



MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: April 17, 2019

Subject: Pending Legislation for Non-Home Rule Municipalities

Following our last meeting, the Finance and Administration Committee requested information regarding pending legislation for non-home rule municipalities. Attached is a list of the pertinent legislation that has been proposed this session, along with the status of each bill. Also attached is a Daily Herald article regarding one of the particular bills that appears to have the most traction, the use of 25% of Hotel/Motel Tax for economic development and capital infrastructure.

| Bill | Description | Next Action | Dead House | Passed House | Passed Senate | Governor Signed |
|--------------|--|---|------------|--------------|---------------|-----------------|
| HOUSE | | | | | | |
| HB 102 | Allow Municipalities to impose MFT up to 3 cents per gallon | 4/12/19 Back to Rules Committee | | | | |
| HB 158 | Increased LGDF to Municipalities | 4/12/19 Back to Rules Committee | | | | |
| HB824 | Impose NHR Sales Tax By Ordinance for municipal operations; sunset of 12/31/30 | 3/29/19 Back to Rules Committee | | | | |
| HB 825 | NHR Imposition of Stormwater Utility Fees | 4/12/19 Back to Rules Committee | | | | |
| HB 826 | NHR Imposition of Use Tax on Natural Gas Providers | 3/29/19 Back to Rules Committee | | | | |
| HB 2270 | TIF's with \$0 value or non-taxable property | 3/29/19 Back to Rules Committee | | | | |
| HB 3198 | Use 25% Hot/Mot for economic development or infrastructure | 4/3/19 Passed House 95-15; in Assignments in Senate | 04/03/19 | | | |

Would cost the state an addl. \$800M; as total LGDF is around \$1.2B

Key House Dates

- 3/29 House Deadline Committee Substantive House Bills
- 4/12 House Deadline Third Reading House Bills
- 5/10 House Deadline Committee Senate Bills
- 5/24 House Deadline Third Reading Senate Bills
- 5/31 Adjournment

SENATE

- SB 212 Impose NHR Sales Tax By Ordinance for municipal operations; sunset of 12/31/30
- SB 213 NHR Imposition of Stormwater Utility Fees
- SB 214 NHR Imposition of Use Tax on Natural Gas Providers
- SB 1217 Use 25% Hot/Mot for economic development or infrastructure thru 1/1/23

Key Senate Dates

- 3/22 Decline for Substantive Senate Bills to Pass out of Committee
- 4/12 Deadline for Third Reading of Substantive Senate Bills
- 5/10 - Deadline for Substantive House Bills out of Committee
- 5/24 - Deadline for Third Reading Substantive House Bills
- 5/31 - ADJOURNMENT

03/28/19



DuPage County »

Leaders seek more flexibility on spending hotel tax revenue in DuPage County

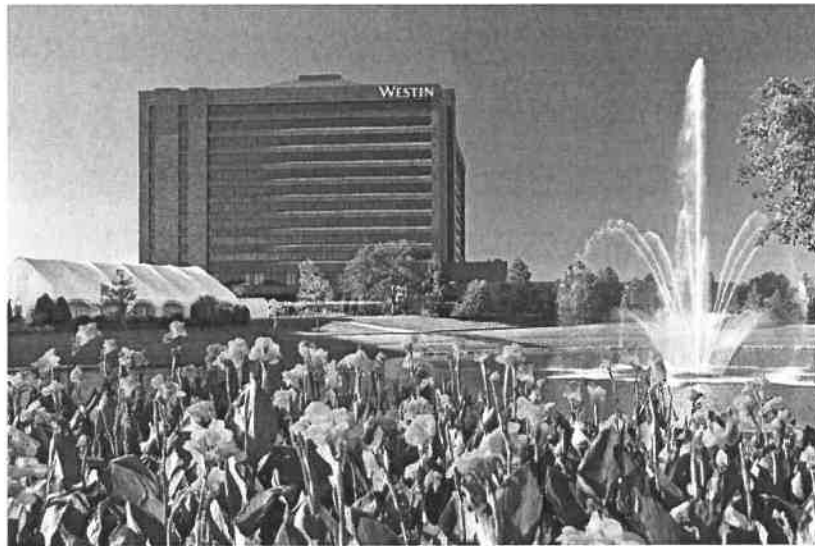


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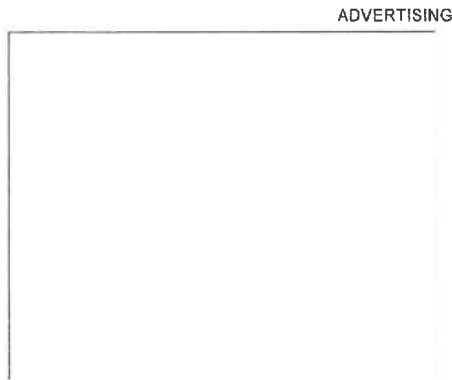
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Proposed state legislation would allow towns without home rule, such as Itasca, to use portions of their hotel-motel tax revenue for economic development or capital infrastructure. All such money now must be earmarked for promoting tourism. (Daily Herald file photo)

State lawmakers from DuPage are pushing legislation that would give the county's municipalities without home rule the ability to spend some of their hotel tax dollars on something other than tourism.

Those towns now are required to use all money collected from their tax on hotel and motel stays to promote tourism. As a result, towns such as Itasca and Lombard are limited in how they can spend large amounts of revenue.



Itasca, for example, collects roughly \$1.2 million a year in hotel-motel taxes. That money is used to support and promote local attractions and events that draw overnight visitors, including the Scottish Highland Games and the Fourth of July fireworks celebration.

"While the village will continue to support those activities, it believes a portion of the funds could be better spent," DuPage Mayors and Managers Conference President Annunziato "Nunzio" Pulice said in a written statement.

Pulice, who is the mayor of Wood Dale, said the conference is supporting state legislation to allow communities without home rule to use up to 25 percent of hotel tax revenue on "economic development or capital infrastructure."

"It's just a way to help out nonhome-rule communities without having to raise property taxes," said state Rep. Diane Pappas, who introduced the House version of the measure in February.

If approved, the change would take effect immediately but expire on Jan. 1, 2023.

"It's limited to four years, and 75 percent of the tax dollars will still promote tourism," said Pappas, an Itasca Democrat.

House Bill 3198 is co-sponsored by state Reps. Terra Costa Howard, Kathleen Willis, Deb Conroy, Karina Villa, Anne Stava-Murray and

Amy Grant. The Senate version of the legislation, Senate Bill 1217, is sponsored by state Sens. Thomas Cullerton and Suzy Glowiak.

The idea for the legislation came from a discussion that Lombard and Itasca officials had with Cullerton, a Villa Park Democrat, about four or five years ago.

"We saw it as a way to maybe assist us in times of fiscal distress," Lombard Village Manager Scott Niehaus said.

Lombard used to have home-rule status, but voters stripped the village of that power decades ago.

Today, the village collects roughly \$2 million a year in hotel-motel taxes. Roughly \$800,000 is used to support the Lombard Public Facilities Corp., which owns and manages the Westin hotel in Lombard. Most of the remaining money is used to promote events, including the Lilac Time parade and cruise nights.

But Niehaus said the village is expected to lose sales tax revenue in the coming years.

"We're projecting a budget deficit of \$1.5 million for budget year 2021," he said.

If the legislation were approved, Lombard would be able to use up to \$500,000 of its hotel-motel tax money on economic development or capital infrastructure.

"The pending legislation," Nunzio said, "would provide more flexibility for local municipalities to address more pressing needs during a time when local governments are strapped for cash."

Pappas said spending hotel-motel tax money on economic development or capital improvement projects would help attract tourism.

"Addressing infrastructure needs does help the tourism industry," she said, "because visitors enjoy roads that are in good shape when they're trying to get to their hotels."

Topics in this Article

Lombard village, DuPage county, Diane Pappas, Scott Niehaus, Thomas Cullerton, Lombard Public Facilities corp., Wood Dale, Terra Costa Howard, Annunziato, Suzy Glowiak, Scottish highland, Anne Stava Murray, Deb Conroy, Karina Villa, Kathleen Willis



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