



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1735

Introduced 2/9/2017, by Sen. Antonio Muñoz

SYNOPSIS AS INTRODUCED:

New Act

Creates the Short-Term Rental Act. Provides that units of local government may not enact or enforce an ordinance, regulation, or plan that has the express or practical effect of prohibiting short-term rentals. Restricts the use of or regulation of short-term rentals based on their classification, use, or occupancy. Allows the regulation of short-term rentals to protect public health, safety, sanitation, traffic control, solid or hazardous waste control, pollution control, and other specified circumstances. Provides that a unit of local government may not tax a short-term rental marketplace or require them to collect taxes from occupants, but the short-term rental marketplace may voluntarily apply, calculate, collect and remit any tax imposed by the unit of local government on the owner or occupant of a short-term rental. Limits home rule powers. Effective immediately.

LRB100 08228 AWJ 18328 b

FISCAL NOTE ACT
MAY APPLY

HOME RULE NOTE
ACT MAY APPLY

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Short-Term Rental Act.

6 Section 5. Purpose. The purpose of this Act is to promote
7 access to short-term rentals by limiting local governmental
8 authority to prohibit these beneficial property uses or to
9 specifically target them for regulation except in
10 circumstances necessary to safeguard public health and welfare
11 and to promote property owners access to platforms for offering
12 their properties as short-term rentals and enhancing local tax
13 revenue by permitting platforms to assume tax collection and
14 remittance responsibilities.

15 Section 10. Definitions. As used in this Act:

16 "Short-term rental" means a single-family dwelling, or a
17 residential dwelling unit in a multi-unit structure,
18 condominium, cooperative, timeshare, or similar joint property
19 ownership arrangement that is rented for a fee for less than 30
20 consecutive days. "Short-term rental" includes vacation
21 rentals. "Short-term rental" does not include: (a) a unit that
22 is used for any non-residential purpose, including

1 educational, health care, retail, restaurant, banquet space,
2 event center, or another similar uses; (b) a bed and breakfast
3 establishment as defined in Section 2 of the Bed and Breakfast
4 Act; or (c) transient accommodations, including hotels and
5 motels that are not classified as residential property for real
6 property taxation purposes.

7 "Short-term rental marketplace" means a platform through
8 which the owner or authorized agent of the owner of a
9 single-family dwelling or residential dwelling unit offers a
10 short-term rental to an occupant.

11 "Unit of local government" has the meaning given to that
12 term in Section 1 of Article VII of the Illinois Constitution.

13 Section 15. Limitations in short-term rentals.

14 (a) A unit of local government may not:

15 (1) enact or enforce an ordinance, regulation, or plan
16 that has the express or practical effect of prohibiting
17 short-term rentals;

18 (2) restrict the use of or regulate short-term rentals
19 based on their classification, use, or occupancy; or

20 (3) regulate the operation of a short-term rental
21 marketplace except as provided for in Section 20.

22 (b) Notwithstanding the limitations in subsection (a), a
23 unit of local government may enact and enforce an ordinance,
24 regulation, or plan that regulates short-term rentals based on
25 their classification, use, or occupancy if the unit of local

1 government:

2 (1) demonstrates that the ordinance, regulation, or
3 plan is necessary to achieve a primary purpose of
4 protecting public health and safety, including fire and
5 building codes, health and sanitation, traffic control,
6 and solid or hazardous waste and pollution control;

7 (2) limits or prohibits the use of short-term rentals
8 by sex offenders; in the commission of criminal offenses;
9 for the selling of drugs, liquor, pornography, or obscene
10 materials; for topless dancing or other adult-oriented
11 businesses; or for any commercial purpose of the occupant
12 of the short-term rental; or

13 (3) applies sales taxes and fees to short-term rentals
14 at the same rate and on the same tax base as equivalent
15 taxes and fees applied to commercial transient lodgings,
16 such as hotels, within the taxing jurisdiction.

17 Section 20. Short-term rental marketplaces. The following
18 apply to short-term rental marketplaces:

19 (1) A unit of local government may not levy a sales,
20 use, franchise, receipts, or other similar tax or fee on
21 the business of operating a short-term rental marketplace.

22 (2) A unit of local government may not require that a
23 short-term rental marketplace apply, calculate, collect,
24 or remit taxes imposed on the owner or occupant of a
25 short-term rental.

1 (3) Notwithstanding the limitation in paragraphs (1)
2 and (2) of this subsection, if authorized by the unit of
3 local government, a short-term rental marketplace may
4 voluntarily apply, calculate, collect, or remit any tax
5 imposed by the unit of local government on the owner or
6 occupant of a short-term rental. Undertaking these
7 activities does not impose a continuing obligation or tax
8 liability on the short-term marketplace.

9 Section 25. Home rule limitation. A home rule unit may not
10 regulate short-term rentals or short-term rental marketplaces
11 in a manner inconsistent with this Act. This Section is a
12 limitation under subsection (i) of Section 6 of Article VII of
13 the Illinois Constitution on the concurrent exercise by home
14 rule units of powers and functions exercised by the State.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.