

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: IIA3

Title:

Motion Approve an Ordinance Amending the Hotel Operators Occupation Tax Rate to 6% for the City of St. Charles.

Presenter:

Chris Minick, Finance Director

Meeting: City Council

Date: August 6, 2018

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

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

Consistent with recent Committee direction, attached is an ordinance to amend the City's tax rate on the renting or leasing of hotel rooms in the City of St Charles (the Hotel Tax). The attached ordinance for consideration increases the amount of the tax to 6% of 94% of gross revenues. Currently the Hotel Tax is applied at a rate of 5% of 94% of gross revenues.

Proceeds from the Hotel Tax are credited to the General Fund and these proceeds finance the activities of several civic organizations and committees such as the Greater St Charles Convention and Visitors Bureau, the Pride of The Fox Committee, The History Center, and the Visitors Cultural Commission. Any amounts remaining after funding the activities of these groups are utilized for general governmental operations, capital, and debt expenditures of the City. Currently the proceeds from the Hotel Tax approximate \$1.9 million annually. It is anticipated that the increase would provide approximately \$380,000 in additional revenue annually. The impact to the Fiscal Year 2018-2019 budget is anticipated to total \$253,000 if the tax is effective September 1, 2018, as provided in the draft ordinance.

Additionally, staff will present a summary of area communities' Hotel/Motel Tax Rates for comparison.

This item was presented at the July 16, 2018 Government Operations Committee meeting where it passed with a vote of 7 – 2.

Attachments *(please list):*

Proposed Ordinance

ICCVB Municipal Hotel/Motel Tax Rates – March/April 2018

Recommendation/Suggested Action *(briefly explain):*

Motion Approve an Ordinance Amending the Hotel Operators Occupation Tax Rate to 6% for the City of St. Charles.

City of St Charles
Food and Beverage and Hotel Tax Rates
July 16, 2018

Municipality	Beverage Tax Rate		Prepared Food Tax Rate	Hotel Tax Rate
	Package Goods	Immediate Consumption		
Addison	0%	0%	0%	5%
Arlington Heights	1.25%	1.25%	1.25%	0%
Aurora	2.75%	1.75%	1.75%	3%
Barrington	0%	0%	0%	0%
Bartlett	0%	0%	0%	0%
Batavia	2%	2%	0%	3%
Bloomington	0%	0%	0%	5%
Buffalo Grove	1%	1%	1%	6%
Carol Stream	0%	0%	0%	5%
Downers Grove	1%	1%	1%	4.50%
Elgin	3%	3%	0%	8%
Elk Grove Village	1%	1%	1%	6%
Elmhurst	1%	1%	1%	4%
Geneva	0%	0%	0%	5%
Glen Ellyn	0%	0%	0%	5%
Hanover Park	3%	3%	3%	3%
Hoffman Estates	5%	2%	2%	6%
Itasca	0%	1%	1%	5%
Lisle	0%	0%	0%	5%
Lombard	0%	0%	0%	5%
Naperville	0%	*	*	5.50%
North Aurora	0%	0%	0%	3%
Oak Brook	0%	0%	0%	3%
Oakbrook Terrace	0%	0%	0%	6%
Oswego	0%	1%	1%	3%
Palatine	1%	1%	1%	5%
Plainfield	0%	0%	0%	5%
Rolling Meadows	2%	2%	2%	8%
Rosemont	0%	1%	1%	7%
Schaumburg	2%	2%	2%	8%
South Elgin	0%	0%	0%	3%
Warrenville	0%	0%	0%	5%
West Dundee	1%	1%	1%	0%
Wheaton	0%	0%	0%	5%
St Charles	2%	2%	0%	5%

** Naperville's Food and Beverage Tax = 1.75% Downtown and 1% elsewhere within the City limits

Community has a different rate for alcohol sold for immediate consumption as compared to package sales
Community has alcoholic beverage tax only, no prepared food tax

City of St. Charles, Illinois
Ordinance No. 2018-M-__

**An Ordinance Amending Title 3, “Revenue and Finance”, Chapter 3.32
“Hotel Operators Occupation Tax”, Section 3.32.020 Subsection A
“Rate Exemption” 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, 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 3.32.020 Subsection A. “Rate Exemption” be amended with the following language:

3.32.020 Rate Exemption.

- A. A tax is imposed upon persons engaged in the city in the business of renting, leasing, or letting rooms in a hotel at the rate of six (6) percent of ninety-four (94) percent of the gross rental receipts from such renting, leasing, or letting; excluding, however, from gross rental receipts, the proceeds of such renting, leasing, or letting to permanent residents of that hotel.

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 6th day of August, 2018.

PASSED by the City Council of the City of St. Charles, Illinois the 6th day of August, 2018.

APPROVED by the Mayor of the City of St. Charles, Illinois this 6th day of August, 2018.

Mayor Raymond P. Rogina

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Abstain:

Absent:

APPROVED AS TO FORM:

City Attorney

DATE:_____