



**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: 6b

Title:

**Seeking a Recommendation to Approve An Ordinance Amending Chapter 3.32, “Hotel Operators Occupation Tax, Section 3.32.075 “Proceeds” of the St Charles Municipal Code**

Presenter:

Chris Minick, Finance Director

Meeting: Government Operations Committee

Date: January 19, 2021

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted:

**Executive Summary** *(if not budgeted please explain):*

Consistent with City Council direction from a recent budget retreat, attached is an ordinance to amend the distribution of proceeds of the City’s Hotel/Motel Revenues.

Currently, the City Code calls for the proceeds of the Hotel/Motel Tax revenue stream to be disbursed to certain organizations in specific dollar amounts to each listed organization. The Code further provides that any amount of hotel/motel tax revenue remaining after those distributions have been made will be retained by the City and utilized for any lawful purpose.

At the retreat, the Council indicated a desire to have the ability to determine annually the amount to be distributed to local civic organizations. The amended code section allows for this determination to be made annually. At the same time, the proposed amendment maintains the requirement that the City concentrate funding to civic organizations that promote tourism or culture, history, entertainment, or the arts in the City. After the level of outside civic funding has been determined, the remaining revenues from the Hotel/Motel Tax are available for expenditure on any lawful City purpose.

Essentially, this amendment as proposed allows the City Council the maximum amount of flexibility in structuring the City Budget on an annual basis as well as determining the level of funding support that the City would like to provide to outside organizations on an annual basis.

**Attachments** *(please list):*

- Current Code Language for Section 3.32.075
- Redline of proposed changes to Section 3.32.075
- Proposed “clean” language for section 3.32.075 if proposed ordinance is approved
- Ordinance Amending Section 3.32.075

**Recommendation/Suggested Action** *(briefly explain):*

*Seeking a Recommendation to Approve An Ordinance Amending Chapter 3.32, “Hotel Operators Occupation Tax, Section 3.32.075 “Proceeds” of the St Charles Municipal Code*

**Current Language for Distribution of Hotel/Motel Tax Proceeds:**

3.32.075 Proceeds

All proceeds resulting from the imposition of the tax under this chapter, including interest and fines, shall be paid to the treasury of the City of St. Charles and shall be credited to and deposited in the general fund of the City. These funds shall be distributed as follows:

- A. \$526,500 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles Convention and Visitors Bureau.
- B. \$27,000 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the Pride of the Fox Festival Committee.
- C. \$80,460 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles Cultural Commission.
- D. \$31,500 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles History Center.
- E. The balance of the receipts for Municipal Hotel Operator's Tax shall be deposited in the general fund of the City.

The allocations identified above shall be effective annually for each fiscal year beginning May 1, 2015.

**Redline of Proposed Changes to Section 3.32.075:**

All proceeds resulting from the imposition of the tax under this chapter, including interest and fines, shall be paid to the treasury of the City of St. Charles and shall be credited to and deposited in the General Fund of the City. ~~These funds shall be distributed as follows:~~

~~\$526,500 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles Convention and Visitors Bureau.~~

- ~~A. \$27,000 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the Pride of the Fox Festival Committee.~~
- ~~B. \$80,460 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles Cultural Commission.~~
- ~~C. \$31,500 of the total receipts for Municipal Hotel Operator's Occupation Tax shall be distributed to the St. Charles History Center.~~
- ~~D. The balance of the receipts for Municipal Hotel Operator's Tax shall be deposited in the general fund of the City.~~

~~Prior to May 1<sup>st</sup> of each year, the City Council shall determine how the proceeds of the tax shall be utilized for the upcoming fiscal year. Amounts may be distributed to outside organizations in furtherance of the purposes listed below. Should the Council desire to distribute the proceeds to outside organizations, the Council shall distribute the proceeds for the following purposes:~~

- ~~1. Encouragement, advancement, and promotion of tourism and support of activities, programs, organizations, or events that encourage persons to visit the City of St. Charles;~~
- ~~2. Encouragement, advancement, promotion, and support of activities, programs, organizations, or events that support and promote culture, history, entertainment, and the arts in the City of St. Charles.~~

~~After determining the amount of the proceeds to be distributed for the purposes referenced in paragraph (1.) and (2.) above, the remaining proceeds shall be retained in the General Fund of the City and expended for any lawful purpose.~~

~~The allocations identified above shall be effective annually for each fiscal year beginning May 1, 2015.~~

**Proposed Language for Section 3.32.075 Proceeds:**

3.32.075 Proceeds

All proceeds resulting from the imposition of the tax under this chapter, including interest and fines, shall be paid to the treasury of the City of St. Charles and shall be credited to and deposited in the general fund of the City.

Prior to May 1<sup>st</sup> of each year, the City Council shall determine how the proceeds of the tax shall be utilized for the upcoming fiscal year. Amounts may be distributed to outside organizations in furtherance of the purposes listed below. Should the Council desire to distribute the proceeds to outside organizations, the Council shall distribute the proceeds for the following purposes:

1. Encouragement, advancement, and promotion of tourism and support of activities, programs, organizations, or events that encourage persons to visit the City of St. Charles;
2. Encouragement, advancement, promotion, and support of activities, programs, organizations, or events that support and promote culture, history, entertainment, and the arts in the City of St. Charles.

After determining the amount of the proceeds to be distributed for the purposes referenced in paragraph (1.) and (2.) above, the remaining proceeds shall be retained in the General Fund of the City and expended for any lawful purpose.

**City of St. Charles, Illinois**  
**Ordinance No. 2021-M-\_\_**

**An Ordinance Amending Title 3, “Revenue and Finance”, Chapter 3.32  
“Hotel Operators Occupation Tax”, Section 3.32.075 “Proceeds” of the  
St. Charles Municipal Code**

**WHEREAS**, the City of St Charles (“City”) has a population of more than 25,000 and is therefore a “Home Rule Unit” under the 1970 Illinois Constitution; and

**WHEREAS**, the Illinois Constitution of 1970 provides that a Home Rule Unit may exercise any power and perform any function pertaining to its government and affairs, including but not limited to the power to regulate for the protection of the public health, safety, morals and welfare; to license, to tax; and to incur debt; and

**WHEREAS**, the City has in full force and effect a codified set of those ordinances of the City which are of a general and permanent nature, which said codified set is known and designated as the Municipal Code of the City of St Charles, as amended; and

**WHEREAS**, 65 ILCS 5/8-3-14 authorizes the City to impose a Municipal Hotel Operators Occupation Tax, which the City has enacted as Chapter 3.32 of the City’s Municipal Code; and

**WHEREAS**, the City, as a Home Rule Unit, may utilize the proceeds of the Hotel Operators Occupation Tax for any lawful purpose; and

**WHEREAS**, the City Council finds it necessary and proper to amend said Code as follows, which this Board finds is in the best interests of the City of St Charles.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ST. CHARLES, KANE AND DUPAGE COUNTIES, ILLINOIS AS FOLLOWS:

Section 1. That Title 3, “Revenue and Finance”, Chapter 3.32 “Hotel Operators Occupation Tax”, of the St. Charles Municipal Code be and is hereby amended to Section 3.32.075 “Proceeds” be amended with the following language:

All proceeds resulting from the imposition of the tax under this chapter, including interest and fines, shall be paid to the treasury of the City of St. Charles and shall be credited to and deposited in the General Fund of the City. Prior to May 1<sup>st</sup> of each year, the City Council shall determine how the proceeds of the tax shall be utilized for the upcoming fiscal year. Amounts may be distributed to outside organizations in furtherance of the purposes listed below. Should the Council desire to distribute the proceeds to outside organizations, the Council shall distribute the proceeds for the following purposes:

1. Encouragement , advancement, and promotion of tourism and support of activities, programs, organizations, or events that encourage persons to visit the City of St. Charles;
2. Encouragement, advancement, promotion, and support of activities, programs, organizations, or events that support and promote culture, history, entertainment, and the arts in the City of St. Charles.

After determining the amount of the proceeds to be distributed for the purposes referenced in paragraph (1.) and (2.) above, the remaining proceeds shall be retained in the General Fund of the City and expended for any lawful purpose.

Section 2. That after the adoption and approval hereof, this Ordinance shall (i) be printed or published in book or pamphlet form, published by the authority of the City Council of the City of St. Charles.

Section 3. That this Ordinance shall be in full force and effect as of September 1, 2018, approval and publication as provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois this \_\_\_\_ day of \_\_\_\_\_, 2021.

PASSED by the City Council of the City of St. Charles, Illinois the \_\_\_\_ day of \_\_\_\_\_, 2021.

APPROVED by the Mayor of the City of St. Charles, Illinois this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Mayor Raymond P. Rogina

ATTEST:

\_\_\_\_\_  
City Clerk

COUNCIL VOTE:

Ayes:

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Nays:

Abstain:

Absent:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

DATE: \_\_\_\_\_