



Agenda Item Summary

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Reviewed By

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Agenda Item Title

First Reading of an Ordinance Amending Chapter 23A (“Taxes”), Article 4 (“Hotel/Motel Tax”) of the Oak Park Village Code to Include Transient Occupancy Rental Units

Overview

With the rise of private residential Transient Occupancy Rental Units, within the Village of Oak Park, significant competition with commercial Hotel/Motel establishments has developed. Recognizing that Transient Occupancy Rental Units function in the same capacity as traditional Hotel/Motel Units staff is recommending that these units be subject to the 4% user tax as defined by Chapter 23A “Taxes” Article 4 “Hotel/Motel Tax”.

Staff Recommendation

Approve recommended revisions to Chapter 23A “Taxes” Article 4 “Hotel/Motel Tax” .

Fiscal Impact

For every 100 Transient Occupancy Rental Units identified, staff estimates that the Village could realize a \$40,000 increase in Hotel/Motel taxes annually. By ordinance these funds are to only be used for “the purpose of promoting tourism, meetings, conventions or other events within the Village or otherwise attracting nonresidents to visit the Village”.

Background

Oak Park’s proximity to the City of Chicago and our many cultural attractions make Oak Park a natural location for the establishment of Transient Occupancy Rental Units. In addition to cultural attractions and our natural geography Oak Park’s housing stock consisting of single and multi-family units contributes to this new reality. Staff estimates that over 100 Transient Occupancy Rental Units are currently offered in Oak Park. These “Units” consist of single rooms being offered in a residential home that is owner occupied, to non owner occupied apartments and homes.

With the number of Transient Occupancy Rental Units offered in Oak Park growing, and a recognition that these types of transactions have become accepted and embraced by the general consumer base, staff believes that these units merit the imposition of our 4% Hotel/Motel Tax. Staff is working closely with host organizations such as AirBnB to arrange for the collection of imposed taxes on behalf of the Village.

Alternatives

The Village Board could choose to not approve the Amendments to Chapter 23A “Taxes” Article 4 “Hotel/Motel.

Previous Board Action

NA.

Citizen Advisory Commission Action

The Business Association Council reviewed staff’s recommendations at their September 23, October 28, 2015 meetings and again on August 24, 2016 with no objections being put forward.

Anticipated Future Actions/Commitments

2nd Reading of Ordinance Amending Chapter 23A “Taxes” Article 4 “Hotel/Motel Tax” of the Village Code to include a User Tax for Transient Occupancy Rental Units.

Board Approval of Contractual Agreements with Hosting Agents for the collection of Hotel/Motel Transient Occupancy Rental Unit Tax on behalf of their clients.

Intergovernmental Cooperation Opportunities

NA.

Performance Management (MAP) Alignment

A governance priority of the Development Customer Services Department is economic development.