

Municipal Clerk's Office  
**Amended and Approved**  
Date: 06/21/2016

Submitted by: Chair of the Assembly at  
the Request of the Mayor  
Prepared by: Finance and Law  
Departments  
For reading: June 7, 2016

**ANCHORAGE, ALASKA**  
**AO No. 2016-66, As Amended**

**AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER  
12.20, ROOM TAX, TO ESTABLISH THE DUTIES AND RESPONSIBILITIES OF  
A ROOM RENTAL HOSTING PLATFORM AND TO ESTABLISH AN  
ALTERNATIVE REGISTRATION PROCESS FOR OPERATORS WHO USE A  
HOSTING PLATFORM TO CONDUCT ROOM RENTAL TRANSACTIONS.**

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THE ANCHORAGE ASSEMBLY ORDAINS:

**Section 1.** Anchorage Municipal Code section 12.20.010 is hereby amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

**12.20.010 Definitions.**

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

\*\*\*

Hosting Platform means a person or entity that provides a means through which an operator may offer a room for rent. This service is usually provided through an online platform and generally allows an operator to advertise a room for rent through a website provided by the hosting platform, and provides a means for a guest to rent the room, whether the guest pays rent directly to the operator or to the hosting platform.

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(GAAB 10.20.010; AO No. 84-40; AO No. 86-210; AO No. 96-103, § 1, 4-1-97; AO. No. 97-3, § 1, 4-1-97; AO No. 97-68(S), §§ 1, 2, 5-6-97; AO No. 2003-102, § 2, 7-15-03; AO No. 2003-165, § 1, 12-17-03; AO No. 2012-105(S), § 1, 12-18-12)

1 **Section 2.** The Anchorage Municipal Code is hereby amended by adding a new  
2 section, to be numbered 12.20.031, which section reads as follows:  
3

4 **12.20.031 Registered hosting platforms.**  
5

6 A. *Registration required.* Every  
7 hosting platform that agrees to accept payment of room tax from a  
8 guest pursuant to section 12.20.020 and further agrees to remit the  
9 tax to the department on behalf of the operator shall obtain a  
10 certificate of registration prior to offering services to operators  
11 subject to this chapter.  
12

13 B. *Application.* Application for a  
14 certificate of registration shall be made to the chief fiscal officer on a  
15 form provided by the department containing such information as the  
16 department may require. There shall be no charge for issuing a  
17 certificate of registration.  
18

19 C. *Responsibilities.* An operator who  
20 uses a registered hosting platform as the sole method for renting or  
21 offering for rent a room shall not be subject to this chapter to the  
22 extent the registered hosting platform performs the responsibilities of  
23 an operator, with the exception of section 12.20.070, Maintenance  
24 and inspection of records.  
25

26 D. A hosting platform applying for a  
27 certificate of registration under this chapter shall provide security for  
28 its fiduciary performance in accordance with section 12.20.035.  
29 Evidence of such security shall be submitted to the department with  
30 the application.  
31

32 E. Taxes collected by a registered  
33 hosting platform pursuant to this chapter shall vest in the municipality  
34 upon collection. The hosting platform has a fiduciary duty to the  
35 municipality for these taxes. The taxes shall be segregated from the  
36 hosting platform's funds, at least by book account, and held in trust  
37 for the exclusive benefit of the municipality until remitted to the  
38 municipality.  
39

40 F. A registered hosting platform is not  
41 required to submit informational returns in accordance with section  
42 12.20.045.  
43

44 G. A registered hosting platform shall  
45 submit tax returns and remit tax payments in accordance with  
46 sections 12.20.050 and 12.20.053, except that the tax return shall  
47 set forth or include the aggregate amounts of all rents earned by and  
48 taxes due from the operators who use the hosting platform to rent or

1 offer to rent rooms through the hosting platform. To the extent a  
2 hosting platform collects[remits] taxes on behalf of an operator, the  
3 operator's liability for those taxes shall be deemed satisfied.  
4

5 H. A registered hosting platform shall  
6 obtain and preserve evidence sufficient to support all room rental  
7 transactions subject to this chapter and all claimed exemptions from  
8 payment, collection, or remittance of the room taxes under this  
9 chapter in accordance with section 12.20.070. To the extent a  
10 hosting platform may assign anonymous account numbers to  
11 operators using the hosting platform, when inspecting records the  
12 department shall inspect the required records in an anonymized  
13 fashion, unless the department has obtained a release of information  
14 from the operator or an order to produce identifiable operator  
15 information issued through a binding legal process.  
16

17 I. A registered hosting platform is not  
18 subject to section 12.20.090, Tax lien.  
19

20 J. Except as expressly provided for in  
21 this section, a hosting platform is subject to all other provisions of  
22 this chapter.  
23  
24  
25

26 **Section 3.** This ordinance shall become effective immediately upon passage  
27 and approval by the Anchorage Assembly.  
28

29 PASSED AND APPROVED by the Anchorage Assembly this 21<sup>st</sup> day of June,  
30 2016.  
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Chair

37 ATTEST:

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42  
  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2016-66

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.20, ROOM TAX, TO ESTABLISH THE DUTIES AND RESPONSIBILITIES OF A ROOM RENTAL HOSTING PLATFORM AND TO ESTABLISH AN ALTERNATIVE REGISTRATION PROCESS FOR OPERATORS WHO USE A HOSTING PLATFORM TO CONDUCT ROOM RENTAL TRANSACTIONS.

Sponsor: **MAYOR**  
 Preparing Agency:  
 Others Impacted:

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>	<b>(In Thousands of Dollars)</b>				
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Operating Expenditures</b>					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions	-	-	-	-	-
4000 Debt Service	-	-	-	-	-
<b>TOTAL DIRECT COSTS:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Add: 6000 Charges from Others	\$ -	\$ -	\$ -	\$ -	\$ -
Less: 7000 Charges to Others	-	-	-	-	-
<b>FUNCTION COST:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>REVENUES:</b>	<b>\$ 198</b>	<b>\$ 198</b>	<b>\$ 198</b>	<b>\$ 198</b>	<b>\$ 198</b>
<b>CAPITAL:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>POSITIONS: FT/PT and Temp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The above revenue estimate includes General Government's one-third share of the estimated annual unremitted room tax revenues of approximately \$66,000 associated with unregistered room rental operators who use hosting platforms to conduct short-term room rentals.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Beyond General Government's share of room tax revenues cited under Public Sector Economic Effects, an additional \$132,000 of estimated annual unremitted room tax revenues associated with unregistered room rental operators is expected to be generated and provide positive private sector economic effects as follows: \$66,000 additional for the Dena'ina Convention Center and \$66,000 additional for tourism promotion (i.e., Visit Anchorage).

Prepared by: *Daniel Moore, Municipal Treasurer*

Telephone: 343-4092



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

No. AM 390-2016

Meeting Date: June 7, 2016

1 **From:** MAYOR

2  
3 **Subject:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE  
4 CHAPTER 12.20, ROOM TAX, TO ESTABLISH THE DUTIES  
5 AND RESPONSIBILITIES OF A ROOM RENTAL HOSTING  
6 PLATFORM AND TO ESTABLISH AN ALTERNATIVE  
7 REGISTRATION PROCESS FOR OPERATORS WHO USE A  
8 HOSTING PLATFORM TO CONDUCT ROOM RENTAL  
9 TRANSACTIONS.

10  
11 For purposes of this ordinance, a room rental hosting platform (“hosting  
12 platform”) refers to an online marketplace that provides a means for a person or  
13 entity (“operator”) to offer a room for rent, and for a guest to reserve and pay for  
14 the room. Hosting platforms have gained a significant presence in Anchorage  
15 over the last few years, and now entail hundreds of separate online rental  
16 listings.

17  
18 Treasury is responsible for enforcing compliance with Anchorage Municipal Code  
19 chapter 12.20, Room Tax (“Code”), but the confidential nature of hosting  
20 platforms makes it nearly impossible for Treasury’s tax enforcement personnel to  
21 identify the population of operators utilizing the hosting platforms. Engaging  
22 directly with a hosting platform under AMC ch. 12.20 will enable Treasury to limit  
23 the administration of the Code from hundreds of unknown—and potentially  
24 unregistered—operators using a particular hosting platform down to one single,  
25 known entity: the hosting platform.

26  
27 A hosting platform does not meet the current Code definition of an operator  
28 because the hosting platform does not own, operate or control the room rental  
29 facility. Instead, a hosting platform acts as a facilitator of a room rental facility.

30 The Code does not currently address a hosting platform marketplace structure.  
31 Therefore, a new Code section addresses the hosting platform’s registration  
32 requirement, fiduciary responsibilities and associated financial guarantee, and  
33 remittance and reporting requirements.

34  
35 In addition, the proposed Code amendments provide that an operator who solely  
36 utilizes a registered hosting platform will not be subject to AMC section  
37 12.20.030, which requires every operator to be registered with Treasury prior to  
38 renting or offering to rent a room. An operator who conducts rental transactions  
39 outside of a registered hosting platform will remain subject to all Code provisions

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as to those rental transactions.

Room tax revenues provide a significant source of funding for the General Government Operating Budget as well as for the Dena'ina Convention Center and tourism promotion. The proposed Code provisions addressing hosting platforms provide Treasury with an additional tool to enforce compliance and to reduce the loss of revenue from unregistered operators utilizing a hosting platform for room rentals within the Municipality.

**THE ADMINISTRATION RECOMMENDS APPROVAL.**

Prepared by: Daniel Moore, Municipal Treasurer  
Approved by: Robert E. Harris, CFO  
Concur: Lance Wilber, Director, Office of Management & Budget  
Concur: William D. Falsey, Municipal Attorney  
Concur: Michael K. Abbott, Municipal Manager  
Respectfully submitted: Ethan A. Berkowitz, Mayor