

New lodging tax yields surprises for county, schools

By: DEREK HODGES Staff writer

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The county's new lodging tax, which went into effect in July, has already netted more than \$1.6 million for local school and tourism development projects.

State legislators voted earlier this year to give the county the ability to levy a 3 percent tax on all overnight accommodations in the county outside city limits. Since that time, the tax has brought \$1,666,969 into county coffers.

As required by the legislation enacting the fee, the county must

split that money between local school system needs and efforts related to tourism, including road and water projects. County leaders originally proposed using all the money for the schools, but state officials differed, saying some of the funds should go to helping bring tourists into the area to pay the fee.

Despite the split, the levy will likely bring more money into the school system's budget each year than some expected when it was set to get the whole amount.

"We've got good news," Sevier County Trustee Jettie Clabo told the Budget Committee Monday. "We've collected more than anybody ever thought we would in these first four months."

Clabo, whose office is in charge of collecting the tax, said she is confident most of the establishments required to pay the tax have now registered with the county and are forking over the cash. However, she says there are still a few stragglers who have not registered. Those who wait too long may face penalties.

The first months of collecting the new tax have served as a learning experience for the trustee's staff.

They've figured out some businesses located in the cities with rental cabins in the county have been charging the city tax on those properties, while they should be sending their money in to the county.

They've also realized that, like other businesses, lodging properties annexed into city limits still must charge the county levy for 15 years after they're taken in by the municipality.

Some commissioners still expressed concerns about the possibility of "losing" revenue from the fee to the cities through annexation. While the suggested solution is to impose the county tax on properties inside the city limits, state officials previously said the county will not be able to do that.

Though the four months already collected cover some of the busiest times of the year for the tourism industry, Clabo says the tax will still likely bring several million dollars into county coffers. That's a prospect that excites officials, who see potential for the funds not just in the school system, but also in helping to fund much-needed road projects that have been put off by state officials.

"This is good news for us," Commissioner Ben Clabo said. "Hopefully it will continue to generate more revenue for us to do more for our schools and our county."

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