

SB2430



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2430

Introduced 2/7/2025, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

35 ILCS 145/2

from Ch. 120, par. 481b.32

35 ILCS 145/3

from Ch. 120, par. 481b.33

Amends the Hotel Operators' Occupation Tax Act. Provides that, beginning on January 2026, the tax under the Act is also imposed on short-term rentals. Provides that the tax shall be paid by the short-term rental unit provider, unless the short-term rental is secured through a short-term rental marketplace that meets certain thresholds. Effective immediately.

LRB104 03189 HLH 13210 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Hotel Operators' Occupation Tax Act is
5 amended by changing Sections 2 and 3 as follows:

6 (35 ILCS 145/2) (from Ch. 120, par. 481b.32)

7 Sec. 2. Definitions. As used in this Act, unless the
8 context otherwise requires:

9 (1) "Hotel" means any building or buildings in which the
10 public may, for a consideration, obtain living quarters,
11 sleeping or housekeeping accommodations. The term includes,
12 but is not limited to, inns, motels, tourist homes or courts,
13 lodging houses, rooming houses and apartment houses, retreat
14 centers, conference centers, and hunting lodges. For the
15 purposes of re-renters of hotel rooms only, "hotel" does not
16 include a short-term rental.

17 (2) "Operator" means any person engaged in the business of
18 renting, leasing, or letting rooms in a hotel.

19 (3) "Occupancy" means the use or possession, or the right
20 to the use or possession, of any room or rooms in a hotel for
21 any purpose, or the right to the use or possession of the
22 furnishings or to the services and accommodations accompanying
23 the use and possession of the room or rooms.

1 (4) "Room" or "rooms" means any living quarters, sleeping
2 or housekeeping accommodations.

3 (5) "Permanent resident" means any person who occupied or
4 has the right to occupy any room or rooms, regardless of
5 whether or not it is the same room or rooms, in a hotel for at
6 least 30 consecutive days.

7 (6) "Rent" or "rental" means the consideration received
8 for occupancy, valued in money, whether received in money or
9 otherwise, including all receipts, cash, credits, and property
10 or services of any kind or nature. "Rent" or "rental" includes
11 any fee, charge, or commission received from a guest by a
12 re-renter of hotel rooms specifically in connection with the
13 re-rental of hotel rooms, but does not include any fee,
14 charge, or commission received from a short-term rental by a
15 hosting platform.

16 (7) "Department" means the Department of Revenue.

17 (8) "Person" means any natural individual, firm,
18 partnership, association, joint stock company, joint
19 adventure, public or private corporation, limited liability
20 company, or a receiver, executor, trustee, guardian, or other
21 representative appointed by order of any court.

22 (9) "Re-renter of hotel rooms" means a person who is not
23 employed by the hotel operator but who, either directly or
24 indirectly, through agreements or arrangements with third
25 parties, collects or processes the payment of rent for a hotel
26 room located in this State and (i) obtains the right or

1 authority to grant control of, access to, or occupancy of a
2 hotel room in this State to a guest of the hotel or (ii)
3 facilitates the booking of a hotel room located in this State.
4 A person who obtains those rights or authorities is not
5 considered a re-renter of a hotel room if the person operates
6 under a shared hotel brand with the operator.

7 (10) "Hosting platform" or "platform" means a person who
8 provides an online application, software, website, or system
9 through which a short-term rental located in this State is
10 advertised or held out to the public as available to rent for
11 occupancy. For purposes of this definition, "short-term
12 rental" means an owner-occupied, tenant-occupied, or
13 non-owner-occupied dwelling, including, but not limited to, an
14 apartment, house, cottage, or condominium, located in this
15 State, where: (i) at least one room in the dwelling is rented
16 to an occupant for a period of less than 30 consecutive days;
17 and (ii) all accommodations are reserved in advance; provided,
18 however, that a dwelling shall be considered a single room if
19 rented as such.

20 (11) "Shared hotel brand" means an identifying trademark
21 that a hotel operator is expressly licensed to operate under
22 in accordance with the terms of a hotel franchise or
23 management agreement.

24 (12) "Residential dwelling" means a cabin, house, or
25 structure used or designed to be used as an abode or home of a
26 person, family, or household, and includes a single-family

1 dwelling, a portion of a single-family dwelling, or an
2 individual residential dwelling in a multidwelling building,
3 such as an apartment building, condominium, cooperative, or
4 timeshare.

5 (13) "Short-term rental" means means a residential
6 dwelling that is rented wholly or partially for a fee for a
7 period of less than 30 continuous days.

8 (14) "Short-term rental marketplace" means any person or
9 entity that provides a platform for compensation through which
10 a third party offers to rent a short-term rental to an
11 occupant.

12 (15) "Short-term rental unit provider" means any person or
13 entity engaged in renting any short-term rental offered
14 through a short-term rental marketplace.

15 (Source: P.A. 103-592, eff. 7-1-24; revised 10-21-24.)

16 (35 ILCS 145/3) (from Ch. 120, par. 481b.33)

17 Sec. 3. Rate; exemptions.

18 (a) A tax is imposed upon hotel operators at the rate of 5%
19 of 94% of the gross rental receipts from engaging in business
20 as a hotel operator, excluding, however, from gross rental
21 receipts, the proceeds of renting, leasing or letting hotel
22 rooms to permanent residents of a hotel and proceeds from the
23 tax imposed under subsection (c) of Section 13 of the
24 Metropolitan Pier and Exposition Authority Act.

25 (b) There shall be imposed an additional tax upon hotel

1 operators at the rate of 1% of 94% of the gross rental receipts
2 received by the hotel operator from engaging in business as a
3 hotel operator, excluding, however, from gross rental
4 receipts, the proceeds of such renting, leasing or letting to
5 permanent residents of that hotel and proceeds from the tax
6 imposed under subsection (c) of Section 13 of the Metropolitan
7 Pier and Exposition Authority Act.

8 (b-5) Beginning on July 1, 2024, if the renting, leasing,
9 or letting of a hotel room is done through a re-renter of hotel
10 rooms, then, subject to the provisions of Sections 3-2 and
11 3-3, the re-renter is the hotel operator for the purposes of
12 the taxes under subsections (a) and (b). If the re-renter is
13 headquartered outside of this State and has no presence in
14 this State other than its business as a re-renter, conducted
15 remotely, then, subject to the provisions of Sections 3-2 and
16 3-3, such re-renter is the hotel operator for the purposes of
17 the taxes under subsections (a) and (b) if it meets one of the
18 following thresholds:

19 (1) the cumulative gross receipts from rentals in
20 Illinois by the re-renter of hotel rooms are \$100,000 or
21 more; or

22 (2) the re-renter of hotel rooms cumulatively enters
23 into 200 or more separate transactions for rentals in
24 Illinois.

25 A re-renter of hotel rooms who is headquartered outside of
26 this State and has no presence in this State other than its

1 business as a re-renter, conducted remotely, shall determine
2 on a quarterly basis, ending on the last day of March, June,
3 September, and December, whether he or she meets the threshold
4 of either paragraph (1) or (2) of this subsection (b-5) for the
5 preceding 12-month period. If such re-renter of hotel rooms
6 meets the threshold of either paragraph (1) or (2) for a
7 12-month period, he or she is subject to tax under this Act and
8 is required to remit the tax imposed under this Act and file
9 returns for the 12-month period beginning on the first day of
10 the next month after he or she determines that he or she meets
11 the threshold of paragraph (1) or (2). At the end of that
12 12-month period, such re-renter of hotel rooms shall determine
13 whether he or she continued to meet the threshold of either
14 paragraph (1) or (2) during the preceding 12-month period. If
15 he or she met the threshold in either paragraph (1) or (2) for
16 the preceding 12-month period, he or she is a hotel operator in
17 this State and is required to remit the tax imposed under this
18 Act and file returns for the subsequent 12-month period. If,
19 at the end of a 12-month period during which such re-renter is
20 required to remit the tax imposed under this Act, the
21 re-renter determines that he or she did not meet the threshold
22 in either paragraph (1) or (2) during the preceding 12-month
23 period, he or she shall subsequently determine on a quarterly
24 basis, ending on the last day of March, June, September, and
25 December, whether he or she meets the threshold of either
26 paragraph (1) or (2) for the preceding 12-month period.

1 (b-10) Notwithstanding any other provision of law,
2 beginning on January 2026, the tax under this Act is also
3 imposed on short-term rentals. The tax shall be paid by the
4 short-term rental unit provider, unless the short-term rental
5 is secured through a short-term rental marketplace that meets
6 the threshold set forth in this subsection. If the short-term
7 rental is secured through a short-term rental marketplace that
8 meets the threshold set forth in this subsection, then the
9 short-term rental marketplace shall collect and remit the tax
10 under this Act. The short-term rental marketplace shall
11 collect and remit the tax under this Act if:

12 (1) the cumulative gross receipts from rentals in
13 Illinois by the short-term rental marketplace is \$100,000
14 or more; or

15 (2) the short-term rental marketplace cumulatively
16 enters into 200 or more separate transactions for
17 short-term rentals in Illinois.

18 (c) No funds received pursuant to this Act shall be used to
19 advertise for or otherwise promote new competition in the
20 hotel business.

21 (d) However, such tax is not imposed upon the privilege of
22 engaging in any business in Interstate Commerce or otherwise,
23 which business may not, under the Constitution and Statutes of
24 the United States, be made the subject of taxation by this
25 State. In addition, the tax is not imposed upon gross rental
26 receipts for which the hotel operator is prohibited from

1 obtaining reimbursement for the tax from the customer by
2 reason of a federal treaty.

3 (d-5) On and after July 1, 2017, the tax imposed by this
4 Act shall not apply to gross rental receipts received by an
5 entity that is organized and operated exclusively for
6 religious purposes and possesses an active Exemption
7 Identification Number issued by the Department pursuant to the
8 Retailers' Occupation Tax Act when acting as a hotel operator
9 renting, leasing, or letting rooms:

10 (1) in furtherance of the purposes for which it is
11 organized; or

12 (2) to entities that (i) are organized and operated
13 exclusively for religious purposes, (ii) possess an active
14 Exemption Identification Number issued by the Department
15 pursuant to the Retailers' Occupation Tax Act, and (iii)
16 rent the rooms in furtherance of the purposes for which
17 they are organized.

18 No gross rental receipts are exempt under paragraph (2) of
19 this subsection (d-5) unless the hotel operator obtains the
20 active Exemption Identification Number from the exclusively
21 religious entity to whom it is renting and maintains that
22 number in its books and records. Gross rental receipts from
23 all rentals other than those described in items (1) or (2) of
24 this subsection (d-5) are subject to the tax imposed by this
25 Act unless otherwise exempt under this Act.

26 This subsection (d-5) is exempt from the sunset provisions

1 of Section 3-5 of this Act.

2 (d-10) On and after July 1, 2023, the tax imposed by this
3 Act shall not apply to gross rental receipts received from the
4 renting, leasing, or letting of rooms to an entity that is
5 organized and operated exclusively by an organization
6 chartered by the United States Congress for the purpose of
7 providing disaster relief and that possesses an active
8 Exemption Identification Number issued by the Department
9 pursuant to the Retailers' Occupation Tax Act if the renting,
10 leasing, or letting of the rooms is in furtherance of the
11 purposes for which the exempt organization is organized. This
12 subsection (d-10) is exempt from the sunset provisions of
13 Section 3-5 of this Act.

14 (e) Persons subject to the tax imposed by this Act may
15 reimburse themselves for their tax liability under this Act by
16 separately stating such tax as an additional charge, which
17 charge may be stated in combination, in a single amount, with
18 any tax imposed pursuant to Sections 8-3-13 and 8-3-14 of the
19 Illinois Municipal Code, and Section 25.05-10 of "An Act to
20 revise the law in relation to counties".

21 (f) If any hotel operator collects an amount (however
22 designated) which purports to reimburse such operator for
23 hotel operators' occupation tax liability measured by receipts
24 which are not subject to hotel operators' occupation tax, or
25 if any hotel operator, in collecting an amount (however
26 designated) which purports to reimburse such operator for

1 hotel operators' occupation tax liability measured by receipts
2 which are subject to tax under this Act, collects more from the
3 guest or re-renter than the operators' hotel operators'
4 occupation tax liability in the transaction is, the guest or
5 re-renter, as applicable, shall have a legal right to claim a
6 refund of such amount from such operator. However, if such
7 amount is not refunded to the guest or re-renter, as
8 applicable, for any reason, the hotel operator is liable to
9 pay such amount to the Department.

10 (Source: P.A. 103-9, eff. 6-7-23; 103-592, eff. 7-1-24.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.