

CITY OF CHICAGO
DEPARTMENT OF REVENUE
HOTEL ACCOMMODATIONS TAX RULING

Hotel Accommodations Tax Ruling #2
Subject: Domicile and Permanent Residence Exemption
Effective date: June 1, 2004

Original effective date: June 30, 1997

This ruling supplements Chicago Hotel Accommodations Tax Ruling #1 (“Hotel Tax Ruling #1”), concerning records which must be maintained for purposes of substantiating the exemption from the Chicago Hotel Accommodations Tax for accommodations which a person occupies as his or her domicile and permanent residence. Chicago Municipal Code (“Code”) § 3-24-020(A)(4).

The city of Chicago licenses single-room occupancy buildings (“SRO’s”) separately from hotels, motels, inns, and lodging houses. To qualify as an SRO, the building or part of the building must be designed or used primarily for single-room occupancy, and the building must contain five or more single-room living units, which must be occupied by the same tenants for an uninterrupted period of not less than 32 days. Code Section 13-4-010. SRO’s are of two types. One type may maintain 100 percent of its units for permanent residents. Code Section 4-209-010. The other type may dedicate one or more of its units for transient occupancy, provided such units are only on the first floor of a two-story building; only on the first or second floor of a three or four-story building; or only on the first two floors of a building with five or more stories. Id.

Persons who operate SRO’s are required to maintain written records, which identify the names of the tenants of each unit in the SRO and the dates of tenancy for each tenant. Id.

Because of the unique operation and record keeping requirements that apply to SRO’s, SRO’s shall not be required to keep certifications of domicile and evidence of permanent residence, as provided by Hotel Tax Ruling #1, for tenants who occupy rooms which are designated as single-room occupancy living units to be occupied by permanent residents; provided that these tenants stay the required 32 days. These tenants qualify for the domicile and permanent resident exemption from the Chicago Hotel Accommodations Tax.

However, SRO’s are required to keep certifications and evidence of permanent residence to substantiate the exemption for (1) tenants who occupy rooms, which are not maintained for permanent residents (regardless of their length of stay), and (2) tenants of rooms, which are maintained for permanent residents, but stay fewer than 32 days. For the exemption to apply to these tenants, each tenant must provide a permanent residence certification and additional evidence of the tenant’s domicile at the SRO as provided by Hotel Tax Ruling #1.