

ORDINANCE NO. 2023-11-043

**AN ORDINANCE IMPOSING A TAX UPON THE USE AND PRIVILEGE OF
RENTING A BOUTIQUE HOTEL ROOM**

WHEREAS, The City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs not otherwise expressly reserved to the State of Illinois by legislation, including imposing a use tax on the privilege of renting a boutique hotel room or similar lodging accommodations for a period of not more than thirty (30) consecutive days; and

WHEREAS, the City has entered into a development agreement with Icon Hospitality, LLC, which requires that a redevelopment incentive be repaid through revenues generated by the project.;

WHEREAS, establishing a boutique hotel tax, separate and distinct from the general hotel tax provides the means to generate a portion of the revenues necessary for repayment of the redevelopment incentive, and;

WHEREAS, Icon Hospitality expects to open the hotel to guests no later than the deadline of February 29, 2024.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Illinois, as follows:

Section 1. That Chapter 22, entitled “Taxation,” of the Code of Ordinances of the City of Urbana, Illinois, be and the same is hereby amended by reserving sections 22-161 through 22-169 in Article IX, entitled “Locally Imposed and Administered Tax Rights and Responsibility,” to read as follows:

Sec 22-161 – 22-169. - Reserved.

Section 2. That Chapter 22, entitled “Taxation,” of the Code of Ordinances of the City of Urbana, Illinois, be and the same is hereby amended by adding to that chapter a new article to be numbered Article X, entitled “Boutique Hotel Use Tax,” to read as follows:

Sec. 22-170. Definitions

For the purpose of this article, whenever any of the following words, terms or definitions are used herein, they shall have the meaning ascribed to them in this section.

“Boutique hotel” is defined as a stylish hotel, typically situated in a fashionable urban location. Boutique hotels often have a variety of unique room layouts or distinctive concepts. Boutique hotels have a distinct character such as historic or themed which is emphasized with intentional design throughout the property. Service in a boutique hotel is personalized and may include innovative amenities.

Section. 22-171. Tax

- (a) There is hereby levied and imposed upon the use and privilege of renting a boutique hotel room within the City of Urbana a tax of four percent (4%) of the rental or leasing charge for each such hotel room rented for each twenty-four (24) hour period or any portion thereof provided, however, that the tax shall not be levied and imposed upon any person to rent a boutique hotel room for more than thirty (30) consecutive days who works or lives in the same hotel.
- (b) The ultimate incident of and liability for payment of said tax shall be borne by the person who seeks the privilege of occupying any such boutique hotel room, said person hereinafter referred to as “renter”.
- (c) The tax herein levied shall be paid in addition to any and all other taxes and charges. It shall be the duty of the operator or facilitator of every boutique hotel to act as trustee for and on account of the City, and to secure said tax from the renter of the boutique hotel room and pay over to the city collector said tax under procedures prescribed by the city finance director or as otherwise provided in this article.
- (d) Every person required to collect the tax levied by this article shall secure said tax from the renter at the time he/she collects the rental payment for the boutique hotel room. Upon the invoice receipt or other statement or memorandum of the rent given to the renter at the time of payment, the amount due under the tax provided in this article shall be stated separately on said documents.

Sec. 22-172. Books and Records

The city finance director, or any person certified as his/her/their deputy or representative, may enter the premises of any boutique hotel for inspection and examination of books and records in order to effectuate the proper administration of this article and to assure the enforcement of the collection of the tax imposed. It shall be unlawful for any person to prevent, hinder, or interfere

with the city finance director or his/her/their duly authorized deputy or representative in the discharge of his/her/their duties and the performance of this article. It shall be the duty of every owner to keep accurate and complete books and records to which the city finance director or his/her/their deputy or authorized representative, shall at all times have access, which records shall include a daily sheet showing:

- (1) the number of boutique hotel rooms rented during the 24-hour period, including multiple rentals of the same hotel rooms where such shall occur, and
- (2) the actual boutique hotel tax receipts collected for the date in question.

Sec. 22-173. Transmittal of tax revenue.

- (a) The owner or operators of each boutique hotel room within the city shall file tax returns showing tax receipts received with respect to each boutique hotel room during each month period commencing on December 1, 2023, and continuing on the first day every month thereafter on forms prescribed by the city finance director. The return shall be due on or before the 15th day of the calendar month succeeding the end of the month filing period. A separate return shall be filed for each place of business within the City regardless of ownership.
- (b) The first taxing period for the purpose of this article shall commence on December 1, 2023, and the tax return and payment for such period shall be due on or before January 15, 2024. Thereafter reporting periods and tax payments shall be in accordance with the provisions of this article. At the time of filing said tax returns, the owner shall pay to the City all taxes due for the period to which the tax return applies.
- (c) If for any reason any tax pursuant to this Article is not paid when due, a penalty at the rate of one percent (1%) of the tax due per thirty (30) day period, or portion thereof, from the day of delinquency shall be added and collected.

Sec. 22-174. Collection.

Whenever any person shall fail to pay any tax as herein provided, the city finance director shall bring or cause to be brought an action to enforce the payment of said tax on behalf of the City in any Court of competent jurisdiction.

Sec. 22-175. Proceeds of tax and fines.

All proceeds resulting from the imposition of the tax under this article, including penalties, shall be paid into the treasury of the City and shall be credited to and deposited to the corporate fund of the city.

Section 2.

This Ordinance shall become effective on December 1, 2023.

Section 3.

Those sections, paragraphs, and provisions of the Urbana city Code that are not expressly amended or repealed by this Ordinance are hereby re-enacted and it is expressly declared to be the intention of this Ordinance not to repeal or amend any portions of the Urbana city Code other than those expressly set forth as amended or repealed in this Ordinance. The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 4.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 5.

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

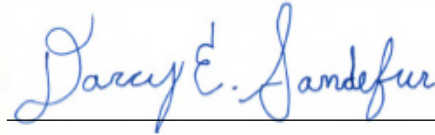
This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

PASSED BY THE CITY COUNCIL this 27th day of November, 2023.

AYES: Wu, Evans, Hursey, Kolisetty, Bishop, Wilken, Quisenberry

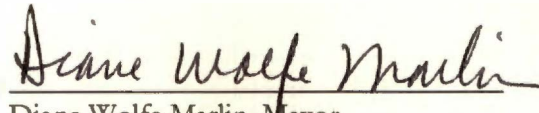
NAYS: None

ABSTENTIONS: None



Darcy E. Sandefur, City Clerk

APPROVED BY THE MAYOR this this 13th day of December, 2023.



Diane Wolfe Marlin, Mayor



CERTIFICATE OF PUBLICATION IN PAMPHLET FORM



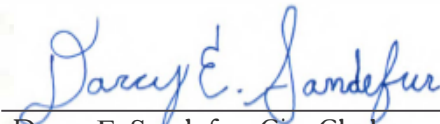
I, Darcy E. Sandefur, certify that I am the duly elected and acting Municipal Clerk of the City of Urbana, Champaign County, Illinois. I certify that on the 27th day of November 2023 the City Council of the City of Urbana passed and approved Ordinance No. 2023-11-043 entitled:

AN ORDINANCE IMPOSING A TAX UPON THE USE AND PRIVILEGE OF RENTING A BOUTIQUE HOTEL ROOM

which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 2023-11-043 was prepared, and a copy of such Ordinance was posted in the Urbana City Building commencing on the 13th day of December, 2023, and continuing for at least ten (10) days thereafter. Copies of such Ordinance were also available for public inspection upon request at the Office of the City Clerk.

Dated at Urbana, Illinois, this 13th day of December, 2023.



Darcy E. Sandefur, City Clerk

