

# SB2553



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2553

Introduced 3/23/2023, by Sen. Michael W. Halpin

### SYNOPSIS AS INTRODUCED:

35 ILCS 145/3  
35 ILCS 145/9

from Ch. 120, par. 481b.33  
from Ch. 120, par. 481b.39

Amends the Hotel Operators' Occupation Tax Act. Creates an exemption for gross rental receipts received by a hotel operator when renting, leasing, or letting rooms to an entity that (i) is organized and operated exclusively for charitable, religious, or educational purposes, (ii) possess an active Exemption Identification Number issued by the Department of Revenue pursuant to the Retailers' Occupation Tax Act, and (iii) rents the room in furtherance of the purposes for which the charitable, religious, or educational entity is organized. Effective immediately.

LRB103 31572 HLH 59731 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 3 and 9 as follows:

6 (35 ILCS 145/3) (from Ch. 120, par. 481b.33)

7 Sec. 3. Rate; exemptions.

8 (a) A tax is imposed upon persons engaged in the business  
9 of renting, leasing or letting rooms in a hotel at the rate of  
10 5% of 94% of the gross rental receipts from such renting,  
11 leasing or letting, excluding, however, from gross rental  
12 receipts, the proceeds of such renting, leasing or letting to  
13 permanent residents of that hotel and proceeds from the tax  
14 imposed under subsection (c) of Section 13 of the Metropolitan  
15 Pier and Exposition Authority Act.

16 (b) There shall be imposed an additional tax upon persons  
17 engaged in the business of renting, leasing or letting rooms  
18 in a hotel at the rate of 1% of 94% of the gross rental  
19 receipts from such renting, leasing or letting, excluding,  
20 however, from gross rental receipts, the proceeds of such  
21 renting, leasing or letting to permanent residents of that  
22 hotel and proceeds from the tax imposed under subsection (c)  
23 of Section 13 of the Metropolitan Pier and Exposition

1 Authority Act.

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

5 (d) However, such tax is not imposed upon the privilege of  
6 engaging in any business in Interstate Commerce or otherwise,  
7 which business may not, under the Constitution and Statutes of  
8 the United States, be made the subject of taxation by this  
9 State. In addition, the tax is not imposed upon gross rental  
10 receipts for which the hotel operator is prohibited from  
11 obtaining reimbursement for the tax from the customer by  
12 reason of a federal treaty.

13 (d-5) On and after July 1, 2017 and before January 1, 2024,  
14 the tax imposed by this Act shall not apply to gross rental  
15 receipts received by an entity that is organized and operated  
16 exclusively for religious purposes and possesses an active  
17 Exemption Identification Number issued by the Department  
18 pursuant to the Retailers' Occupation Tax Act when acting as a  
19 hotel operator renting, leasing, or letting rooms:

20 (1) in furtherance of the purposes for which it is  
21 organized; or

22 (2) to entities that (i) are organized and operated  
23 exclusively for religious purposes, (ii) possess an active  
24 Exemption Identification Number issued by the Department  
25 pursuant to the Retailers' Occupation Tax Act, and (iii)  
26 rent the rooms in furtherance of the purposes for which

1           they are organized.

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

10           On and after January 1, 2024, the tax imposed by this Act  
11 shall not apply to gross rental receipts received by an entity  
12 that is organized and operated exclusively for religious  
13 purposes and possesses an active Exemption Identification  
14 Number issued by the Department pursuant to the Retailers'  
15 Occupation Tax Act when the religious entity is acting as a  
16 hotel operator and is renting, leasing, or letting rooms in  
17 furtherance of the purposes for which the religious entity is  
18 organized.

19           This subsection (d-5) is exempt from the sunset provisions  
20 of Section 3-5 of this Act.

21           (d-10) On and after January 1, 2024, the tax imposed by  
22 this Act shall not apply to gross rental receipts received by a  
23 hotel operator when renting, leasing, or letting rooms to an  
24 entity that (i) is organized and operated exclusively for  
25 charitable, religious, or educational purposes, (ii) possess  
26 an active Exemption Identification Number issued by the

1 Department pursuant to the Retailers' Occupation Tax Act, and  
2 (iii) rents the room in furtherance of the purposes for which  
3 the charitable, religious, or educational entity is organized.  
4 The gross rental receipts are not exempt under this subsection  
5 (d-10) unless the hotel operator obtains the active Exemption  
6 Identification Number from the charitable, religious, or  
7 educational entity to which it is renting the room and  
8 maintains that number in its books and records. This  
9 subsection (d-10) is exempt from the sunset provisions of  
10 Section 3-5 of this Act.

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

18 (f) If any hotel operator collects an amount (however  
19 designated) which purports to reimburse such operator for  
20 hotel operators' occupation tax liability measured by receipts  
21 which are not subject to hotel operators' occupation tax, or  
22 if any hotel operator, in collecting an amount (however  
23 designated) which purports to reimburse such operator for  
24 hotel operators' occupation tax liability measured by receipts  
25 which are subject to tax under this Act, collects more from the  
26 customer than the operators' hotel operators' occupation tax

1 liability in the transaction is, the customer shall have a  
2 legal right to claim a refund of such amount from such  
3 operator. However, if such amount is not refunded to the  
4 customer for any reason, the hotel operator is liable to pay  
5 such amount to the Department.

6 (Source: P.A. 100-213, eff. 8-18-17.)

7 (35 ILCS 145/9) (from Ch. 120, par. 481b.39)

8 Sec. 9. Applicability. Persons engaged in the business of  
9 renting, leasing or letting rooms in a hotel only to permanent  
10 residents are exempt from the provisions of this Act. In  
11 addition, persons engaged in the business of renting, leasing,  
12 or letting rooms in a hotel whose only rentals are as described  
13 in subsections (d-5) and (d-10) ~~items (1) and (2) of~~  
14 ~~subsection (d-5)~~ of Section 3 of this Act are exempt from the  
15 provisions of this Act.

16 (Source: P.A. 100-213, eff. 8-18-17.)

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.