

HOTEL OCCUPANCY TAX

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HOTEL OCCUPANCY TAX

- Section 44-191 of the Code of Ordinances
- Enacted in December 1987
- Imposes a City tax at a rate of 3% of a hotel room rental charge
 - Has not changed since 1987
- Collected from person renting room – pass through to hotelier
- Proceeds remitted to City on a monthly basis

- Does not apply to rooms in dormitories operated by religious institutions, schools or universities – including staff housing

HOTEL OCCUPANCY TAX

- City's rate is at lower end of area communities
 - Rates of 5% - 6% more common
 - City generates approximately \$550,000 to \$585,000 annually at 3% rate
- Revenue inures to the benefit of the General Fund
- Payment made in support of Aurora Area Convention and Visitor's Bureau activities
 - \$225,000 annually
- Remainder available for City operations

HOTEL OCCUPANCY TAX- REVENUE HISTORY 2018 - 2024

<u>Year</u>	<u>Annual Revenue</u>
2024	\$ 573,031.58
2023	\$ 573,472.32
2022	\$ 584,573.68
2021	\$ 448,311.33
2020	\$ 295,764.28
2019	\$ 498,123.41
2018	<u>\$ 542,635.86</u>
Seven Year Average	\$ 502,273.21
Average excluding 2020 and 2021	\$ 554,367.37
Hotel Motel Tax Rate = 3%	

HOTEL OCCUPANCY TAX- COMPARISON WITH AREA COMMUNITIES

<u>Hotel Tax Rates</u>	<u>Home Rule</u>	<u>Rate</u>
Joliet	Y	10%
Schaumburg	Y	8%
DeKalb	Y	7.50%
Rosemont	Y	7%
St. Charles	Y	6%
Oak Brook Terrace	Y	6%
Aurora - Proposed	Y	6%
Hoffman Estates	Y	6%
Naperville	Y	5.50%
Geneva	N	5%
Plainfield	Y	5%
Warrenville	Y	5%
Lombard	N	5%
Sycamore	Y	5%
Rockford	N	5%
Lisle	N	5%
Downers Grove	Y	4.50%
Aurora - Current	Y	3%
Batavia	Y	3%
North Aurora	N	3%
Oswego	Y	3%
Oak Brook	N	3%

HOTEL OCCUPANCY TAX

Proposal:

- Increase Rate from 3% to 6%
 - Incorporate a flat \$10 tax amount for “comped” rooms
 - Effective January 1, 2026
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- Provide additional revenue annually
 - Currently 635 hotel rooms in Aurora inventory
 - Casino hotel will add approximately 220 rooms

POTENTIAL ADDITIONAL REVENUE GENERATION

- Existing hotel room inventory could generate \$ 568,000
- New rooms at Casino could generate \$ 560,000
- Total Potential New Revenue \$1,128,000

HOTEL OCCUPANCY TAX

Benefits:

- Discretionary
- Not typically “shopped” – hotels are typically selected based on location
- Tax applies to and is paid mainly by non-residents
- Provides additional revenues to offset costs

Questions??