

**CITY OF CHICAGO**  
**DEPARTMENT OF REVENUE**  
**AMUSEMENT TAX RULING**

Amusement Tax Ruling #1

Subject: Application of tax to patrons of participatory entertainment and recreational activities.

Effective date: June 1, 2004

Formerly Ruling #86-1, as amended

Original effective date: February 17, 1986

Amended: March 1, 1989

Section 1. In general, Section 4-156-020(A) of the Chicago Municipal Code (“Code”) imposes a tax upon the patrons of every amusement within the City (the “amusement tax” or “tax”). Section 4-156-010 defines an “amusement” as including (1) various exhibitions, performances, presentations or shows that a person may witness or view, (2) various entertainment or recreational activities in which a person may participate, and (3) paid television programming. This ruling discusses primarily the second category described above (i.e., entertainment or recreational activities in which a person may participate).

Section 2. In general, all entertainment or recreational activities offered for public participation or on a membership or other basis are amusements subject to the tax. Code Section 4-156-020. This includes entertainment and recreational activities such as amusement park rides and games, circuses, carnivals, fishing, skating, pleasure boat rides, dancing, bowling, golf, pool, billiards, swimming, tennis, racquetball, weightlifting, and bodybuilding. Activities that are primarily educational are not amusements and therefore are not subject to the tax.

Section 3. The tax is on the patrons of any amusement within the city. The tax is based on the admission fees or other charges for the privilege to participate in the amusement. Initiation fees and membership dues paid to a health club, racquetball club, tennis club or a similar club or organization, when such club or organization is organized and operated on a membership basis and for the recreational purposes of its members and its members' guests, are exempt from the tax. This exemption does not apply to any fees paid or based upon, in any way whatsoever, a per-event or a per-admission basis.

Section 4. The term “admission fees or other charges” includes, but is not limited to any fee, charge or other consideration paid for the right to participate in the recreational activity or entertainment. This includes fees paid to a club or other organization, other than initiation and membership fees referred to in section 3 above, for the right to use the recreational or entertainment facilities of such club or other organization. Guest fees or charges paid by non-members of a club or other organization for the right to use the recreational or entertainment facilities of such club or other organization also are taxable.

However, additional fees or other charges paid by a member or guest solely for instructors (such as for tennis or racquetball instruction), or for the purchase of goods, are not taxable charges, because they are not charges for amusements. Such non-taxable charges must be separately stated by the amusement provider, otherwise they shall be deemed to be part of the charge for the taxable amusement.

Section 5. The amusement tax is collected by the amusement provider from the amusement patron. The tax is collected at the time the taxable fees, dues or other charges are paid. All tax returns are to be filed with the department on an annual basis on or before August 15 of each year in accordance with Sections 3-4-186 and 3-4-189 of the Code, and all tax payments are to be made in accordance with either Section 3-4-187 (payment of actual tax liabilities) or Section 3-4-188 (payment of estimated taxes).

Section 6. If a patron pays one fee to enter and use two or more entertainment or recreational facilities, and one or more of such facilities are located outside the city, the patron shall owe a tax only on a prorated portion of such fee and may exclude that portion of the fee which relates to the actual percentage of time he or she enters and uses such facilities located outside the city, as compared with the total time he or she enters and uses all of the facilities. The Department of Revenue shall also deem a proration based upon the square footage of the recreational or entertainment space of the facilities to be a reasonable proration. Other systems of proration may be approved by the Department, upon application to the Department. (This section does not apply to patrons who pay a fee to enter, within the city, a mobile entertainment or recreational vehicle.)