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September 29, 2015

ESTABLISHED 1911

D. LOGAN GIFFIN
(1890-1980)

MONTGOMERY S. WINNING
(1892-1966)

C. TERRY LINDNER
(1903-1987)

ALFRED F. NEWKIRK
(1904-1980)

JAMES M. WINNING
(1921-2013)

Mr. Michael McCreery
United Counties Council of Illinois
217 East Monroe Street, Suite 101
Springfield, IL 62701

Re: Hotel/Motel tax Collection and Use of Funds

Dear Mike:

Issue

What authority does the county board have in imposing a hotel/motel tax and how can such funds be used?

Analysis

The authorities of the county may impose a tax on hotels and motels by ordinance so long as the hotel or motel is “not located within a city, village, or incorporated town that imposes a tax under Section 8-3-14 of the Illinois Municipal Code.”¹ The tax rate must not “exceed 5% 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, and may provide for the collection thereof from the persons subject to the tax, as the corporate authorities determine to be necessary or practicable for the effective administration of the tax.”² Any tax amount collected by the county for such hotel/motel tax must be spent on activities that promote tourism or “otherwise attract non-resident overnight visitors to the county.”³

Conclusion

The county board may impose a Hotel/Motel Tax by ordinance, but such tax cannot exceed 5% of the gross rental receipts from such renting, leasing or letting. Further, the proceeds collected from

¹ 55 ILCS 5/5-1030(a)

² *Id.*

³ 55 ILCS 5/5-1030(d)


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such tax can only be used to promote tourism, conventions, expositions, theatricals, sports, and cultural activities, or other activities promoting the overnight stay of non-residents. Therefore, the county has discretion in setting the tax amount, so long as it does not exceed the 5% of gross rental receipts stated above, and such funds can be used on any activities that promote tourism or the attraction of non-residents to the county.

Sincerely,

GIFFIN, WINNING, COHEN & BODEWES, P.C.


Herman G. Bodewes


Abby L. Allgire

HGB/ALA:pa

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Disclaimer: This opinion was prepared by Giffin, Winning, Cohen & Bodewes, P.C. at the request of UCCI and is to be used solely by UCCI and its members. The State's Attorney is the attorney for the County. Legal advice, if requested, should be sought from the State's Attorney.