roll Call Vote.

Upon Roll Call Vote, the following Commissioners voted **AYE: Hurley, Tinker, Satterfield, Whitfield, Cullen, Duff, Shaver, Waller, Brewster and Meers (10)**

The following Commissioners voted **NAY: (0)**

The motion PASSED (10/0)
EXHIBITS 010719-G - 010719-K

(14)
Distribution
of Monthly
Reports

Director of Accounts and Budgets, Tracy Blair requested that the record reflect the distribution of the following reports:

- A. Budget Committee Meeting Minutes for November 19, 2018
EXHIBIT 010719-L
- B. Summary Financial Statement ending December 31, 2018
EXHIBIT 010719-M
- C. Monthly Cash Flow Analysis: General Purpose School Fund 141
EXHIBIT 010719-N

(15)
Bonds &
Notaries

Commissioner Meers made a motion that was seconded by **Commissioner Waller** to approve the following bonds & notaries:

Melinda Brooks, Abby Clendenen, Carry E. Craig, Michele S. Mott, Mindy Wagner, and Rebecca Williams

Upon Voice Vote, the motion PASSED unanimously.
EXHIBIT 010719-O

(16)
Statutory Bond

Commissioner Meers made a motion that was seconded by **Commissioner Waller** to accept the Statutory Bond of Steve Harrelson for the Circuit Court Clerk position.

DRAFT

Upon Roll Call Vote, the following Commissioners voted **AYE**: Tinker, Satterfield, Whitfield, Cullen, Duff, Shaver, Waller, Brewster, Meers, and Hurley (10)

The following Commissioners voted **NAY**: (0)

The motion **PASSED (10/0)**
EXHIBITS 010719-P

(17)
Adjournment

There being no further business, a motion being duly made by **Commissioner Shaver** and seconded by **Chairman Waller**, the January 07, 2019 Loudon County Commission Meeting stood adjourned at 6:47 P.M.

Loudon County Commission Chairman

Attest:

Loudon County Clerk

Loudon County Mayor

LOUDON COUNTY COMMISSION
RESOLUTION 020419-

RESOLUTION APPROVING OR ACKNOWLEDGING BOARD OR
COMMITTEE APPOINTMENT BY COUNTY MAYOR

WHEREAS, by statute, and/or intergovernmental agreement and/or County Procedural Regulations, the County Mayor has the authority to make certain committee and board appointments; and

WHEREAS, appointments are necessary and/or desirable at this time with a 4 year rotation term; and

WHEREAS, the County Mayor appoints the following members of the

E-911 BOARD

<u>Appointee</u>		<u>Term Expiration</u>
Daryl Smith	Panel B- Loudon County EMA	February 2023
Richard Martin	Panel B- Lenoir City Fire Chief	February 2023
Don White	Panel B- Lenoir City Police Chief	February 2023

NOW, THEREFORE, BE IT RESOLVED that the Loudon County Commission, meeting in regular session assembled this 4th day of February, 2019 hereby approves and/or acknowledges (as appropriate) the said appointments.

Loudon County Commission Chairman

ATTEST:

Loudon County Clerk

Loudon County Mayor

The remaining members and their continuing expiration terms for said board or committee are as follows:

<u>Appointee</u>		<u>Term Expiration</u>
Tim Guider	Panel A-County Sheriff	February 2022
David Meers	Panel A- Commissioner	February 2022
James Webb	Panel A- Loudon City Police Chief	February 2022
Travis Grey	Panel C- Loudon City Codes	February 2020
Bill Hart	Panel C- Rescue Squad Chief	February 2020
Ronnie Lett	Panel C- Greenback Fire Chief	February 2020

**LOUDON COUNTY COMMISSION
RESOLUTION 020419-**

**A RESOLUTION TO GRANT APPROVAL FOR THE LOUDON COUNTY SHERIFF'S
DEPARTMENT TO ENTER INTO AN INTER-LOCAL AGREEMENT FOR LAW
ENFORCEMENT WITH MONROE COUNTY**

WHEREAS, the Loudon County Sheriff's Department through Loudon County Government request permission to sign an Interlocal Agreement for Law Enforcement with Monroe County, and

WHEREAS, in order to provide Law Enforcement assistance as requested on an as needed basis, and

WHEREAS, the Loudon County Sheriff will follow proper staffing and billing procedures for this agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF LOUDON COUNTY, TENNESSEE, MEETING IN REGULAR SESSION THIS THE 4th DAY OF FEBRUARY, 2019, that this Commission does hereby approve this Interlocal Agreement between Loudon County Sheriff's Department and the Monroe County Sheriff's Department.

Loudon County Commission Chairman

ATTEST:

Loudon County Clerk

Loudon County Mayor

If you look at the TCA Code 67-4-1401 which is the definitions of the hotel tax legislation, hotel is defined as 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 any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for consideration;

And transient means any person who exercises occupancy or is entitled to occupancy of any rooms, lodgings or accommodations in a hotel for a period of less than thirty (30) continuous days.

So, if a camper stays at a campsite for less than 30 days you charge them hotel tax.

The hotel tax TCA code can be found in title 67 chapter 4 part 14.

Tenn. Code Ann. § 67-4-1401

Copy Citation

Current through the 2018 Regular Session.

Tennessee Code Annotated Title 67 Taxes And Licenses Chapter 4
Privilege and Excise Taxes Part 14 Accommodations for Transients --
Hotel Occupancy

67-4-1401. Part definitions.

As used in this part, 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) "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 any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for consideration;
- (3) "Municipality" means an incorporated city that has adopted home rule in accordance with the Constitution of Tennessee, article XI, § 9;
- (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;
- (6) "Person" means any individual, or group of individuals, that occupies the same room; and
- (7) "Transient" means any person who exercises occupancy or is entitled to occupancy of any rooms, lodgings or accommodations in a hotel for a period of less than thirty (30) continuous days.

History

Acts 1988, ch. 982, § 2; 2015, ch. 395, § 1.

TENNESSEE CODE ANNOTATED
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Short Term Rental Unit Ordinance

Proposed to be added to Chapter 16 as a newly created Article XV

Division 1. Generally.

- 1.1. **Purpose.** The city has determined that regulation of Short Term Rental Units is necessary in order to protect the health, safety, and welfare of the public, as well as to promote the public interest by regulating the areas and methods of operation. To meet these ends, the city has determined that all persons or entities that desire to operate Short Tem Rental Units within the city must be issued a permit pursuant to the requirements of this article.

- 1.2. **Definitions.** The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section. The word "shall" is always mandatory and not merely advisory.
 - a. *Consideration.* The charge, whether or not received, for occupancy in a Short Term Rental Unit 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 deductions. Nothing in this definition shall be construed to imply that consideration is charged when the Short Term Rental Unit provided to the person is complimentary from the Operator and no consideration is charged to or received from any person.

 - b. *Short Term Rental Unit.* A dwelling unit, a portion of a dwelling unit, or any other structure or space that is occupied or intended or designed for occupancy by Transients for dwelling, lodging, or sleeping and which is offered to Transients for Consideration for a period of up to 30 consecutive calendar days. Short Term Rental Unit shall not include dwelling units owned by the federal government, the state, or any of their agencies or political subdivisions; facilities licensed by the state as health care facilities, including temporary family healthcare structures; hotels, inns, motels, bed and breakfasts properly approved by the City of Knoxville, or campgrounds; or dwelling units rented according to a written, month-to-month lease.

 - c. *Hosting Platform.* A person or entity that facilitates the booking of a Short Term Rental Unit. "Facilitate" includes, but is not limited to, the act of allowing an Operator to offer to list or advertise, typically for a charge or fee, the Short Term Rental Unit on an Internet website, in a print publication, or through another forum provided or maintained by the Hosting Platform.

 - d. *Residential District.* Any zoning district designated in the City of Knoxville where the principal permitted uses in the district include residential uses, including houses, duplexes, garage apartments accessory to a principal dwelling, and multi-dwelling structures. As of the date of the adoption of this article, Residential Districts shall include: all districts identified in the City of Knoxville Code of Ordinances, Appendix B, Article IV, Section 2.1; all planned residential districts (RP-1, 2, and 3); the traditional neighborhood development district (TND-1); and the Old Sevier and Scottish Pike South Waterfront District (SW-1).

 - e. *Non-Residential District.* Any zoning district designated in the City of Knoxville that allows residential uses, but is not a Residential District. Non-Residential Districts explicitly include, but are not limited to, Town Center District (TC-1); all South Waterfront Districts except SW-1; all Cumberland Avenue Corridor Districts; and Central Business District (C-2).

Exhibit A

- f. *Occupancy.* The use or possession, or the right to the use or possession, of any room, lodgings, or accommodations in any Short Term Rental Unit.
- g. *Operator.* The person or entity, if applicable, offering a Short Term Rental Unit, whether as the owner, lessee, or otherwise.
- h. *Transient.* Any person who exercises Occupancy or is entitled to Occupancy of any rooms, lodgings, or accommodations in a Short Term Rental Unit for a period of less than thirty (30) consecutive calendar days.

Division 2. Permit Types, Application, and Issuance.

- 2.1. Operating Permit Required.** It is unlawful to operate or advertise any Short Term Rental Unit within the City of Knoxville without a Short Term Rental Unit Operating Permit issued under this article.
- 2.2. Application.** Every Operator desiring to operate a Short Term Rental Unit shall submit an application for an Operating Permit to the Business License & Tax Office. Each application shall contain, at the least, all of the following information. In addition to the information required by the application, the Business License & Tax Office may request other information reasonably required. The permit application shall not be considered complete until the Business License & Tax Office has all information as required by the application or otherwise.
 - a. *Acknowledgement of Rules.* Written acknowledgement by the Operator that they have read all regulations pertaining to the operation of a Short Term Rental Unit, including this article, the city's business license requirements, the city's occupancy privilege tax requirements, any additional administrative regulations promulgated or imposed by the city to implement this article, and acknowledging responsibility for compliance with the provisions of this article.
 - b. *Affidavit of Life Safety Compliance.* During each Short Term Rental Unit Occupancy, each Short Term Rental Unit shall have the following life safety equipment on the premises and installed to manufacturer specifications: (i) a smoke alarm meeting Underwriters Laboratory (UL) 217 standards inside each sleeping room, outside of and within fifteen feet of sleeping rooms, and on each story of the dwelling unit, including basements; (ii) a carbon monoxide detector within 15 feet of all bedrooms; and (iii) and a fire extinguisher. Every smoke and carbon monoxide alarm must function properly with the alarm sounding after pushing the test button and the fire extinguisher must be operational. It shall be unlawful to operate a Short Term Rental Unit without a smoke alarm, carbon monoxide detector, or fire extinguisher as required by this section. An application for an Operating Permit must be accompanied by an affidavit verifying the number, locations, and operation of the required life safety equipment for the Short Term Rental Unit and the equipment will be subject to verification or inspection.
 - c. *Lessee Information.* If a lessee is operating a Short Term Rental Unit, the lessee shall provide (i) the full legal name of the owner the Short Term Rental Unit, (ii) the mailing address, email address, and telephone number(s) of the owner, and (iii) a signature of the owner acknowledging the owner's understanding of all City of Knoxville Short Term Rental Unit rules and verifying the owner's agreement that they are legally responsible and liable for compliance by the Operator and all occupants of the Short Term Rental Unit with all provisions of this article and other applicable ordinances of the City of Knoxville.

Exhibit A

- d. *Local Contact Person.* A person designated by the Operator, who shall be available twenty-four (24) hours per day, seven (7) days per week for the purpose of: (i) being able to physically respond, as necessary, within forty-five (45) minutes of notification of a complaint regarding the condition, operation, or conduct of occupants of the Short Term Rental Unit, and (ii) taking remedial action necessary to resolve any such complaints. A Local Contact Person may be the owner, the lessee, or the owner's agent.
- e. *Owner Information.* The full legal name, street and mailing addresses, the email address, and the telephone number of the owner of the Short Term Rental Unit and in cases where a business entity or trust is the owner of the property, the individual who has responsibility to oversee the ownership of the property on behalf of the business entity or trust, including the mailing address, the email address, and the telephone number of the individual having such responsibility. If the owner of a Short Term Rental Unit is a business entity, information and documentation is required demonstrating the owner's valid status with the Tennessee Secretary of State.
- f. *Site Plan.* A site plan and floor plan accurately and clearly depicting the size and location of the existing dwelling and the approximate square footage in the dwelling, the number and location of designated off-street parking spaces and the maximum number of vehicles allowed for overnight occupants. The floor plan shall describe the use of each room in the dwelling, the number, location and approximate square footage of all bedrooms, and any accessory buildings, including but not limited to garages and accessory dwelling structures or units.
- g. *Indemnification.* Written acknowledgement and agreement by the Operator that, in the event a permit is approved and issued, the Operator and owner, if the Operator is not the owner, agree to assume all risk and indemnify, defend and hold the city harmless concerning the city's approval of the permit, the operation and maintenance of the Short Term Rental Unit, and any other matter relating to the Short Term Rental Unit.
- h. *Required Notification for Type 1 Operating Permits.* Within 48 hours of submitting the application for a Type 1 Operating Permit to the Business License & Tax Office, the Owner shall send a Neighborhood Notice form, supplied by the Business License & Tax Office, by first-class mail or hand delivery to all property owners whose property is adjacent to the property at which the Short Term Rental Unit is proposed as well as any existing neighborhood organization in that community. The Owner shall supply the Business License & Tax Office the names and addresses of the adjoining property owners and the neighborhood organization the Owner sent notice. For the purposes of this section, adjacent properties are those that abut the proposed Short Term Rental Unit, those directly across the street or alley from the proposed Short Term Rental Unit, and those that are diagonal across the street or alley from the proposed Short Term Rental Unit.

2.3. Short Term Rental Unit Operating Permit Types.

- a. *Type 1 Operating Permit, Owner Occupied in Residential Districts.*
 - i. *Generally.* A Type 1 Operating Permit is available in Residential Districts upon meeting the criteria in this article. A Type 1 Operating Permit can be issued only to an owner

Exhibit A

of the Short Term Rental Unit. The property where the Short Term Rental Unit is located must be the owner's principal residence, except in the instance of duplexes as further described in this section. A person can only hold one (1) Type 1 Operating Permit in the City of Knoxville. The Type 1 Operating Permit is available only to natural persons. The owner is not required to remain or be present at the Short Term Rental Unit during the Occupancy.

- ii. **Accessory Structures and Duplexes.** If there is an accessory dwelling structure on the property, the Type 1 Operating Permit can be for either the primary dwelling structure or the accessory dwelling structure, but not for both. If a property houses a legal duplex and an owner owns both sides of the duplex, one (1) Type 1 Operating Permit is available to the owner for either side of the duplex so long as the owner's principal residence is one side of the duplex.
- iii. **Proof of Ownership and Residency.** Ownership shall be established by the deed for the property as recorded in the Knox County Register of Deeds. Residency shall be established by at least two of the following documents, which must list the address of the Short Term Rental Unit on the document:
 1. The owner's motor vehicle registration;
 2. a valid driver's license or TN identification card of the owner;
 3. the address of the owner's children's school registration;
 4. the owner's voter registration card; or
 5. the owner's W-2 mailing.

At least one owner listed on the deed for the Short Term Rental Unit must establish residency at the Short Term Rental Unit according to the criteria set forth in this Section 2.3.

- b. *Type 2 Operating Permit, Non-Owner Occupied in Residential Districts.* A Type 2 Operating Permit is available in Non-Residential Districts upon meeting the criteria in this article. A Type 2 Operating Permit can be issued to an owner or lessee of the property. A Type 2 Operating Permit is available to a person or an entity. A person or entity can only hold two (2) Type 2 Operating Permits in the City of Knoxville. Upon application for a Type 2 Operating Permit, a lessee must provide the signature of the owner as further described in Section 2.2.
- c. *Type 3 Operating Permit, Limited Non-Owner Occupied in Residential Districts.*

- i. **Generally.** A Type 3 Operating Permit is available in Residential Districts to operators who have operated a Short Term Rental Unit prior to March 1, 2017 ("Qualifying Date") upon meeting the criteria in this article. A person or entity can obtain a Type 3 Operating Permit for each Short Term Rental Unit operating prior to the Qualifying Date and meeting the other criteria in this article. Proof of operation shall be required upon application and must demonstrate that the Short Term Rental Unit was both listed on a Hosting Platform and was occupied by a Transient for Consideration at least once prior to the Qualifying Date. A Type 3 Operating Permit is specific to the Short Term Rental Unit for which it issued; it cannot be transferred to another location.

Exhibit A

- ii. **Window of Availability.** A Type 3 Operating Permit must be obtained within thirty (30) days of the effective date of this ordinance, after which time no Type 3 Operating Permits shall be issued under any circumstances whatsoever.
 - iii. **Expiration.** All Type 3 Operating Permits shall expire one (1) year from the effective date of this ordinance and shall not be renewed.
 - iv. **Owner or Lessee Eligible.** A Type 3 Operating Permit can be issued to either an Owner or lessee of the property, who does not need to occupy the Short Term Rental Unit as a principal residence; provided that a lessee must obtain the signature of the Owner on the application for the Operating Permit. A Type 3 Operating Permit is available to a person or an entity.
 - v. **Accessory Structures and Duplexes.** If there is an accessory dwelling structure on the property, the Type 3 Operating Permit can be for either the primary dwelling structure or the accessory dwelling structure, but not for both. If a property houses a legal duplex and an Owner owns both sides of the duplex, only one (1) Type 3 Operating can be issued for only one side of the duplex, but not both sides of the duplex.
- 2.4. Fees.** An application for an Operating Permit under this article shall be accompanied by a fee in the amount of seventy dollars (\$70.00) for a Type 1 Permit and one hundred and twenty dollars (\$120.00) for Type 2 and Type 3 Permits. The Business License & Tax Office shall collect the permit fee. There shall be no proration of fees. Fees are non-refundable once a permit has been issued by the Business License & Tax Office.
- 2.5. Issuance of Permit.** Once the application is considered complete by the Business License & Tax Office, the Business License & Tax Office shall issue or deny the unit permit within fourteen (14) business days. If the Business License & Tax Office is satisfied that the application and the Short Term Rental Unit conforms to the requirements of this article and other pertinent laws and ordinances, a permit shall be issued to the applicant. If the application or Short Term Rental Unit does not conform to the requirements of this article or other pertinent laws or ordinances, the Business License & Tax Office shall not issue the permit, but shall inform the applicant of the denial. Such denial, when requested, shall be in writing and state the reasons for denial. The Operating Permit shall be valid for one (1) calendar year from the date of issuance, unless the Operating Permit is revoked pursuant to this article or terminated by ordinance or otherwise.
- 2.6. Permit Renewal.** Type 1 and Type 2 Operating Permits, unless suspended or revoked for a violation of any provision of this article or other rule or of the city, can be renewed annually provided that a renewal fee of fifty dollars (\$50.00) is paid no later than fourteen (14) business days before the Operating Permit's expiration. An application for renewal of a unit permit shall be made through the Business License & Tax Office. After the Operating Permit's expiration, the holder of the Operating Permit forfeits the right to renew and the Operator must reapply for a new Operating Permit. A renewed Operating Permit shall be good for one calendar year from the date of issuance. Type 3 Operating Permits cannot be renewed and are only valid for one (1) year and thirty (30) days from the effective date of this ordinance, unless suspended or revoked

Exhibit A

earlier for a violation of any provision of this Article or other rule or of the city. If a Type 3 Operating Permit is revoked under this Article, it cannot be renewed or reapplied for, and the ability of the Owner or lessee to obtain or hold a Type 3 Operating Permit for the Short Term Rental Unit is extinguished permanently.

2.7. Prohibitions Against Transfer.

- a. *Generally.* No person or entity holding an Operating Permit shall sell, lend, lease, or in any manner transfer the permit for value.
- b. *Type 1 Operating Permit, Owner Occupied; Type 3 Operating Permit, Limited Non-Owner Occupied in Residential Districts.* The permission to operate a Short Term Rental Unit under a Type 1 or Type 3 Operating Permit shall be personal and limited to the owner to whom the city issued the permit. A Type 1 or Type 3 Operating Permit shall terminate immediately upon the transfer of property covered by the permit, whether such transfer is by deed, by law, or otherwise.
- c. *Type 2 Operating Permit, Non-Owner Occupied.* As an exception to 2.7.a., the holder of a Type 2 Operating Permit may transfer the permit as part of the sale of a majority of the stock in a corporation holding such permit, as part of the sale of a majority of the membership interests of a limited liability company holding such permit, or as part of the sale of a business or substantially all of its assets; provided that there shall be no allocated or actual value for the transfer of the permit. Prior to any such transfer permitted by this subsection, the transferor shall notify the Business License & Tax Office in writing and the transferee shall submit a permit application for approval to the Business License & Tax Office pursuant to the process set forth in this section. Any such transfer shall be subject to the terms and conditions of the original permit.
- d. *Transfers Invalid.* Any unauthorized transfer or attempt to transfer a permit shall automatically void such permit. Persons violating this provision, including both the transferor and transferee, may be subject to a citation and fine. Each unauthorized transfer or attempt to transfer of each permit shall constitute a separate violation.

2.8. No Vested Rights. Except in instances where constitutional principles or binding state or federal laws otherwise provide, the provisions of this article and any ordinances or other measures concerning Short Term Rental Units are not a grant of vested rights to continue as a Short Term Rental Unit indefinitely. Any Short Term Rental Unit use and permits for Short Term Rental Units are subject to provisions of other ordinances, resolutions, or other city measures concerning Short Term Rental Units that may be enacted or adopted at a later date, even though such ordinances, resolutions, or other city measures may change the terms, conditions, allowance, or duration for Short Term Rental Unit use, including but not limited to those that may terminate some or all Short Term Rental Unit uses, with or without some period of amortization. While this recitation concerning vested rights is implicit in any uses permitted by the city, this explicit recitation is set forth to avoid any uncertainty or confusion.

Division 3. Compliance with Laws, Complaints, Remedies, and Permit Revocation.

3.1. Compliance with City and State Laws. It shall be unlawful to operate a Short Term Rental Unit that does not comply with all applicable city and state laws.

Exhibit A

- 3.2. Operation without Permit.** Any Short Term Rental Unit operating or advertising for operation without a valid permit shall be deemed a public safety hazard. The city may issue and the Operator, the owner, or the Local Contact Person may receive a civil citation for operating or advertising for operation without a permit and the penalty for such is fifty dollars (\$50.00) per day.
- 3.3. Public Nuisance.** It is unlawful and a violation of this article, and is hereby declared a public nuisance for any person to commit, cause, or maintain a violation of any provision or to fail to comply with any of the requirements of this article. The operation or maintenance of a Short Term Rental Unit in violation of this article or any other city ordinance may be abated or summarily abated by the city in any manner by this code or otherwise provided by law for the abatement of public nuisances. The city may issue and the Operator, the owner, the occupants, or the Local Contact Person may receive a civil citation for any violation of this article or any other city ordinance by the Operator, the owner, the Local Contact Person, or the occupants of the Short Term Rental Unit and the penalty for such is fifty dollars (\$50.00) per day.
- 3.4. Complaints.** If a complaint is filed with the City of Knoxville alleging that an Operator has violated the provisions of this article, the City of Knoxville shall provide written notification of the complaint by regular mail to the Operator at the Operator's address listed on the application, and the City of Knoxville shall investigate the complaint. Within thirty (30) days of date that the notification was sent to the Operator, the Operator may respond to the complaint, present evidence, and respond to evidence produced by the investigation. If the City of Knoxville, after reviewing all relevant material, finds the complaint to be supported by a preponderance of the evidence, the City of Knoxville may revoke the unit permit or take or cause to be taken other enforcement action as provided in the Knoxville City Code.
- 3.5. Revocation of Permit.** The City of Knoxville may revoke an Operating Permit if the City discovers that (i) an applicant obtained the permit by knowingly providing false information on the application; (ii) the continuation of the Short Term Rental Unit presents a threat to public health or safety; or (iii) the Operator or Short Term Rental Unit violates regulations of this article or any other city ordinance.
- 3.6. Appeal of Revocation.** If a permit is revoked, the City Business License & Tax Office shall state the specific reasons for the revocation. Any Operator whose Operating Permit has been revoked may appeal such denial by submitting a written request for a hearing submitted to the revenue administrator of the Business License & Tax Office within ten (10) days of revocation. A hearing shall be conducted within thirty (30) days of the revenue administrator's receipt of said appeal by a panel comprised of the zoning chief, the neighborhood coordinator, and the revenue administrator of the city. The panel shall consider whether the revocation was justified and whether good cause exists to reinstate the permit. The panel shall issue its decision on the appeal in a written opinion within ten (10) business days; the written opinion will be sent via first class mail to the Operator at the address listed on the application. The decision resulting therefrom shall be final and subject only to judicial review pursuant to state law. Following the revocation of a permit, an Operator must wait six (6) months before reapplying for a new permit, unless stated otherwise in this Article. Upon reapplication, the Operator must pay the full permit fee.
- 3.7. Additional Remedies.** The remedies provided in this section are not exclusive, and nothing in this section shall preclude the use or application of any other remedies, penalties or procedures established by law.

Exhibit A

- 3.8. City Shall Not Enforce Private Agreements.** The city shall not have any obligation or be responsible for making a determination regarding whether the issuance of an Operating Permit or the use of a dwelling as a Short Term Rental Unit is permitted under any private agreements or any covenants, conditions, and restrictions or any of the regulations or rules of the homeowners' association or maintenance organization having jurisdiction in connection with the Short Term Rental Unit, and the city shall have no enforcement obligations in connection with such private agreements or covenants, conditions and restrictions or such regulations or rules. If the Short Term Rental Unit Operator is a lessee, the owner of the Short Term Rental Unit shall provide written acknowledgement and agreement to the Short Term Rental Unit, but the city shall not have any obligation or be responsible for verifying the ownership information.

Division 4. Operational Requirements

- 4.1. Taxes.** All Short Term Rental Unit Operators are responsible for applicable taxes, including, but not limited to, Hotel Occupancy Privilege Tax to the City of Knoxville, sales tax to the State of Tennessee, and gross receipts tax to the State of Tennessee. An Operator may be required to obtain a City of Knoxville and a Knox County business license for the purposes of gross receipts tax.
- 4.2. Advertising.** It shall be unlawful to advertise any Short Term Rental Unit without the Operating Permit number clearly displayed on the advertisement. For the purposes of this section, the terms "advertise," "advertising" or "advertisement" mean the act of drawing the public's attention to a Short Term Rental Unit in any forum, whether electronic or non-electronic, in order to promote the availability of the Short Term Rental Unit.
- 4.3. Maximum Occupancy.** The number of Transients in a Short Term Rental Unit shall not exceed the sum of two (2) Transients per bedroom plus two (2) additional Transients; provided, however, that the maximum occupancy of the Short Term Rental Unit shall not exceed 12 persons, including Transients and any other individuals residing in or otherwise using the Short Term Rental Unit.

Division 5. Miscellaneous Provisions

- 5.1. Severability.** The City Council of the City of Knoxville hereby declares that should any section, paragraph, sentence, phrase, term or word of this ordinance be declared for any reason to be invalid, it is the intent of the City Council that it would have adopted all other portions of this ordinance independent of the elimination of any such portion as may be declared invalid. If any section, subdivision, paragraph, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

Airbnb draws scrutiny, regulations as guest stays surge in Tennessee

Short-term rental company Airbnb reported rapid growth in Tennessee, as cities wrestled with definitions.

Airbnb draws scrutiny, regulations as guest stays surge in Tennessee

Jim Gaines, USA TODAY NETWORK - Tennessee Published 5:00 a.m. ET Jan. 12, 2018

Knoxville Airbnb host Mike Cohen talks about his experience with the short term rental service in his home Saturday, Jan. 6, 2018.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years.(Photo: Caitie McMekin / News Sentinel)Buy Photo

Even as Tennessee's hotel industry continues to grow, short-term rentals such as Airbnb are growing, too — perhaps proportionately faster than hotels, considering their late start.

That hasn't resulted in full-scale pushback from traditional lodging, but the growing presence of short-term rentals in urban neighborhoods has led to some local regulation and talk of more.

There are several short-term room rental online services, such as VRBO and HomeAway, but Airbnb is the largest. Airbnb announced nearly all of the cities it serves in East Tennessee saw their use double in 2017, hosting 154,000 visitors in the "Greater Knoxville" area, which Airbnb describes as Knox, Sevier, Blount, Cocke, Jefferson, Monroe and Cumberland counties.

Those rentals brought \$17.4 million to area property owners, according to Airbnb. In Knoxville, 400 hosts welcomed 36,000 visitors, who paid \$3.2 million for their stays.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years. (Photo: Caitie McMekin / News Sentinel)

Sevier County big for Airbnb

But far and away the biggest draw was Sevier County. Cities there have a total of 790 Airbnb hosts, who saw 106,000 guests and made \$12.9 million, according to the company. Knoxville, Gatlinburg, Pigeon Forge and Sevierville are all among the top 10 home-sharing markets in Tennessee, Airbnb reported.

“A lot of those mountain towns truly represent a dream vacation for some families,” said Ben Breit, Airbnb’s Tennessee spokesman, via email. “And you have a lot of cabins on our platform that have served as traditional vacation rentals for many years, and now they’re just using Airbnb as another forum to reach customers.”

Longtime cabin renters appreciate the background checks Airbnb does on its clients, he said.

Sevier County gets more visitors than Knoxville, and probably has more “condos, cabins, and chalets” available, too, said Leon Downey, executive director of the Pigeon Forge Department of Tourism.

Brad Ivens, president of Smoky Mountain Vacation Lodging Association, heads a property management company for individual cabin and chalet owners. They look at Airbnb and similar services as “online travel agents” like Expedia.com, with which traditional cabin rental agencies are already familiar, he said.

“For us, it’s not a new animal,” Ivens said. Short-term rental services have definitely had an impact, but vacation lodging services can themselves list properties on Airbnb, he said.

Traditional property managers and rental agents follow myriad local and state regulations on taxation, safety and licensing, and they want to see Airbnb do the same, Ivens said.

Right now that burden — of tax collection, at least — is usually on the individual property owners.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. In Knoxville last year, 400 Airbnb hosts welcomed 36,000 visitors, who paid \$3.2 million for their stays. (Photo: Caitie McMekin / News Sentinel)

“Operators of short-term rentals are required to obtain a Sevier County business license and collect and remit lodging, sales and gross receipts taxes,” Sevier County spokesman Perrin Anderson said. “Short-term rentals are fundamentally no different than regular lodging properties, so it is fair that those who make a profit from online or advertised short-term rentals by owner should pay all applicable local and state taxes.”

Taxing taxation

Mike Cohen, owner of Knoxville’s Cohen Communications, also rents out part of his home on Pemmbrooke Shire Lane. He’s done so for three years, exclusively through Airbnb. In that time he has seen a steady stream of visitors from all over the country, plus England, Bulgaria, Syria, Canada and France.

“Many choose Airbnb because they want the space, because they have a pet (I am pet-friendly), they want a kitchen, they want more privacy,” Cohen said in an email.

Like hosts in Sevier County and elsewhere in Tennessee, he manages local compliance himself, including applicable taxes.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years. (Photo: Caitie McMekin / News Sentinel)

“We all want Airbnb to handle this for us,” Cohen said. The company has indicated that it will, he said. Nothing has materialized yet, but Cohen is confident the tax issue will be resolved.

He is happy to see recent legislation on the subject, and has always thought Airbnb users should be paying the local occupancy tax. Most of that revenue goes to Visit Knoxville, which promotes events such as the Big Ears and Rhythm & Blooms music festivals, and those in turn draw guests to Cohen’s rooms, he said.

The Knoxville City Council gave first approval to an ordinance regulating short-term rentals like Airbnb on Tuesday, Nov. 7, 2017. Rachel Ohm/ News Sentinel.

Knoxville is working with Airbnb to set up a voluntary tax collection agreement, said Jesse Mayshark, the city’s director of communications.

“We hope to get that in place soon, although until it is in place it will be up to the individual hosts to do the collection,” he said. “But we know it will be a lot easier for everybody to have that agreement, so we want to get it done as soon as possible.”

Airbnb already has such a tax-collection-and-submission agreement with Memphis, and hopes to strike similar ones with Knoxville and other Tennessee cities, Breit said.

Founded in 2008

Founded in 2008, Airbnb lists rentals in more than 65,000 cities worldwide, according to the company. Nashville is tops in Tennessee, but 2017 numbers for that market aren’t yet available, Breit said.

Memphis saw 68,000 Airbnb guests, who paid \$7 million in 2017, while Chattanooga got 53,000 visitors, earning hosts \$5.2 million, according to the company. Suburbs of major cities saw big numbers, too, such as 6,000 visitors to Murfreesboro and 4,400 to Lookout Mountain.

Local governments began regulating Airbnb when they realized they didn’t have a good way to track the location of short-term rentals, and police often didn’t know if they were private homes or commercial property, said Greg Adkins, president and CEO of the Tennessee Hospitality & Tourism Association.

The traditional lodging industry maintains that short-term rentals perform the same commercial transactions as hotels or bed-and-breakfasts, which pay several levels of taxes, obey zoning laws, must have insurance, and meet multiple safety and accessibility regulations, he said.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years. In that time he has seen a steady stream of visitors from all over the country, plus England, Bulgaria, Syria, Canada and France. (Photo: Caitie McMekin / News Sentinel)

“We as an industry think that like-minded businesses should be put on the same level playing field,” Adkins said. Airbnb itself can certainly afford to meet those obligations, he said.

“It is big corporate America. It is not mom and pop,” Adkins said. “They’re larger than Marriott.”

Ruling in, ruling out

Airbnb maintains that it complements the hotel industry, offering overflow space for big events such as University of Tennessee football games when Knoxville hotels are booked. The company points to the continued growth in hotels statewide as evidence that traditional lodgers aren’t hurting.

As calls for regulation grew, Airbnb and similar companies lobbied the Tennessee General Assembly to prevent cities from banning short-term rentals. A bill targeting only Nashville narrowly passed the House, but stalled in a Senate committee. It may come back up this year, leading cities to pass regulations pre-emptively.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years. (Photo: Caitie McMekin / News Sentinel)

Most communities allow short-term rentals with a special permit, and it should be a local government matter, Adkins said. But Airbnb wants the state to pre-emptively declare them legal in any location, he said.

In general, short-term rental regulations recognize three types:

- Owner-occupied houses in residential neighborhoods, rented as a whole or in part;
- Rentals, owner-occupied or not, in mixed-use areas or commercial areas that allow some residential use; and
- Rental locations in residential areas with absentee, non-resident owners.

Rentals owned by absentee investors are probably growing the fastest, Adkins said. Those are also the type local governments seek to ban or regulate most strictly.

More: [Nashville council advances new Airbnb rules, setting up legislative showdown](#)

Nashville began regulating short-term rentals in 2015, allowing them with a permit and collection of local taxes, but that ordinance has been criticized as inadequate and hard to enforce. So on Jan. 16, Nashville Metro Council is expected to choose between three new ordinances on short-term rental.

One is a committee-created compromise that would cap, but not prohibit, rental of houses that aren’t owner-occupied. Another, opposed by Airbnb and other rental companies, would phase out investor-owned short-term rentals in residential areas over three years.

The third would grandfather in existing non-owner-occupied rentals but prevent new ones in residential neighborhoods.

In mid-2017 Memphis applied its noise control, garbage, anti-discrimination and fire codes to short-term rentals, in conjunction with specific taxes and an agreement allowing firms such as Airbnb to submit taxes to the city on behalf of its hosts.

Knoxville resident Mike Cohen rents out his West Knoxville residence via Airbnb. Cohen has opened his home to guests through the service for the past three years. (Photo: Caitie McMekin / News Sentinel)

Also in 2017 Chattanooga created a special short-term rental district, which went into effect Oct. 1. It removed the requirement for such rentals to be zoned like apartments. The zone includes the central city and much of North Shore. Property owners have to buy short-term rental permits, and non-resident owners have to also pass a city council hearing if neighbors are opposed.

Knoxville's short-term rental ordinance

Last among Tennessee's major cities, Knoxville approved a short-term rental ordinance in November, which took effect Jan. 2. Under it, short-term rental hosts must get a permit, meet minimum safety requirements and collect hotel and occupancy taxes.

Owner-occupants in Knoxville neighborhoods and owners of property in generally non-residential areas that still allow some residential use can apply for one-year renewable permits. Absentee owners of short-term rentals in residential neighborhoods can get only a one-year non-renewable permit, which must be submitted by Feb. 1, and then only if they can show the home was already being used as a short-term rental before March 1, 2017. Permit applications are available at knoxvilletn.gov/STRS.