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Possum Kingdom Lake and unincorporated Palo Pinto County vacation rental checklist

Palo Pinto County, Texas | Rules checked November 8, 2026

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Around Possum Kingdom Lake there's no county rental permit, but Palo Pinto County reported a 7% county hotel tax that you file yourself, on top of the 6% state tax Airbnb collects. Deed restrictions and HOA rules are the main limits.

> A Graford mailing address doesn't mean you're inside Graford city limits. Check your property's tax record to see which cities and districts tax it.

Licensing steps

STATE OF TEXAS

- [ ] **Know who pays the hotel tax**
  Airbnb collects and pays the 6% state hotel tax on its bookings. If guests pay you directly or through a site that doesn't collect, register with the Comptroller and file the state tax yourself.
  Texas hotel occupancy tax: https://comptroller.texas.gov/taxes/hotel/
- [ ] **Register for local hotel tax**
  Your city (and in some places your county) charges its own hotel tax, filed with that city or county, not the state. Airbnb pays it only in the places on its list; everywhere else you register and file it yourself, even for Airbnb bookings.
- [ ] **Check your city's rules**
  Many Texas cities require a short-term rental permit or registration, and some require an inspection, a local contact, or posted rules. Outside city limits there's usually no permit, but deed restrictions and HOA rules often limit rentals. Pick your area for the local rules.

PALO PINTO COUNTY, TEXAS

- [ ] **Inside or outside city limits?**
  Most Possum Kingdom homes are outside any city, so there's no rental permit, but subdivision deed restrictions and HOA rules apply. Inside Mineral Wells, Graford, Gordon, or Strawn, ask the city.
- [ ] **Hotel taxes on each stay**
  Stays of 29 nights or less owe the 6% state hotel tax, which Airbnb collects on its bookings. If guests pay you directly, file it with the Texas Comptroller. Palo Pinto County reported a 7% county hotel tax to the Comptroller; Airbnb doesn't collect it, so ask the county how to register and file. Graford reports a 2% city hotel tax, Gordon and Mineral Wells 7%.

UNINCORPORATED PALO PINTO COUNTY

- [ ] **Hotel taxes on each stay**
  Stays of 29 nights or less owe the 6% state hotel tax, which Airbnb collects on its bookings. If guests pay you directly, file it with the Texas Comptroller. Palo Pinto County reported a 7% county hotel tax; Airbnb doesn't collect it, so ask the county how to register and file. If your home is inside Graford city limits, Graford reports a 2% city tax too.
- [ ] **Read your deed restrictions**
  Many Possum Kingdom subdivisions and gated communities have their own rental rules. Read your deed restrictions and HOA rules before you buy or list.

Official sources

Texas Comptroller of Public Accounts: Hotel Occupancy Tax FAQs: Airbnb. https://comptroller.texas.gov/taxes/hotel/airbnb-faq.php

Airbnb: Occupancy tax collection and remittance by Airbnb in Texas. https://www.airbnb.com/help/article/2331

Texas Legislature: County zoning authority (Local Government Code ch. 231). https://statutes.capitol.texas.gov/Docs/LG/htm/LG.231.htm
Texas Comptroller of Public Accounts (data.texas.gov): Local Hotel Occupancy Tax Reporting 2025. https://data.texas.gov/d/er34-v24h