



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

**HB4200**

by Rep. Robert W. Pritchard

#### SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-3-14

from Ch. 24, par. 8-3-14

65 ILCS 5/8-3-14a new

Amends the Illinois Municipal Code. Creates the municipal hotel use tax. Authorizes municipalities to impose a tax upon the privilege of renting or leasing rooms in a hotel within the municipality at a rate not to exceed 5% of the rental or lease payment. Requires each hotel in the municipality to collect the tax from the person making the rental or lease payment at the time that the payment is tendered to the hotel and, as trustee, to remit the tax to the municipality. Sets forth certain exemptions. Prohibits municipalities from imposing both a hotel use tax and a hotel operators' occupation tax. Effective immediately.

LRB095 14849 BDD 40789 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Municipal Code is amended by  
5 changing Section 8-3-14 and by adding Section 8-3-14a as  
6 follows:

7 (65 ILCS 5/8-3-14) (from Ch. 24, par. 8-3-14)

8 Sec. 8-3-14. Municipal hotel operators' occupation tax.

9 The corporate authorities of any municipality may impose a tax  
10 upon all persons engaged in such municipality in the business  
11 of renting, leasing or letting rooms in a hotel, as defined in  
12 "The Hotel Operators' Occupation Tax Act," at a rate not to  
13 exceed 5% of the gross rental receipts from such renting,  
14 leasing or letting, excluding, however, from gross rental  
15 receipts, the proceeds of such renting, leasing or letting to  
16 permanent residents of that hotel and proceeds from the tax  
17 imposed under subsection (c) of Section 13 of the Metropolitan  
18 Pier and Exposition Authority Act, and may provide for the  
19 administration and enforcement of the tax, and for the  
20 collection thereof from the persons subject to the tax, as the  
21 corporate authorities determine to be necessary or practicable  
22 for the effective administration of the tax. The municipality  
23 may not impose a tax under this Section if it imposes a tax

1 under Section 8-3-14a.

2 Persons subject to any tax imposed pursuant to authority  
3 granted by this Section may reimburse themselves for their tax  
4 liability for such tax by separately stating such tax as an  
5 additional charge, which charge may be stated in combination,  
6 in a single amount, with State tax imposed under "The Hotel  
7 Operators' Occupation Tax Act".

8 Nothing in this Section shall be construed to authorize a  
9 municipality to impose a tax upon the privilege of engaging in  
10 any business which under the constitution of the United States  
11 may not be made the subject of taxation by this State.

12 The amounts collected by any municipality pursuant to this  
13 Section shall be expended by the municipality solely to promote  
14 tourism and conventions within that municipality or otherwise  
15 to attract nonresident overnight visitors to the municipality.

16 No funds received pursuant to this Section shall be used to  
17 advertise for or otherwise promote new competition in the hotel  
18 business.

19 (Source: P.A. 87-733.)

20 (65 ILCS 5/8-3-14a new)

21 Sec. 8-3-14a. Municipal hotel use tax.

22 (a) The corporate authorities of any municipality may  
23 impose a tax upon the privilege of renting or leasing rooms in  
24 a hotel within the municipality at a rate not to exceed 5% of  
25 the rental or lease payment. The corporate authorities may

1 provide for the administration and enforcement of the tax and  
2 for the collection thereof from the persons subject to the tax,  
3 as the corporate authorities determine to be necessary or  
4 practical for the effective administration of the tax.

5 (b) Each hotel in the municipality shall collect the tax  
6 from the person making the rental or lease payment at the time  
7 that the payment is tendered to the hotel. The hotel shall, as  
8 trustee, remit the tax to the municipality.

9 (c) The tax authorized under this Section does not apply to  
10 any rental or lease payment by a permanent resident of that  
11 hotel or to any payment made to any hotel that is subject to  
12 the tax imposed under subsection (c) of Section 13 of the  
13 Metropolitan Pier and Exposition Authority Act. A municipality  
14 may not impose a tax under this Section if it imposes a tax  
15 under Section 8-3-14. Nothing in this Section may be construed  
16 to authorize a municipality to impose a tax upon the privilege  
17 of engaging in any business that under the constitution of the  
18 United States may not be made the subject of taxation by this  
19 State.

20 (d) The moneys collected by a municipality under this  
21 Section may be expended solely to promote tourism and  
22 conventions within that municipality or otherwise to attract  
23 nonresident overnight visitors to the municipality. No moneys  
24 received under this Section may be used to advertise for or  
25 otherwise promote new competition in the hotel business.

26 (e) As used in this Section, "hotel" has the meaning set

1 forth in Section 2 of the Hotel Operators' Occupation Tax Act.

2       Section 99. Effective date. This Act takes effect upon  
3 becoming law.