



## Short-Term Rental Units Frequently Asked Questions

This document is a summary to serve as a quick reference regarding the City of Knoxville's Short-Term Rental ordinance, but it does not describe the ordinance in full.

To ensure that you can comply with the Short-Term Rental Unit ordinance, please review the ordinance [here](#). Questions about the ordinance can be sent to [stsr@knoxvilletn.gov](mailto:stsr@knoxvilletn.gov).

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### ***What is a Short-Term Rental Unit and where are these allowed in the City of Knoxville?***

Briefly, Short-Term Rental Units are properties that are rented for overnight lodging for less than 30 days at a time, excluding certain types of dwellings or commercial operations.

In residentially zoned districts, Short-Term Rental Units are allowed at the owner's principal residence. In non-residential districts, Short-Term Rental Units are available even if an owner does not live at the Unit or where an owner has given permission to a tenant. Short-Term Rental Units are not allowed in districts where residential uses are not allowed by the Zoning Code.

The operation of a Short-Term Rental Unit in the City of Knoxville requires a Permit, as described further in this FAQs document. If you want to find out how your property is zoned, visit [KGIS here](#).

### ***Do I need a Permit before advertising my short-term rental?***

Yes, Short-Term Rental operators are required to obtain a Permit prior to advertising and operating their property for rental on a short-term basis.

### ***How can a person or entity obtain a permit for a Short-Term Rental Unit?***

Eligible persons or entities will submit a Permit application to the City of Knoxville's Business License and Tax Office, located in Suite 453 of the City County Building (400 Main Street, in Downtown Knoxville). Staff will review the application materials and issue a Permit within fourteen business days to applicants who meet all requirements. There are two types of operating permits available, as further described below.

In residentially zoned districts, an owner who resides onsite where the Short-Term Rental Unit is located is eligible to obtain a Type 1 Operating Permit. The owner seeking a Type 1 Permit must be a natural person (i.e., no corporations or LLCs). The owner must also establish that they reside onsite where the Short-Term Rental Unit is located by providing at least 2 documents as identified in the ordinance.

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In non-residential districts, the zoning must still allow for residential use. An owner or a tenant may obtain a Type 2 Operating Permit for a Short-Term Rental Unit. A tenant is eligible for a Type 2 Permit if the tenant has received permission from the owner of the Unit, as indicated by the owner's signature on the Permit application. If the tenant obtains a Type 2 Permit, the owner is still liable for activity at the Short-Term Rental Unit. Additionally, in non-residential districts, the owner is not required to be a natural person. However, a person or entity (corporation, LLC, etc.) can only hold two (2) Type 2 Permits at once, city- wide.

### ***How does the notification of neighbors and neighborhood groups work?***

For Type 1 Permits, you must notify property owners that own property abutting or across the street from your STRU. You can see an illustration of these properties on the Neighborhood Notice Form included in the application packet. You must also notify the neighborhood group for the area in which the STRU is located. Instructions on how to find this information are also included in the application packet.

### ***How much does it cost to get a Short-Term Rental Unit Permit?***

For new applications, the Permit fee is \$70 for a Type 1 Permit or \$120 for a Type 2 Permit. Annual renewal is \$50 for Type 1 and 2 Permits. Additionally, City and County business licenses are also required; business licenses are \$15 per jurisdiction.

### ***How long is my Permit good for?***

Type 1 Permits are good for one year from the date of issuance or until the transfer of the property, whichever occurs first. Type 2 Permits are also good for one year from the date of issuance. Permits are not transferrable, including when property is sold.

### ***Are inspections required for Short Term Rental Units?***

Generally, no. Short-Term Rental Units are not required to undergo an inspection before the issuance of a Permit or before operation. Upon application, the burden is on the owner to certify that the Unit has smoke detectors, carbon monoxide detectors, and fire extinguishers—all in good working order. The Fire Marshal and other City officials reserve the right to make inspections to verify or correct life safety issues at the STRU.

Any modifications to the STRU likely would require a building permit, which would, in turn, require an inspection or inspections. If you have questions about building permits, contact the Plans Review and Inspections Department at (865) 215-3669.

### ***Do I need to provide copies of my insurance policy or policies?***

The City does not require documentation of insurance to obtain a Permit. However, for your peace of mind and for the benefit of your occupants, please note that homeowners' and rental insurance policies may not provide coverage for rental activity on a short-term basis. If you have any questions about coverage and your liability, check with your insurance provider and with the Hosting Platform.

***Is there a limit on the number of days that a Unit can be rented in a year?***

No, there is no limit on the number of days that a Unit can be rented during a year. However, Type 1 Permit holders must maintain the Unit as their primary residence; information to the contrary will be investigated.

***Can I rent my house while I am away?***

Yes, for both types of Permits, the Permit holder is not required to be present during the occupancy. If you go out of town during a rental, though, be sure that your local agent is available to respond to calls or complaints within forty-five minutes.

***How many people can occupy a Short-Term Rental Unit?***

The number of occupants in a Short-Term Rental Unit shall not exceed the sum of two (2) people per bedroom plus two (2) additional people. Due to state law regarding fire safety, the maximum occupancy of any Short-Term Rental Unit, regardless of the number of bedrooms, shall not exceed 12 people at one time, including any transients renting the unit and anyone who resides or is otherwise staying on-site.

***Do I have to pay taxes? What is involved in filing and remitting taxes on rentals?***

Yes, you must pay taxes. The City of Knoxville, Knox County, and the State of Tennessee all have a role in the collection of taxes for the operation of Short-Term Rental Units. Each of these taxes are explained in more detail below.

- **Occupancy Tax:** The platforms that typically promote short-term rentals (i.e. Airbnb, homeaway, etc.) are collecting occupancy privilege tax at the time the purchase is made. This tax is then automatically paid to the appropriate respective government entity from the platform.

If you rent a short-term rental unit outside these rental platforms, you are responsible for remitting the occupancy tax yourself. The occupancy tax is a privilege tax upon the transient occupying the lodging; the rate is 3% of the compensation charged for the occupancy. Per City ordinance and as allowed by state law, this tax is used to pay off the debt from the construction of the Convention Center.

Even if you do not have guests during a month, you must file the occupancy privilege tax document. This filing, and any tax is due quarterly using a form available through the Business License & Tax Office.

- **Sales Tax:** The platforms that typically promote short-term rentals (i.e. Airbnb, homeaway, etc.) are also collecting sales tax at the time the purchase is made. This tax is then automatically paid to the appropriate respective government entity from the platform. If you rent for a short-term outside these rental platforms, you are responsible for remitting the sales tax yourself, which requires business license. (see below)

- **Business License:** A business license with the City and County is required to obtain a Short-Term Rental Permit for operation. In order to get your City business license, fill out a [business license application here](#). Bring or mail your business license application to Suite 450 in the City County Building. Bring a check for \$15 or you can pay with a card. You will need to do the same thing to obtain a County business license; the application is [here](#) and the County Business License Office is in the Old Courthouse at 300 Main Street in Downtown Knoxville.

### **What happens if I don't get a Permit for my Short-Term Rental Unit?**

You are breaking the law. If you operate a Short-Term Rental Unit without the required Permit, you will be found in violation of City of Knoxville's Code of Ordinances and subject to enforcement action. Citations with civil penalties may be issued for violations, and further legal action may be pursued. The City of Knoxville is employing enforcement software to aid in monitoring permitted and unpermitted operations of Short-Term Rental Units.

### ***What if I already operate a Short-Term Rental Unit? Can I continue to operate it?***

Short-Term Rental properties need a permit to operate in Knoxville. Prior to the effective date of the ordinance (1/2018), Short Term Rental Units were not allowed per the City's Zoning Code. There is no established right to continue operations of an illegal use. Any Short-Term Rental Unit already operating must apply for and receive a Permit; however, based on the zoning classification where the Unit is located, existing operations may not be eligible for a Permit.

### ***How can I decrease the impacts of my Short-Term Rental Unit on my neighbors?***

Great question! Be a good neighbor and expect your occupants to do so as well. Provide the local contact person and details to neighbors and update as needed. Although the City has not received many complaints about short-term rental operations, the City anticipates occasional issues at Short-Term Rental Units for on-street parking; activity associated with arriving and departing; etc. House rules and clear expectations for your occupants can be established to address these issues. For example, be sure that your guests know where to park, where to discard trash, and when to quiet down for the evening. Persistent complaints may result in the revocation of your Permit.

### ***What is the process if I have concerns or think my neighbor is not complying with the City's regulations?***

We recommend that you talk to your neighbor first—many issues can be resolved through better communication and simple changes. However, if you believe your neighbor is not meeting the regulations of their Permit or lacks a Permit, you may submit a complaint by calling (865) 337-8275. If the concern is related to a Short-Term Unit, please indicate that when you call. Issues requiring immediate attention outside of business hours should be referred to KPD's non-emergency number at (865) 215-7000. Of course, if there is an emergency, call 911.

### ***What should I do if I have concerns about discrimination?***

If you suspect that you have been discriminated against, the City recommends you start by making a complaint to the Hosting Platform and the [State of Tennessee Human Rights Commission](#).

***What are the restrictions on noise, sound equipment, and loud music?***

There are no special rules for Short-Term Rental Units regarding noise. The noise restrictions found in the City of Knoxville Code of Ordinances are applicable to all property. Permissible noise depends on the use of the property and many of the restrictions can be found in [Section 18-3](#) of the Code of Ordinances.

***Are there any special considerations if I live in a condominium or if I am a tenant?***

The City of Knoxville recommends that you review your lease or ownership documents before submitting an application. The City cannot enforce private agreements like HOA agreements. Receiving a Permit does not override any lease agreements, homeowners' association bylaws, restrictive covenants, or any other agreement, law, or regulations that prohibit subletting or use of your residence or property as a Short-Term Rental.

***What is the process for renewing permit?***

Notification of the need to renew will be sent by the City to each operator. The operator will need to pay the \$50 renewal fee by the appropriate date on the notification to remain compliant.

***Who should I contact if I have further questions?***

While the Short-Term Rental Unit initiative is a joint effort of numerous City departments, the program is administered by the Business Tax Office. If you have questions, please contact Revenue Administrator Donna Dyer at (865) 215-2083 or [dfdyer@knoxvilletn.gov](mailto:dfdyer@knoxvilletn.gov).

*Last updated 10-2022*