

Airport and Navy Pier Concessions Tax

Airport and Navy Pier Concessions Tax: The City does not charge a separate tax on concessions at the Airports and Navy Pier.

Background

The City receives revenue from its share of the sales tax, currently 2.25%—1.25% from the City's home rule tax and 1% from the City's share of the State sales tax. This tax is applied evenly citywide.

The City owns Midway and O'Hare airports, and as such negotiates concessions agreements for the airports that generally include a minimum annual guarantee plus a percentage of sales above a certain level. All revenue from the concessions agreements must remain at the airports. In addition, the City receives revenue from its share of the sales tax.

The City does not own Navy Pier, and thus does not benefit directly from concessions agreements there. However, the City does receive revenue from the City's sales tax, as it applies to goods purchased at Navy Pier.

The State imposes a separate Metropolitan Pier and Exposition Authority (MPEA) Food and Beverage Tax that is applied only on food and beverage sellers within the MPEA zone—roughly from Diversey to the Stevenson Expressway, and Ashland to Lake Michigan, plus O'Hare and the area around Midway. The MPEA Food and Beverage tax rate is set by State law and is currently 1% of the sale of all food, alcohol, and soft drinks sold for consumption on the premises.

Revenue/Cost Impact

In 2014, revenue from concessions agreements at the airports totaled \$281 million—\$220 million at O'Hare and \$61 million at Midway. All revenue from these agreements remains at the airports.

All revenue from the MPEA Food and Beverage Tax is under the control of the MPEA Board; the City does not receive revenue from this tax.

Legal Authority

The City does not have the authority to impose a tax, other than sales tax, on the concessions at either the airports or at Navy Pier. Pursuant to federal law, all revenues derived exclusively from concessions at the airport must be placed and kept in the airport funds. In addition, the City does not have the authority to impose higher sales taxes at the airport or Navy Pier.