CITY OF WAUKEGAN

ORDINANCE NO. 25—O—20

AN ORDINANCE AMENDING CHAPTERS 14 AND 20 OF THE WAUKEGAN CODE OF ORDINANCES REGARDING SHORT-TERM RENTALS

ADOPTED AND PASSED BY THE CITY COUNCIL OF THE CITY OF WAUKEGAN

ON THE 21st DAY OF JANUARY, 2025

Published in pamphlet form by authority of the City Council, of the City of Waukegan, Lake County, Illinois, on the 22nd day of JANUARY, 2025

CITY CLERK JANET E. KILKELLY

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AN ORDINANCE AMENDING CHAPTERS 14 AND 20 OF THE WAUKEGAN CODE OF ORDINANCES REGARDING SHORT-TERM RENTALS

WHEREAS, the City of Waukegan is a home rule municipal corporation pursuant to Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970; and

WHEREAS, Chapter 14 of the Code of Ordinances, City of Waukegan, Illinois, as amended ("***City Code***"), establishes regulations for licenses and in the City; and

WHEREAS, Chapter 20 of the City Code establishes the City's tax regulations; and

WHEREAS, the City desires to amend the City Code to regulate and tax short-term rentals in the City; and

WHEREAS, the City Council has determined it would be in the best interest of the City and its residents to so amend the City Code;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WAUKEGAN, ILLINOIS, AS FOLLOWS:

SECTION 1. RECITALS. The recitals set forth above are incorporated into this Section 1 by this reference as findings of the City Council.

SECTION 2. AMENDMENTS.

A. Chapter 14 entitled "Licenses and Miscellaneous Business Regulations" of the City Code is hereby amended as set forth in **Exhibit A**, attached to and, by this reference, made a part of this Ordinance.

B. Chapter 20 entitled "Taxation" of the City Code is hereby amended as set forth in **Exhibit B**, attached to and, by this reference, made a part of this Ordinance.

SECTION 3. REPEALER. All ordinances or resolutions or parts of ordinances or resolutions in conflict herewith, to the extent of such conflict, are hereby changed and amended to be in compliance with this Ordinance; and to the extent the same cannot be so amended, are hereby repealed to the extent of such inconsistency.

SECTION 4. EFFECTIVE DATE. This Ordinance shall be in full force and effect 10 days after its passage, approval, and publication in the manner provided by law.

PASSED THIS **21st** DAY OF **JANUARY**, 2025.

ORDINANCE NO. **25—O—20**
CITY OF WAUKEGAN

MAYOR ANN B. TAYLOR

ATTEST:

CITY CLERK JANET E. KILKELLY

ROLL CALL: Ald Hayes, Ald Bolton, Ald Guzman, Ald Martinez, Ald Felix, Ald Newsome, Ald Turner, Ald Donnenwirth, Ald Florian.

AYE: Ald Bolton, Ald Guzman, Ald Martinez, Ald Felix, Ald Turner, Ald Donnenwirth.

NAY: Ald Hayes, Ald Newsome, Ald Florian.

ABSENT: None.

ABSTAIN: None.

EXHIBIT A

AMENDMENT TO CHAPTER 14 OF THE WAUKEGAN CODE OF ORDINANCES

(additions are **bold and double underlined**, deletions are ~~stricken through~~)

"Sec. 14-1A. – Definitions.

The **following words,** term**s, and phrases, when used in this article, shall have the meanings ascribed to them in this section, except when the context clearly indicates a different meaning:**

"Dwelling unit" shall mean a building or portion thereof designed for residential occupancy, including single-unit dwellings, two-unit dwellings, three-unit, four-unit, townhouse, multi-unit dwellings, unit above the ground floor but not including hotels or motels.

"**License** ~~license~~ administrator" or "licensing official" as used in this chapter shall refer to the Mayor of the City of Waukegan, or **their** designee.

"Short-term rental unit" as used in this chapter shall mean the use of a dwelling unit for overnight accommodation that is made available for rent by transient guests for a period shorter than 30 consecutive days. The term "short-term rental unit" does not include either: (i) "hotel/motel," as defined in the Unified Development Ordinance; or (ii) the rental of a dwelling unit pursuant to a rental agreement executed in conjunction with a contract to sell the dwelling unit.

Sec. 14-4. – Rental unit business license.

(a) All owners of rental housing properties in the city, **including** ~~except~~ those properties of two units or less in which the owner resides, shall be required to be licensed by the licensing official. **Owners who reside in their own licensed building shall not be required to pay a unit fee for the unit in which they reside, nor shall the unit in which the owner resides be subject to inspection.**

(b) The license fee schedule for said units on a per building basis shall be as provided herein.

~~In addition to the license fees as above, applicants shall also pay an inspection fee, as set out in section 14-4(d)(1) below. Owners who reside in their own licensed building shall not be required to pay a unit fee for the unit in which they reside, nor shall the unit in which the owner resides be subject to inspection. Owner-occupied two-units are also exempt from the terms of this article.~~

* * *

(e) Short-Term Rental Units. No property may be used as a short-term rental unit except in compliance with the following requirements, limitations, and restrictions:

(1) **Registration, license required. No property may be used for a short-term rental unit prior to first being registered as a rental property in accordance with Section 14-4(a) of this Code and the issuance of a short-term rental unit license for the property or a dwelling unit therein.**

(2) **Term of license. A short-term rental unit license will be valid for an annual period commencing on January 1st and terminating on December 31st of the same year, unless terminated or revoked.**

(3) **Application. An application for a short-term rental unit license must include the following:**

a. **The full name and valid contact information of the applicant;**

b. **The location and proof of ownership of the short-term rental unit;**

c. **The full name and valid contact information for a Waukegan resident who will serve as an emergency 24-hour contact in the event that the owner of the unit is not a Waukegan resident.**

d. **Payment of the nonrefundable annual fee in the amount set forth in Section 14-1104 of this Code.**

(4) **Compliance required. Short-term rental properties are subject to inspections by the City prior to and throughout the license period. Short-term rental properties must be and remain in compliance with all requirements of this Code throughout the license period. Owners of short-term rental properties must comply with any request by the City for information and documentation related to the short-term rental unit.**

(5) **Use limitation. No short-term rental unit may be occupied at any time by a number of persons in excess of the maximum permitted occupancy limit as set forth in Chapter 6 of this Code. Occupancy limits for the dwelling unit must be posted near the entrance of all short-term rental properties.**

(6) **Maximum number of licenses. There shall be no cap on the number of short-term rental licenses issued for the 2025 years. The City Council reserves the right to impose a cap on the maximum number of additional licenses that may be granted by ordinance duly adopted after the 2025 license year.**

(7) **Taxes imposed. All transactions for short-term rentals will be subject t o the tax imposed in Article IV of Chapter 20 of this Code and must comply with all requirements therein. The tax herein levied shall be paid in addition to any and all other taxes and charges. It shall be the duty of the owner of every short-term rental unit to secure such tax from the renter of the short-term rental unit and to pay over to the City such tax under procedures prescribed by the licensing official, or as otherwise provided in this article; provided, however, that collection and remittance of this**

tax may be facilitated through the scheduling and booking platforms used by the owner of the short-term rental unit.

(8) Penalty. Any person who violates any of the provisions of this section 14-4(e) will be fined $750.00, and is subject to suspension or revocation of their short-term rental unit license. Each day that a violation exists constitutes a separate offense. Operating a short-term rental unit in violation of this section 14-4(e), including operating without a license, constitutes a public nuisance and an offense against the public peace and safety. Short-term rental unit owners are jointly and severally liable for any violations of this Code by the guests of the short-term rental unit during their stay.

* * *

Sec. 14-1101. – Fee and special event permit schedule.

(a) Fee schedule.

Business License Category	Section	Fee

* * *

Short-term rental unit license application fee	**14-4(e)**	**$50.00 per unit**
Short-term rental unit annual license fee	**14-4(e)**	**$100.00 per unit**

* * *"

Exhibit B

AMENDMENT TO CHAPTER 20 OF THE
WAUKEGAN CODE OF ORDINANCES

"**ARTICLE IV. - HOTEL OR MOTEL OCCUPANCY TAX**

Sec. 20-76. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Facilitator means any person or entity that provides a means through which a person may book a hotel room and/or short-term rental unit, regardless of whether payment is transferred through or processed by the facilitator. Facilitators are considered owners, as defined in this Section.

Hotel or Motel means any building or structure, or portion thereof, kept, used, maintained, advertised and held out to the public to be a place where lodging, apartments, suites, or other sleeping accommodations are offered for consideration to guests, including, without limitation, accommodations offered by online travel companies and/or facilitators. For the purposes of this article, hotel or motel includes inns, motels, hotels, lodging houses, or short-term rental unit, or any portions thereof.

Hotel room or *motel room* means a room **or other lodging accommodation** within a **hotel** structure offered for rental ~~on a daily basis~~ and containing facilities for sleeping. One room offered for rental with or without an adjoining bath shall be considered as a single hotel or motel room. The number of hotel or motel rooms within a suite **or short-term rental unit** shall be computed on the basis of those rooms used for the purpose of sleeping. **For purposes of this Article IV, hotel or motel includes inns, motels, hotels, lodging houses, or short-term rental units, or any portions thereof.**

Online Travel Company means a person or entity that books, reserves, or rents hotel or motel rooms and makes other travel arrangements for consumers via the internet or other digital means. Online travel companies are considered facilitators, as defined in this section.

Owner means any person having an ownership **or sufficient proprietary** interest in or conducting the operation of a hotel or motel ~~room~~ or receiving the consideration for the rental of such hotel or motel room**(s), so as to entitle the person to a portion of the gross receipts thereof, including facilitators, as defined in this section**.

Person means any natural person, trustee, court-appointed representative, syndicate, association, partnership, firm, club, company, corporation, business trust, institution, agency, government corporation, municipal corporation, district or other political subdivision, contractor, supplier, vendor, vendee, operator, user or owner, or any officer, agent, employee or other representative, acting either for **themselves** ~~himself~~ or for any other person in any capacity, or any other entity recognized by law as the subject of rights and duties. The masculine, feminine, **gender neutral** singular or plural is included in any circumstances.

Short-term rental unit has the meaning set forth in Sec. 14-1A of this Code. For the purposes of this Article IV only, a short-term rental unit is a hotel room.

Sec. 20-77. - Tax imposed; liability for payment; additional to other taxes; collection.

(a) There is hereby levied and imposed a tax of six percent of the rent charged for the privilege and use of renting a hotel or motel room within the city for each 24-hour period or any portion thereof for which a daily room charge is made; provided, however, that the tax shall not be levied and imposed upon any person who rents a hotel or motel room for more than 30 consecutive days or to a person who works and lives in the same hotel or motel.

(b) The ultimate incidence of any liability for payment of such tax is to be borne by the person who seeks the privilege of occupying the hotel or motel room, such person hereinafter referred to as "rentor."

(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 owner of every hotel or motel to secure such tax from the rentor of the hotel or motel room and to pay over to the ~~city collector~~ **City** such tax under procedures prescribed by the ~~city collector~~ **local tax administrator**, or as otherwise provided in this article.

(d) Every person required to collect the tax levied by this article shall secure such tax from the rentor at the time he collects the rental payment for the hotel or motel room. Upon the invoice receipt or other statement or memorandum of the rent given to the rentor at the time of payment, the amount due under the tax provided in this article shall be stated separately on such documents.

Sec. 20-78. - Responsibility of owner to keep daily records; right of city to inspect.

(a) It shall be the duty of every owner to keep accurate and complete books and records to which the city collector, or his deputy or representative, authorized by him, shall at all times have full access, which records shall include a daily sheet showing:

(1) The number of hotel or motel rooms rented during the 24-hour period, including multiple rentals of the same hotel room where such shall occur.

(2) The actual hotel or motel tax receipts collected for the date in question.

(b) The ~~city collector~~ **local tax administrator**, or **the local tax administrator's designee** ~~any person certified by him as his deputy or representative~~, may enter the premises of any hotel or motel 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 collector or his duly authorized deputy or representative in the discharge of his duties in the performance of this article.

Sec. 20-79. - Transmittal of tax revenue.

(a) *Filing returns.* The owner or owners of each hotel or motel room within the city shall file tax returns showing tax receipts received with respect to each hotel and motel room during each month upon forms prescribed by the ~~city collector~~ **local tax administrator**. The returns shall be due on or before the last day of the succeeding calendar month and the return shall indicate for what period the return

is to be filed; i.e. return for January receipts is due on or before the last day of February. If the owner's average monthly tax liability does not exceed $60.00, the ~~city collector~~ **local tax administrator** may authorize the owner to file the returns on a quarter-annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31 of such year; with the return for July, August and September of a given year being due by October 31 of such year; and with the return for October, November and December of a given year being due by January 31 of the following year. At the time of filing such tax returns, the owner shall pay to the ~~city collector~~ **local tax administrator** all taxes due for the period to which the tax return applies.

(b) *Penalty on delinquent taxes.* If for any reason any tax is not paid when due, a penalty at the rate of one percent per month on the amount of the unpaid tax which remains unpaid shall be added and collected.

(c) *Confidential nature of information.* Except as provided in this section, all information received by the ~~city collector~~ **local tax administrator** from returns filed under this article, or from any investigation conducted under the provisions of this article, shall be confidential, except for official purposes with the accounts and finances department or pursuant to official procedures for collection of any state tax or enforcement of any civil or criminal penalty or sanction imposed by this article. Nothing contained in this article shall prevent the ~~city collector~~ **local tax administrator** from publishing or making available to the public the names and addresses of persons filing returns under this article and the number of rooms covered in such return, or from publishing or making available reasonable statistics concerning the operation of the tax wherein the contents of returns are grouped into aggregates in such a way that the information contained in any individual return shall not be disclosed. The ~~city collector~~ **local tax administrator** may make available to the Secretary of the Treasury of the United States, or a proper official of the state or a delegate of any other state imposing a tax upon a motel or hotel room, for exclusively official purposes, information received by the ~~city collector~~ **local tax administrator** in the administration of this article.

Sec. 20-80. - Action to enforce payment.

Whenever any person shall fail to pay any tax as herein provided, the city attorney shall, upon the request of the ~~city collector~~ **local tax administrator**, bring or cause to be brought an action to enforce the payment of such tax in behalf of the city in any court of competent jurisdiction.

Sec. 20-81. - Disposition of proceeds from tax and fines.

(a) Of the gross tax revenue collected 25 percent shall be appropriated for and directed for promotion of tourism, special events, conventions and economic and business development.

(b) All of the remaining proceeds resulting from the imposition of the tax under this article, including penalties, shall be paid into the treasury of the city.

Sec. 20-82. - Penalties.

(a) Any person found guilty of violating the provisions of this ordinance shall be punished by a fine of not less than $200.00 nor more than $750.00 for the first offense and $750.00 for the second and each subsequent offense in any 180-day period.

(b) Repeated offenses in excess of three within any 180-day period may also be punishable as a misdemeanor by incarceration in the county jail for a term not to exceed six months under the procedure set forth in section 1-2-1.1 of the Illinois Municipal Code (65 ILCS 5/1-2-1.1) and under the provisions of the Illinois Code of Criminal Procedure (725 ILCS 5/100-1 et seq.) in a separate proceeding. A separate and distinct offense shall be regarded as committed each day upon which such person shall continue any such violation, or permit any such violation to exist after notification thereof."