

ST 26-0022-GIL 06/04/2026 HOTEL OPERATORS' OCCUPATION TAX

Overnight camps and similar businesses that provide overnight accommodations are subject to Hotel Operators' Occupation Tax. 86 Ill. Adm. Code 480.101. They may also be subject to Retailers' Occupation Tax, Use Tax, Service Occupation Tax, or Service Use Tax on transfers of tangible personal property incident to the sale of programmatic services or sales of tangible personal property at retail that are unconnected to sales of programmatic services. 86 Ill. Adm. Code 140.129. (This is a GIL).

June 4, 2026

NAME
COMPANY
ADDRESS
EMAIL

Dear NAME:

This letter is in response to your letter dated March 10, 2026, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The Department's regulation "Public Information, Rulemaking and Organization" provides that "[w]hether to issue a private letter ruling in response to a letter ruling request is within the discretion of the Department. The Department will respond to all requests for private letter rulings either by issuance of a ruling or by a letter explaining that the request for ruling will not be honored." 2 Ill. Adm. Code 1200.110(a)(4). The Department recently met and determined that it would decline to issue a Private Letter Ruling in response to your request. Based on the information you provided in your letter, we hope the following General Information Letter will be helpful in addressing your questions.

INQUIRY:

I am writing on behalf of COMPANY, the operator of a private event facility known as FACILITY, located in CITY, Illinois. We respectfully request a Private Letter Ruling regarding the application of the Illinois Hotel Operators' Occupation Tax Act (35 ILCS 145) and any other applicable Illinois sales taxes to fees charged for participation in our structured immersive program.

FACILITY operates scheduled immersive role-play programs conducted within a BUILDING. The facility is not open to the public for lodging and does not operate as a hotel, motel, or short-term rental. Access to the facility is limited exclusively to individuals who register to participate in a scheduled program event.

Participants enroll in the FACILITY EXPERIENCE, a structured immersive program in which participants assume roles (such as ROLE 1 or ROLE 2) and take part in organized scenarios conducted within the facility. Programs include scheduled activities, staff supervision, participant rules and procedures, and defined program start and end times.

During the program period, participants are assigned sleeping accommodations within the facility to support continued participation in the program. These accommodations are provided solely to facilitate participation in the immersive program and are not available independently of program enrollment. Participants cannot reserve or rent accommodations separately, and the facility does not advertise or offer lodging to the public.

Participants pay a single program enrollment fee to attend the program. This fee covers participation in the immersive program and operational costs associated with conducting the event. The fee is not itemized or marketed as lodging or room rental.

We respectfully request guidance regarding whether the program enrollment fees described above are subject to:

1. The Illinois Hotel Operators' Occupation Tax (35 ILCS 145), or
2. Any Illinois Retailers' Occupation Tax or other Illinois sales tax provisions.

Specifically, we seek clarification as to whether fees for participation in a structured immersive program-where sleeping accommodations are

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assigned solely to support participation and are not rented or marketed independently---constitute taxable receipts under Illinois tax law.

If helpful to the Department's review, we would be happy to provide supporting materials such as sample program descriptions, participant agreements, schedules of activities, or registration materials.

Thank you for your time and consideration. Please feel free to contact us if additional information is required.

DEPARTMENT'S RESPONSE:

Hotel Operators' Occupation Tax

The Hotel Operators' Occupation Tax Act imposes a tax upon persons engaged in the business of renting, leasing or letting rooms in a hotel. See 35 ILCS 145. The tax is imposed at a rate of 5% of 94% of the gross rental receipts from the renting, leasing or letting of such rooms. An additional tax is also imposed at a rate of 1% of 94% of such gross rental receipts. Proceeds from the renting, leasing or letting to permanent residents of a hotel are excluded from the gross receipts upon which the tax is imposed. A permanent resident is a person who occupies or has the right to occupy a room for at least 30 consecutive days. See 86 Ill. Adm. Code 480.101 and 480.105.

The Hotel Operators' Occupation Tax is imposed on receipts from renting rooms for living quarters or for sleeping or housekeeping accommodations. A hotel is any building or buildings in which the public may, for a consideration, obtain living quarters, sleeping, or housekeeping accommodations. This includes, but is not limited to, inns, motels, tourist homes or courts, lodging houses, rooming houses and apartment houses, retreat centers, conference centers, and hunting lodges. See 86 Ill. Adm. Code 480.105. A room or rooms includes any living quarters, sleeping or housekeeping accommodations. See 86 Ill. Adm. Code 480.105.

Other receipts which are not in any way reasonably connected with or attributable to the renting, leasing or letting of rooms for use as living quarters or for sleeping or housekeeping accommodations are not subject to the Hotel Operators' Occupation Tax. See 86 Ill. Adm. Code 480.101(b)(6) and 480.105. The tax does not apply to receipts from the renting of rooms for other purposes, such as meeting rooms or banquet rooms. See 86 Ill. Adm. Code 480.101(b)(1). Properly kept books and records, however, must support the exemption for such nontaxable receipts. See 86 Ill. Adm. Code 480.115. Every hotel operator must keep separate books or records showing rents and occupancies taxable under the Hotel Operators' Occupation Tax Act separate from his transactions that are not taxable

under the Act. If an operator fails to keep separate books or records, the operator will be liable for Hotel Operators' Occupation Tax imposed on the entire proceeds from the hotel. See 86 Ill. Adm. Code 480.115(a).

As noted above, the definition of hotels subject to the tax includes much more than just traditional hotels. For example, hunting establishments qualify as hotels if they provide overnight stay accommodations as part of the hunting packages they sell. The gross receipts from the rental of these sleeping accommodations are taxable under the Hotel Operators' Occupation Tax Act. The type of buildings or rooms being provided for overnight accommodations is irrelevant to whether a person is engaged in the business of renting, leasing, or letting rooms in a hotel. The key factor is whether living quarters, sleeping, or housekeeping accommodations are provided for a consideration. Therefore, a person that operates a packaged experience which includes overnight sleeping accommodations as part of the package is a hotel operator and is subject to the Hotel Operators' Occupation Tax.

If a business subject to Hotel Operators' Occupation Tax fails to separate its taxable transactions under the Act from the non-taxable transactions, then the business will be liable for Hotel Operators' Occupation Tax on the entire proceeds from the transactions. A program enrollment fee that does not separately state the portion of the transaction accounting for overnight stay accommodations from the rest of the fee is subject to Hotel Operators' Occupation Tax on the entire fee.

Sales Tax

Hotel Operators' Occupation Tax does not apply to receipts from selling food, beverages, or other tangible personal property, nor to other receipts that are not in any way reasonably connected with or attributable to the renting, leasing, or letting of hotel rooms, as long as such nontaxable receipts are supported by proper books and records. See 86 Ill. Adm. Code 480.101(b)(6). However, other taxes may apply to such sales.

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling or leasing tangible personal property to purchasers for use or consumption. See 35 ILCS 120/2; 86 Ill. Adm. Code 130.101. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 35 ILCS 105/3; 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois.

Retailers' Occupation Tax and Use Tax do not apply to sales of service. The Service Occupation Tax Act imposes a tax upon persons engaged in this State in the business of making sales of service. Under the Service Occupation Tax Act, businesses providing services (i.e., servicemen) are taxed on tangible personal property transferred as an incident

to sales of service. See 86 Ill. Adm. Code 140.101. For Illinois servicemen, the transfer of tangible personal property to service customers may result in either Service Occupation Tax liability or Use Tax liability for servicemen, depending upon which tax base they choose to calculate their liability. Servicemen who make retail sales that are sourced in Illinois, even if those sales are a small part of their business, are required to register with the Department and remit Retailers' Occupation Tax. See 86 Ill. Adm. Code 130.701.

Tax on Tangible Personal Property Transferred Incident to Service

Overnight or day camps and similar programs are analogous to seminars for Illinois sales tax purposes. Generally, a seminar provider incurs either Service Occupation Tax or Use Tax on all seminar materials transferred during the presentation of a seminar for which a fee or other charge is made for attendance. See 86 Ill. Adm. Code 140.129(b)(1). This includes things such as meals, clothing, and all other items transferred to participants in a seminar, camp, or program. A serviceperson's liability may be calculated in one of four ways: (1) Service Occupation Tax on the separately stated selling price of tangible personal property transferred incident to the service; (2) Service Occupation Tax on 50% of the serviceperson's entire bill; (3) Service Occupation Tax on the serviceperson's cost price of tangible personal property transferred incident to service if the serviceperson is a registered de minimis serviceperson; or (4) Use Tax on the serviceperson's cost price of tangible personal property transferred incident to service if the serviceperson is de minimis and is not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act. See 35 ILCS 115/3(g); 86 Ill Adm. Code 140.105-140.106.

Using the first method, servicepersons may separately state the selling price of each item transferred as a result of sales of service. The tax is based on the separately stated selling price of the tangible personal property transferred. If servicepersons do not wish to separately state the selling price of the tangible personal property transferred, those servicepersons must use the second method where they will use 50% of the entire bill to their service customers as the tax base. Both of the above methods provide that in no event may the tax base be less than the cost price of the tangible personal property transferred. See 86 Ill. Adm. Code 140.106(a). Servicepersons who incur Service Occupation Tax on their selling price should provide their suppliers with Certificates of Resale when purchasing the tangible personal property to be transferred as a part of sales of service and are required to collect the corresponding Service Use Tax from their customers. See 86 Ill. Adm. Code 140.106(b) and (e).

The third way servicepersons may account for their tax liability only applies to de minimis servicepersons who have either chosen to be registered or are required to be registered because they incur Retailers' Occupation Tax liability with respect to a portion of their business. Servicepersons must calculate their cost ratio to determine whether they are de minimis. The cost ratio is a measure of the amount of tangible personal property

transferred incident to a sale of service. It is calculated by comparing the serviceperson's materials cost to the total income from services. The cost of materials that are not transferred to customers incident to a service, such as those sold at retail, removed from inventory for use, or incorporated into repairs of real estate, must be excluded when determining the cost ratio. See 86 Ill. Adm. Code 140.105(c). Servicepersons may qualify as de minimis if they determine that their annual aggregate cost price of tangible personal property transferred incident to sales of service is less than 35% of their annual gross receipts from service transactions (75% in the case of pharmacists and persons engaged in graphic arts production). See 86 Ill. Adm. Code 140.109.

Registered de minimis servicepersons are authorized to pay Service Occupation Tax based upon the cost price of tangible personal property transferred incident to sales of service. Servicepersons that incur Service Occupation Tax based upon their cost price collect the Service Use Tax from their customers. They remit tax to the Department by filing returns and do not pay tax to their suppliers. They provide suppliers with Certificates of Resale for the tangible personal property transferred to service customers. See 86 Ill. Adm. Code 140.109(a)(1) and (a)(4).

The final method of determining tax liability may be used by de minimis servicepersons that are not otherwise required to be registered under Section 2a of the Retailers' Occupation Tax Act and. See 35 ILCS 115/2(g). Such de minimis servicepersons handle their tax liability by paying Use Tax to their suppliers. If their suppliers are not registered to collect and remit tax, the servicepersons must register, self-assess, and remit Use Tax to the Department. The servicepersons are considered to be the end-users of the tangible personal property transferred incident to service. Consequently, they are not authorized to collect a "tax" from the service customers. See 86 Ill. Adm. Code 140.108.

Servicepersons who incur and remit Service Occupation Tax to the Department have a Service Use Tax collection obligation and shall collect Service Use Tax from users at the time of purchase. The Service Use Tax shall be based on the selling price of the tangible personal property transferred incident to the sale of service if stated separately on the invoice from the serviceperson. If not stated separately, then the tax will be imposed on 50% of the entire bill from the serviceperson. However, the Service Use Tax which is collected by a registered de minimis serviceperson shall be based upon the serviceperson's cost price of tangible personal property transferred incident to the serviceperson's sales of service. See 86 Ill. Adm. Code 160.115.

Tax on Tangible Personal Property Sold Separately From a Service

Camps and similar programs that also sell tangible personal property that is not part of the transaction for attending the program are treated the same as seminar providers who transfer materials to a person which are not seminar materials, for example, t-shirts, coffee

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mugs, and other novelty items. When they sell tangible personal property that is not part of the seminar, they are engaging in the business of selling tangible personal property at retail, and are subject to Retailers' Occupation Tax liability, including any applicable local tax, on the selling price of those items. See 86 Ill. Adm. Code 140.129(d)(1). Every person engaged in the business of selling tangible personal property at retail in Illinois must obtain a certificate of registration from the Department. See 86 Ill. Adm. Code 130.701(b). If purchases subject to Retailers' Occupation Tax occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois, purchasers must self-assess their Use Tax liability and remit it directly to the Department.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

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