Submitted by: Assembly Member Volland
Assembly Chair Constant
Prepared by: Assembly Counsel's Office
For reading: August 26, 2025

ANCHORAGE, ALASKA
AO No. 2025-97

AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A TAX ON SHORT-TERM RENTALS.

WHEREAS, Short-Term Rentals (STR) is a relatively new rental housing market that has grown exponentially in recent years through rental hosting platforms such as AirBnB, VRBO, and others; and

WHEREAS, the Municipality of Anchorage is facing a housing shortage and is working to increase housing supply in the Municipality through a variety of measures, including the Anchorage Assembly's commitment to increase housing development and fund initiatives and plans supporting these efforts; and

WHEREAS, and Short-Term Rentals have shown to be a factor in the housing crisis in some communities in the United States both for the positive and for the negative, and the Municipality has been significantly impacted; and

WHEREAS, the Anchorage Assembly passed and approved AO 2023-110(S-1), As Amended, on March 19, 2024, by a vote of 7-5, intended to regulate STR's within the Municipality by requiring a license and insurance coverage, to ensure compliance with applicable provisions of Municipal Code for land use, fire, health and other regulations, but it was vetoed by the Mayor and no vote to override was taken; and

WHEREAS, Anchorage Municipal Code section 12.20.031 requires a hosting platform for STRs to register with the Finance Department to collect the Municipality's room tax and remit to the Department on behalf of all operators for which it provides that service, reporting it in an aggregate amount only; and

WHEREAS, in the past the registered hosting platforms have taken a position that identification of each individual operator using its service and their individual room rental and collection information is considered proprietary information by platform hosts and is not provided to the Municipality; and

WHEREAS, if the voters of the Municipality authorize the additional room tax levied on only STRs through this proposed Charter amendment, it is the intent of the Assembly to utilize the existing system of hosting platforms to collect and levy all room tax from their operators-both the current total 12% room tax plus this additional 5% room tax levied on STRs-in order to efficiently and effectively build a housing fund for the dedicated net proceeds and offset the negative impacts of STRs on the housing market and inventory; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

<u>Section 1</u>. Pursuant to state law and the Anchorage Municipal Charter, a ballot proposition in substantially the following form shall be placed on the ballot and submitted to the qualified voters of the Municipality at the next regular municipal election on April 7, 2026.

PROPOSITION NO. __

CHARTER AMENDMENT TO AUTHORIZE A 5% TAX ON SHORT-TERM RENTAL TRANSACTIONS.

The proposed Charter Amendment would authorize and enact a five percent (5%) tax on each transaction for a short-term rental within the Municipality of Anchorage, in addition to any other room tax applied to such transactions, which is currently a 12% tax.

The Anchorage Municipal Charter would be amended by adding the following new section to Article XIV:

Section 14.08 Short-term rentals transactions tax.

(a) *Five percent room tax on short-term rentals.* The assembly is hereby authorized to levy, to the extent provided by law, a five percent (5 %) tax on each short-term rental transaction for residential units within the municipality. The assembly shall levy this tax as soon as practicable, but no later than July 1, 2026. This tax shall be separate from and in addition to any and all other taxes imposed on a short-term rental sales transaction.

(b) *Dedication to housing and infrastructure.* The net receipts from the tax levied under this section, after payment of the costs of tax administration, collection, and audit to the municipality, are dedicated to and shall be available to use only for the purpose of supporting development of housing and related infrastructure. The assembly will determine the fund or establish a new fund for the dedicated tax proceeds.

(c) *Exemptions and implementation.* The assembly may prescribe exemptions to the tax imposed by this section by ordinance. The assembly may enact by ordinance such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

(d) *Tax Cap Exclusion.* The tax levied by this section is excluded from the tax increase limitation calculation in section 14.03.

(e) *Definitions.* For purposes of this section, the following definitions apply:

(1) "Residential unit" means a separate and distinct living unit, which may be a condominium, town home, house, studio unit, condominium unit, bedroom or any such other similar unit, but does not include a room rental at a hotel, motel, or bed and breakfast.

(2) "Short-term rental" or STR means the rental of a residential unit to any person, who, for consideration, uses, possesses or has the right to use or possess such residential unit for a period of less than thirty (30) consecutive days.

And amend Anchorage Municipal Charter Article II (4), Charter § 14.01(b), and Charter § 14.03(b), as follows (additions shown in **underline and bold**, deletions indicated by **[~~brackets, strikeouts in bold~~]**):

ARTICLE II BILL OF RIGHTS

This Charter guarantees rights to the people of Anchorage that are in addition to rights guaranteed by the Constitution of the United States of America and the Constitution of the State of Alaska. Among rights guaranteed by this Charter are:

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(4) The right of immunity from sales taxes, except upon approval by three-fifths (⅗) of the qualified voters voting on the question except the taxes imposed by Charter **§ [~~Section~~]** 14.05**, § [~~and Section~~]**14.07**, and § 14.08** shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

*** *** ***

Section 14.01 Taxing Authority

*** *** ***

(b) The right of immunity from sales taxes, except upon approval by three-fifths (3/5) of the qualified voters voting on the question except the tax**es** imposed by Charter **§ [~~Section~~]** 14.05**, § [~~and Section~~]** 14.07**, and § 14.08** shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

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Section 14.03. Tax increase limitation.

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(b) The limitations set forth in subsection (a) do not apply to the following:

(1) Taxes on new construction or property improvements which occur during the current fiscal year.

(2) Taxes required to fund additional services mandated by voter approved ballot issues.

(3) Special taxes authorized by voter approved ballot issues.

(4) Taxes required to fund the costs of judgments entered against the municipality or to pay principal or interest on bonds, including revenue bonds.

(5) Taxes required to fund the cost of an emergency ordinance enacted pursuant to 10.03 of the Municipal Charter.

(6) Taxes imposed pursuant to Charter § 14.06 prior to 2022.

(7) Taxes imposed pursuant to Charter § 14.08.

*** *** ***

If approved by more than 50% of the qualified voters voting on the question at the April 7, 2026 Regular Election, the Charter amendments will become effective 30 days after certification of the election.

Shall the Charter be amended as shown above and become law, authorizing a dedicated 5% tax on short-term rental transactions?

YES [ ] NO [ ]

Section 2. The Administration is directed to prepare and submit an ordinance to amend the Anchorage Municipal Code to implement and codify provisions necessary and reasonable to administer and collect the new short-term rental tax. Such ordinance should be introduced to the Assembly at a regular meeting as soon as practicable, but no later than 45 days before the required date of levy set out in Charter 14.08(a). Such ordinance shall include the following:

1. Exemptions identical to the exemptions provided in AMC chapter 12.20, Room Tax.
2. Integrate into AMC Chapter 12.20 and rely on as much of existing municipal code as possible to compel compliance, collection and remittance.
3. Designation of a fund, existing or newly established, to which the revenues from this new 5% STR tax are deposited, with parameters restricting use of the money only to support housing developments and related infrastructure. The net receipts from the dedicated tax shall never lapse to the general government operating fund.

Section 3. The Charter amendments set forth in the proposition in Section 1 of this ordinance and Section 2 of this ordinance shall become effective 30 days after certification of the election, if and only if, said proposition is approved by a majority of the qualified voters of the Municipality voting on the proposition during the regular Anchorage Municipal election held on April 7, 2026. The remainder of this ordinance shall be effective upon passage and approval by two-thirds of the total membership of the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _______ day of _______________, 2025.

Chair

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 721-2025

Meeting Date: September 23, 2025

From: **Assembly Member Volland and Assembly Chair Constant**

Subject: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A TAX ON SHORT-TERM RENTALS.**

This ordinance proposes a new tax on short-term rentals (STRs) of residential dwellings, and dedicates this new revenue stream to development of housing and infrastructure needed to support new housing and increased density. Since the prolific growth of STRs, vacation rentals or house sharing over the past two decades with the convenience of online platforms such as AirBnB and VRBO, the housing supply has been affected. As one article explains in a study on the impacts to the Kansas City region:

> In 2023, there were over 2.4 million STR listings in the U.S. Over the last decade, the impact of these businesses has been dubbed the "Airbnb effect." The increase in STRs directly impacts rents in surrounding neighborhoods by pushing it higher and affects affordability across the region as supply is removed from the long-term rental or purchase market.[1]

A 2020 nationwide study found that "a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices."[2] It is an economic fact that in an unregulated market the growth of STRs has an impact on housing prices and rental rates and on the supply for long-term and owner-occupied housing availability. Even in the state of Alaska, the trend is identified by the Department of Labor and Workforce Development in its recent report of its annual survey of rental costs in Alaska, as well as noting the lack of data on STRs:

> Some rentals are converted to other uses. New home construction is just one indicator of potential changes to an area's rental supply over time; another change is units entering or leaving the rental market. Some rentals become short-term vacation rentals or owner-occupied, but those data are lacking. Rental stock estimates for Alaska from the Census Bureau's American Community Survey are imprecise and cover a five-year span for most

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1 Mid-America Regional Council, "Is the growth of short-term rentals fueling the region's housing crisis?," October 28, 2024 (https://www.marc.org/news/economy-housing/growth-short-term-rentals-fueling-regions-housing-crisis#:~:text=In%202023%2C%20there%20were%20over,supply%20is%20removed%20from%20the , (accessed August 29, 2025))

2 Barron, Kyle and Kung, Edward and Proserpio, Davide, The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb (March 4, 2020). Available at SSRN: https://ssrn.com/abstract=3006832 or http://dx.doi.org/10.2139/ssrn.3006832

boroughs and census areas, and the most recent are only available through 2023. Public short-term rental data quantifying the impact of Airbnb, Vrbo, and similar services are not available.[3]

The Municipality has attempted to require hosting platform services to include some informative data about their operators when reporting and remitting taxes on their behalf, as required by AMC subsection 12.20.031G.1. However, this requirement enacted by AO 2024-81(S), As Amended, was effective January 1, 2025, and to date there was no response to the sponsors' requests for this data.

In the Municipality of Anchorage several legislative actions in the past decade have attempted to enforce room tax collections from STRs and to address, understand and alleviate the negative effects of STRs to the surrounding neighborhoods and to the region as a whole. Those include:

- AO 2016-66, As Amended, enacted new section AMC 12.20.031, Registered hosting platforms, specifically to address the hosting platform marketplace structure and provide the Municipal Treasury Division with an additional tool to enforce compliance and reduce room tax revenue loss from unregistered operators.
- AO 2019-99(S), As Amended, changed the hosting platform agreement from being only voluntary as originally enacted, to being required. The landmark case *Wayfair v. South Dakota v. Wayfair,* 585 U.S. 162, 138 S.Ct. 2080 (2018)*,* removed the physical presence requirement for the nexus required to obtain jurisdiction over remote, internet based businesses and catalyzed this code change.
- AO 2023-110(S-1), As Amended, Vetoed by the Mayor, would have established licensing and registration by STRs, to ensure operators had someone responsive to complaints available locally and provide assurance STR units meet land use, fire, health and other applicable municipal code, for the quiet and peaceful enjoyment of neighborhoods where they exist. The Mayor's veto was not submitted for an override vote.
- AO 2024-81(S), As Amended, amended the room tax reporting requirements for hosting platforms to add data on the number and types of STR units the platform serves and area they are located.
- AO 2025-35(S-1), As Amended, provided for tax incentives for new housing developments, but disqualifies and terminates the exemption for units used as STRs.

And several recent measures are specific to the community of Girdwood, which is uniquely impacted as a vacation resort destination with a high volume of "dark homes" with many of those used as STRs:

- AO 2023-137, As Amended, approved the disposal of portions of Heritage

[3] Schultz, G., and Kreiger, R., "Rent up 5 percent in spring survey," Vol 45, No. 9, p 4, Alaska Economic Trends (September 2025) (*available at* https://live.laborstats.alaska.gov/trends-magazine/2025/September/rent-up-5-percent-in-spring-survey accessed September 5, 2025).

Land Bank parcels to CY Investments for the Holtan Hills residential development, and required a homeowner's association to prohibit STR uses except for rentals of accessory dwelling units.

- AO 2024-114(S), As Amended, establishing a policy in the Girdwood Comprehensive Plan for future HLB disposals to include a condition restricting STR uses, similar to the disposal for Holtan Hills.
- AR 2025-103, As Amended, approving the HLB 2025 Annual Work Plan and Five-year Management Plan included acknowledgment of the Girdwood Comp Plan policy to restrict STR use as a condition of disposals.

Each one included information and findings about the AirBnB Effect. Clearly, STR listings throughout the Municipality of Anchorage have impacted and contributed to the housing crisis: the AirBnB Effect has been here for a while now.

The proposed tax will generate revenue from one of the significant contributing causes to our housing crisis-STR listings-and dedicate it to funding solutions and supporting housing supply growth. The Assembly has directed funding appropriated for this purpose in the 2023 and 2024 General Government Operating Budgets, but they were not utilized and lapsed back into general fund balance at the end of the year.[4] With a new, self-sustaining and dedicated revenue stream directed to this purpose, extracted from a significant contributor to the housing crisis, these STR tax monies would permanently be restricted for housing and never lapse. Funding restricted to this use is needed to facilitate the success of the Mayor's action plans in the [10,000 Homes in Ten Years Strategy](https://www.muni.org/Departments/Mayor/Documents/Priorities/10K%20Homes%20IV.pdf) launched earlier this year.[5] From investments to streamline municipal processes and permitting, to providing funding-backed incentives to support new housing developments, to monetizing programs for remediating neglected properties and put them to useful, habitable occupancy, the Strategy has a price tag. This dedicated STR tax funding stream is potentially a key part of the economic solution.

Some other jurisdictions have similarly enacted and levied a tax specifically on STR transactions, and dedicated all or a portion to affordable, attainable or workforce housing. This includes the Colorado communities of Aspen (5% or 10%, depending on STR type), Carbondale (6%), Crested Butte (7.5%), and Telluride (2.5%), which all singled out STRs for additional tax on top of a room tax applied to hotels and other transient lodging. In California the county of Napa and City of St. Helena dedicated revenue from a special transient occupancy tax (1% in each jurisdiction) to affordable and workforce housing programs and services, on top of their 12% general room tax that goes to their general fund. This proposal is not a new concept, it follows a model that other local governments across the country have used to

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[4] *See* 2024 Approved General Government Operating Budget, p. 24 line 103, $500,000 for Housing Fund, (https://www.muni.org/Departments/budget/OperatingArchive/Documents/2024/Web%20-%20Full%202024%20Approved%20GGOB.pdf accessed September 11, 2025); *and* AM 585-2025 attached to AR 2025-221, p. 1 lines 28-32, describing three ARs granting $1,300,0000 to the Anchorage Affordable Housing and Land Trust for rehabilitating vacant and abandoned properties for housing, (https://www.muni.org/Departments/budget/operatingBudget/2023%20GGOB/2023%20Revised%20Budget/Book-07%20-%202024%20Revised%20Budget%20Complete%20Book.pdf accessed September 11, 2025).

[5] *See* https://www.muni.org/Departments/Mayor/Documents/Priorities/10K%20Homes%20IV.pdf

address their affordable and workforce housing supply issues.

Here in the Municipality of Anchorage, in the midst of our housing crisis, it is appropriate to create a dedicated revenue stream from the STRs that benefit from transient visitors attracted to our community but also detrimentally affect the housing supply. In Alaska, this kind of tax is a sales tax and requires approval of the voters, either by charter amendment or by ratification of an ordinance imposing it. This ordinance proposes a ballot proposition amending the Home Rule Charter of the Municipality for approval by the qualified voters at the April 2026 election. We request our colleagues to allow the people of Anchorage to consider and vote whether this tax should be imposed.

We request your support for the ordinance.

Prepared by: Assembly Counsel's Office
Legislative Services Office

Respectfully submitted: Daniel Volland, Assembly Member
District 1 – North Anchorage

Christopher Constant, Assembly Chair
District 1 – North Anchorage

MUNICIPALITY OF ANCHORAGE

Assembly Information Memorandum

No. AIM 190-2025

Meeting Date: September 23, 2025

From: **ASSEMBLY VICE CHAIR BRAWLEY**

Subject: AO 2025-97: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A TAX ON SHORT-TERM RENTALS.**

For the Assembly's consideration; please see the following information about tax policy in the State of Colorado, and state laws restricting local governments' ability to set tax policy. Attached and linked below are copies of several recent articles detailing how Colorado's state and local tax laws have changed over time, after this brief summary:

Colorado has a Taxpayers Bill of Rights (TABOR)[1], enacted in 1992, which limits the state and local governments' revenue collection and ability to tax, including limits on state tax rates, requiring voter approval for new or increased taxes, and a provision to refund residents if excess revenue is collected annually, and in recent years surplus revenues have been returned under this provision. Voters can also authorize retention of additional revenue for specific purposes. This creates a complex taxation system for local governments, and also has led to governments seeking alternative methods of raising revenue for services that are not regulated under TABOR, such as fees and excise taxes, a trend which has raised questions about the intent of and compliance with TABOR.[2] An excise tax is distinct from a sales tax, and is paid by the seller rather than the customer, with the cost of the tax typically built into the listed price of the item.[3]

State law also limits city and county governments, in addition to requiring voter approval for local taxes, through a maximum rate for lodging taxes. Like Alaska, Colorado allows for Home Rule municipalities, but there are general restrictions on city and county governments regarding taxation. A 2022 state law (HB 1117) authorized counties and local marketing districts, which were previously restricted to only spending these funds on tourism promotion and marketing, to spend up to

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[1] Colorado General Assembly, Legislative Council, "Taxpayers Bill of Rights (TABOR)." https://leg.colorado.gov/agencies/legislative-council-staff/tabor

[2] Brian Eason, "Instead of taxes, Colorado gets fees: How lawmakers learned to dodge the Taxpayer's Bill of Rights." *Denver Post*, August 21, 2017. https://www.denverpost.com/2017/08/20/colorado-voters-taxpayer-bill-rights/

[3] Colorado General Assembly, Office of the State Auditor, "Excise Tax Evaluations." https://leg.colorado.gov/agencies/office-state-auditor/excise-tax-evaluations

90% on other uses: affordable housing, child care for local workers, and "enhancing visitors experiences." Cities can tax lodging up to 6%; until May 2025, counties were limited to taxing lodging up to 2%, with another recent law change (HB 1247) also allowing up to 6%, and expanding allowed the uses for tax revenue beyond those listed above, to also include public infrastructure and public safety (law enforcement, fire protection, and emergency medical services).[4]

Local news coverage of Colorado communities' tax policy describes several recent proposals sent to voters regarding additional taxation of short-term rentals, or additional taxation on lodging generally, directing revenue toward housing and other community needs. Many of these additional taxes appear to have been put forward in a legal and fiscal environment in which it was not legal to further increase the lodging tax rate, and were instead proposed as excise taxes. With passage of HB 1247 this year, many counties are already exercising their ability to ask voters to increase their lodging tax up to the allowed rate of 6% in upcoming elections (*see reference articles for details*).

Additionally, many self-described resort or destination communities in Colorado have felt impacts of short-term rentals in their housing market, and have pursued significant restrictions on operations of short-term rentals, from registration or licensing requirements, to limits on which zoning districts they can be located in, to limits on the number or type of allowed operations, with specific definitions of "short-term rental" to make clear what types of lodging or accommodation are subject to additional taxes.

Reference Articles

Jason Blevins, "Colorado mountain towns can now use tourism tax revenue to deal with visitor hordes, housing shortage." *The Colorado Sun*, April 1, 2022. https://coloradosun.com/2022/04/01/colorado-tourism-lodging-taxes-house-bill-1117/

Jason Blevins, "Western Slope voters overwhelmingly passed taxes on short-term rentals to fund affordable housing." *The Colorado Sun*, November 17, 2022. https://coloradosun.com/2022/11/17/western-slope-voters-tax-short-term-rentals/

Jason Blevins, "Bipartisan bill would let Colorado counties triple lodging taxes to pay for more than affordable housing." *The Colorado Sun*, February 14, 2025. https://coloradosun.com/2025/02/14/legislation-lodging-tax/

Robert Tann, "Legislature passes bill letting Colorado counties ask voters to triple lodging tax to 6%." *The Summit Daily*, printed in *The Colorado Sun*, April 16, 2025. https://coloradosun.com/2025/04/16/colorado-lodging-tax-increase-bill-passes/

Jennifer Sokolowsky, "Colorado law paves way for counties to raise lodging tax." Avalara *My LodgeTax* blog, May 27, 2025.

[4] Colorado General Assembly, HB 1247, passed in April 2025 and signed into law May 2025. https://leg.colorado.gov/bills/hb25-1247

https://www.avalara.com/mylodgetax/en/blog/2025/05/colorado-law-paves-way-for-counties-to-raise-lodging-tax.html

Jason Blevins, “7 Colorado counties plan to ask voters to double or triple lodging taxes to pay for roads, police.” *The Colorado Sun*, September 15, 2025. https://coloradosun.com/2025/09/15/counties-raising-lodging-taxes/

Respectfully submitted: Anna Brawley, Assembly Vice Chair
District 3, West Anchorage

coloradosun.com

Colorado mountain towns can now use tourism tax revenue to deal with visitor hordes, housing shortage

Jason Blevins

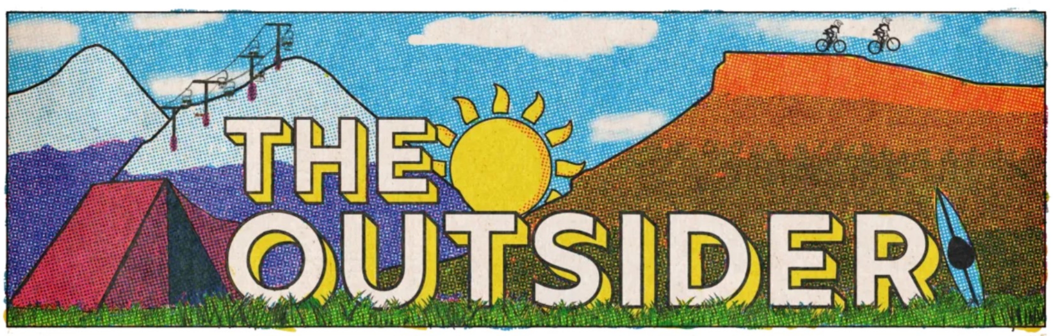
9–12 minutes

	Original Reporting	This article contains firsthand information gathered by reporters. This includes directly interviewing sources and analyzing primary source documents.
	References	This article includes a list of source material, including documents and people, so you can follow the story further.

Customers wait for tables and service at Secret Stash Pizza on July 28, 2021. On busy days the wait this summer was more than an hour long. (Dean Krakel, Special to The Colorado Sun)

Voters in mountain towns could soon redirect lodging taxes traditionally collected to lure visitors toward housing and recreational infrastructure.

Gov. Jared Polis signed House Bill 1117, the bipartisan legislation allowing that option, into law Thursday in Edwards. Since 2002, voters in 29 Colorado counties have approved a lodging tax for tourism marketing. The new legislation allows counties and local marketing districts to spend as much as 90% of lodging taxes previously collected for tourism on affordable housing, child care for local workers and "enhancing visitors experiences," which includes investment in recreational infrastructure such as trails.



This story first appeared in **The Outsider**, the premium outdoor newsletter by Jason Blevins.

In it, he covers the industry from the inside out, plus the fun side of being outdoors in our beautiful state.

It's the kind of proposal that tourism officials in Colorado traditionally have opposed. But after the last couple years, with a pandemic-driven real estate frenzy fueling a housing crisis and labor shortage that is threatening rural communities overwhelmed by visitors, many of Colorado's tourism boosters support the plan to repurpose marketing dollars.

"There's been a lot of consternation around this. A lot of hard conversations. But tourism is not opposing this," said Lucy Kay, the president and CEO of the Breckenridge Tourism Office. Her office in 2016 changed its mission from “come here!” marketing to include managing visitor impacts. “We all need housing. This helps us support issues that are critical to the hospitality industry. We would love these places to be better by having tourism and not have tourism considered as just an impact.”

Many of Colorado’s strongest regional tourism organizations — including in Aspen, Breckenridge, Telluride and Vail — shifted away from pure marketing several years ago. Those groups are now in the business of lessening the impacts of visitors, spending lodging taxes on things like luring new businesses to town and training workers and tourism campaigns that educate visitors about taking care of natural resources and respecting local communities.

But Colorado’s laws for marketing districts that collect lodging taxes prevented spending on capital projects other than tourist information centers. House Bill 1117 changes that, marking a fundamental shift in tourism spending, with focus not just on visitors, but locals. The bill allows voters to decide how to divide lodging tax revenue between tourism promotion, housing, childcare and recreational improvements, but it requires that at least 10% remain dedicated to tourism marketing.

“A visitor’s experience is also heavily influenced by the host community’s ability to support their residents and local workforce with housing and other essential services, as well as a strong quality of life that comes with our amazing natural and cultural assets,” the bill reads. “Robust support for our residents’ needs is essential to the long-term health of both our communities and our economy.”

Gunnison County changed the name of its tourism association to the Tourism and Prosperity Partnership in 2019, using a 4% lodging tax collected by the county’s marketing district to support economic development, Western Colorado University, and local entrepreneurs and businesses, while also promoting visitor-friendly events.

But when the county needed to expand a trailhead parking lot, install new signs or build a pit toilet near a popular trail, TAPP could not help.

"So we see this as a shot in the arm, helping us better manage visitation," said TAPP boss John Norton, who last year suspended summer tourism marketing as crowds hammered understaffed Crested Butte businesses. "It's tough to argue that affordable housing in the valley — or really anywhere in Colorado — is not a worthwhile use of these funds. Hopefully more affordable housing brings visitor demand and our employee situation into balance, which it has not been in."

Help wanted signs in the windows of businesses in Crested Butte, Colorado on Saturday August 14, 2021. (Dean Krakel, Special to The Colorado Sun)

Gunnison County Commissioner Jonathan Houck worked with other counties to make sure recreational infrastructure investment was part of House Bill 1117. He said he hopes voters will approve expanded spending on things like trail signs, apps for visitors and trailheads.

"If you want people to keep coming back, you've got to take care of the resources you have and you've got to be able to put some money back

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into it," he said.

Lodging tax revenue is not enough to build affordable housing. But it's enough to get it started. Gunnison County, for example, spent $250,000 for utilities and engineering that allowed a private developer, Gary Gates, to build the 77-unit Paintbrush apartment complex in Gunnison that opened late last year.

"It's like a $40 million project and we spent $250,000. That to me is the sweet spot for expanded local marketing district dollars," Houck said. "We can have cash to leverage larger investment for housing."

There are 29 counties in Colorado and six local marketing districts that collect lodging taxes for regional tourism promotion, including Alamosa County, Estes Park, Gunnison County, Moffat County, Steamboat Springs and Vail.

Yampa Valley Housing Authority Executive Director Jason Peasley, pictured May 7, 2021, led his organizationÕs efforts to build the 48-unit affordable housing development on the west side of Steamboat Springs. The Housing Authority has a goal to build 600 units by 2030. (Matt Stensland, Special to The Colorado Sun)

Visit Estes Park is planning to protect its tourism marketing budget while using extra lodging tax revenue to work with partners on housing projects.

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Kara Franker, the CEO of Visit Estes Park, said her group is pursuing "destination stewardship," which seeks a balance in resident quality of life and a vibrant visitor economy "while protecting our cultural and natural resources."

"What better way to champion this values-based approach, than to work with the community on important issues like workforce housing and child care," Franker said. "We want to be a part of the solution."

Tourism officials admit that smaller communities could see tourism marketing budgets reduced under the reshuffling of lodging tax dollars. The legislation requires that at least 10% of lodging taxes remain in the tourism promotion bucket.

The reduction of support for groups that are transitioning into destination management could slow progress on helping communities better educate and handle visitors, said Cathy Ritter, the former head of the Colorado Tourism Office whose Better Destinations group now consults for many tourist-dependent communities.

"Places where people are frustrated with, say, waiting longer than usual to get seated at their favorite restaurant should be prepared for some of those restaurants to go away if the tourists go away," said Ritter, who champions sustainable tourism with campaigns that target what she calls "low-impact travelers."

About every decade or so, a lawmaker or group will propose cutting Colorado's tourism promotion funding, thinking that the state's mountains and attractions don't need campaigns because visitors will naturally flock. That notion was tested in 1993, when voters declined to support a statewide tourism marketing tax and tourism campaigns went dark. The state's share of the U.S. vacation market collapsed and it took 20 years for the state to regain that share of American travelers. There's even a case study — "The Rise and Fall of Colorado Tourism" — that shows what happens when tourism promotion ends.

Ritter sees whispers of 1993 in House Bill 1117's hobbling of tourism marketing power. She fears lawmakers and even tourism-dependent communities may be making long-term decisions based on the surge of visitors making up for a couple years of lost travel during the pandemic lockdown.

This year, rising costs and gas prices already are “rapidly eroding” vacation plans, Ritter said.

“Communities that hamstring their destination organizations’ ability to do their jobs suddenly may be looking around and saying what happened to our economy? What happened to all those tax receipts we had back in 2021?” Ritter said. “The sad fact is that a whole lot of other places and states are seeing the value in supporting their tourism economies. Those are the places that will be the winners when the going gets tough.”

Jason Blevins lives in Crested Butte with his wife and a dog named Gravy. Job title: Outdoors reporter Topic expertise: Western Slope, public lands, outdoors, ski industry, mountain business, housing, interesting things Location:... More by Jason Blevins

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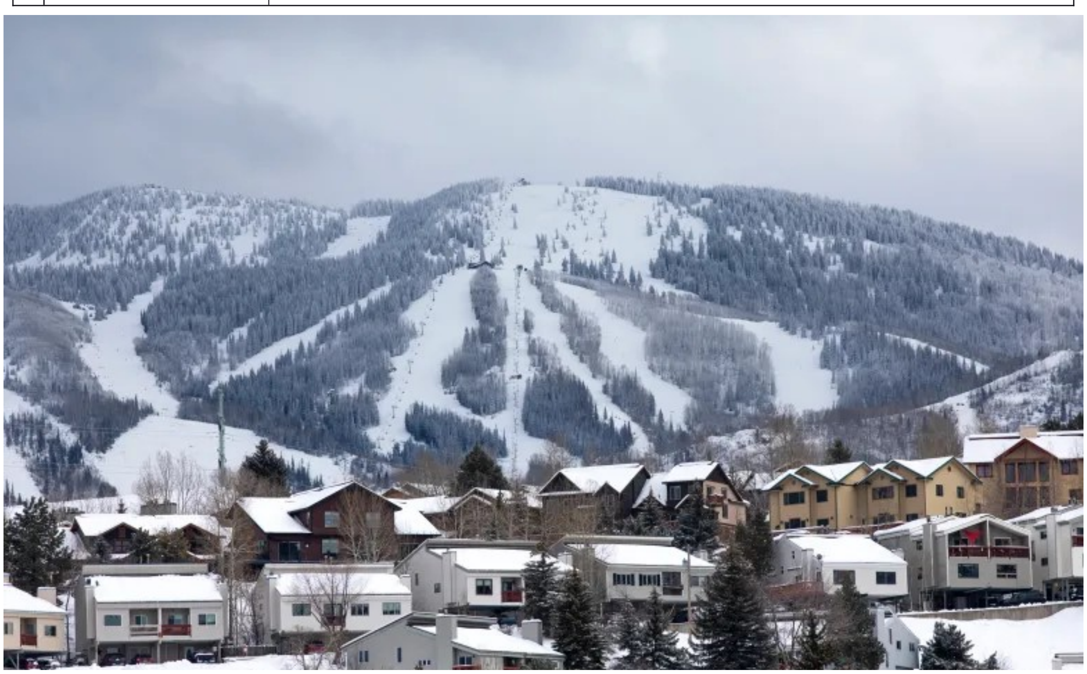
Western Slope voters overwhelmingly passed taxes on short-term rentals to fund affordable housing

Jason Blevins

9–11 minutes

Original Reporting	This article contains firsthand information gathered by reporters. This includes directly interviewing sources and analyzing primary source documents.
References	This article includes a list of source material, including documents and people, so you can follow the story further.
Subject Specialist	The journalist and/or newsroom have/has a deep knowledge of the topic, location or community group covered in this article.



Homes fill the landscape in front of the ski area in Steamboat Springs in December 2021, a month after voters in more than a dozen mountain towns overwhelmingly approved additional taxes on vacation rentals. (Hugh Carey, The Colorado Sun)

Western Slope voters last week overwhelmingly approved new and additional taxes on short-term rentals to generate money for affordable housing.

Voters in Aspen, Carbondale, Dillon, Durango, Glenwood Springs, Salida, Snowmass Village and Steamboat Springs approved new or additional taxes on vacation rentals. So did voters in Chaffee, Eagle, Gunnison and Summit counties. Together the new taxes from vacation rentals could direct about $40 million a year toward affordable housing in those communities.

Voters in Grand Junction and Park County bucked the higher-taxes-for-housing trend.

Short-term rentals have been the target of local politicians and voters since 2019, when stories of new home buyers bumping out locals to rent to vacationers became the dominant narrative in the high country housing crisis.

Could two years of increased regulation and limitations, coupled with higher fees and taxes — plus extraordinarily high costs for cleaning by overworked crews charging upward of $50 an hour — put the brakes on a short-term rental market that has steamrolled through Colorado's high country housing landscape?

"It's too early to tell as the great STR revenue grab just began," said Toby Babich, the president of Breckenridge Resort Managers and a longtime advocate for the vacation rental industry in Summit County.

Here's a list of communities that approved short-term rentals taxes last week:

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- Aspen voters approved an additional 5% to 10% tax on short-term rentals that will deliver about $9.1 million a year for affordable housing.
- Carbondale voters approved a 6% excise tax on short-term rentals to generate $400,000 a year for affordable housing.
- Chaffee County voters approved the reallocation of lodging taxes from purely tourism promotion to include workforce housing and child care. But Chaffee County voters also rejected a property tax increase that would raise about $2.2 million a year for new homes built by the Chaffee County Housing Authority.
- Dillon voters approved two measures: a 5% excise tax on short-term rentals and a 6% excise tax on all lodging that will raise about $4.5 million a year for affordable housing. Dillon voters also approved $20 million in debt to buy, plan, develop and maintain workforce housing.
- Durango voters approved the city's request to retain revenues from a 2021 lodging tax increase for affordable housing. Vail voters did the same with 2021 sales tax revenues.
- Eagle County voters approved a new 2% lodging excise tax on short-term rentals in unincorporated areas and Gypsum, with 10% of the $3 million in new revenue going toward tourism promotion and 90% to fund housing and child care.
- Glenwood Springs voters approved an additional 2.5% lodging tax to generate $2.5 million a year for workforce housing.
- Gunnison County voters approved the reallocation of a 4% local marketing district lodging tax, with 40% for "tourism-supporting" projects like housing, child care and recreational infrastructure and 60% for tourism marketing and promotion.
- Salida voters passed two measures increasing annual and nightly taxes on STRs to create a funding source that could support the construction of 29 new affordable housing units per year.
- Snowmass Village voters approved the reallocation of a 2.4% lodging tax

from tourism to workforce housing.

- Steamboat Springs voters approved a 9% tax on about 3,000 short-term rentals to raise $14.3 million for the first phase of development of a planned 2,300 units on 536 acres given to the city by an anonymous donor.
- Summit County voters approved an additional 2% excise tax on short-term rentals to raise $5.4 million a year for affordable housing and child care with 10% of the new revenue supporting “social, cultural and environmental uses related to local tourism.”
- Voters in Grand Junction rejected tax increases on short-term rentals and all commercial lodging to generate about $1.4 million a year for affordable housing.
- Park County voters rejected a new 2% lodging tax to fund housing and child care, recreational infrastructure and tourism promotion.

The past two years of contention between local governments and property owners who rent their homes to vacationers instead of working locals is an issue of land use, said Tamara Pogue, a commissioner in Summit County where more than one-third of all homes are vacation rentals. Hotel developers went through a rigorous local approval process before they opened properties for visitors.

“With a short-term rental, that process doesn’t exist,” Pogue said. “But the needs still exist: roads, sewer, water, emergency response, all that. As a result, there’s a need to generate revenue to meet the infrastructure needs that the business generates, and in this case, because there is no traditional development process, taxation is really the only option.”

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Earlier this year, Airbnb issued a report showing that 54% off all visitors to Summit County in 2020 stayed in short-term rentals. Spending by those visitors generated $16.5 million in local taxes and $10.3 million in state taxes, the report says. That study concluded long-term housing was not being converted to short-term rentals and the contributions of the vacation rental industry — more than $1 billion in spending in 2020 in five resort-anchored Colorado counties — outweighed impacts to workforce housing.

Pogue was among 15 commissioners from seven Western Slope counties who blasted Airbnb's report for "selecting data that fits (the company's) narrative" and pointed to their own county housing needs assessments that "directly contradict the claims of Airbnb regarding workforce housing."

Champions of short-term rentals have grown defensive in recent years, arguing they are important contributors to tourism economies. Drive off vacationing renters and eliminate the financial viability of short-term renting and resort communities "will eventually become either villages of foreclosures or second-home ghost towns," said Babich, who also serves as the mayor of Summit County's Blue River.

"Neither are what I would look at as a good 'community character' for a ski resort town," Babich said. "Nobody staying in rental homes means nobody shopping, dining and doing activities."

Babich said the increasing taxes and fees "are essentially tariffs on services" with local leaders hoping they reduce the number of short-term rentals.

"As a local elected official, I find it very troubling," he said. "I cannot recall local government acting in a manner contrary to their economy with the express purpose of depressing it to achieve goals. It is very counterintuitive."

Pogue says it's important to think about how increased regulation and taxation may impact the short-term rental industry. As the economy contracts and visitors begin watching their spending, the pressures of supply and demand may force some property owners to adjust rates. Some of those owners might see value in renting their properties yearround to working locals.

"I think that would likely happen long before we see 'a village of foreclosures and second-home ghost towns,'" said Pogue, noting that early bookings for the 2022-23 winter in Summit County are strong and she sees "no sign of a wave of foreclosures or a doomsday scenario of homes sitting empty due to regulation."

If increased regulation and taxes begin to slow the short-term rental industry in Summit County, Pogue said, that could support capping the total number of vacation rental units in the county.

"We may in fact just have too many short-term rental units available to sustain if the sheer magnitude of the industry can't generate the margin individual owners would like to see," Pogue said.

Jason Blevins lives in Crested Butte with his wife and a dog named Gravy. Job title: Outdoors reporter Topic expertise: Western Slope, public lands, outdoors, ski industry, mountain business, housing, interesting things Location:... More by Jason Blevins

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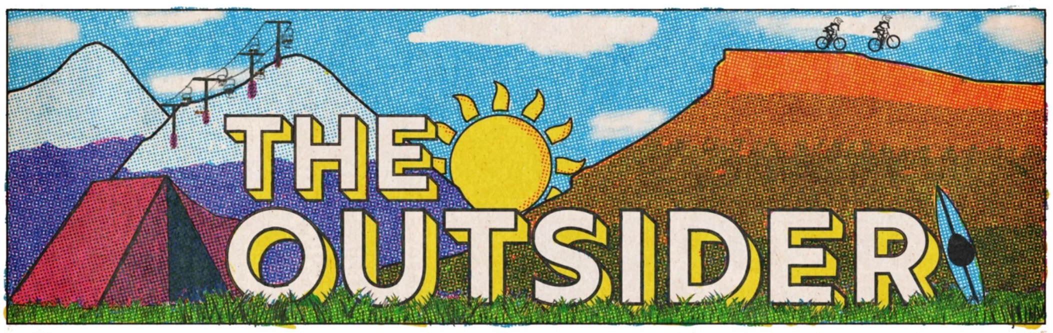
Bipartisan bill would let Colorado counties triple lodging taxes to pay for more than affordable housing

Jason Blevins

7–9 minutes



Colorado lawmakers Thursday dropped bipartisan legislation that would allow local voters to raise their county lodging tax rate to 6% from the existing 2%.

The potential tripling of local lodging taxes — which mountain town voters have recently embraced as a way to fund affordable housing — would also come with an expansion in the types of projects that could be funded with lodging tax revenue.

House Bill 1247 would allow increased lodging tax revenue to fund infrastructure, preserve historical sites, land and wildlife habitat, promote sustainable tourism practices, and employ more police and emergency workers.

Colorado Sen. Dylan Roberts, a Democrat from Frisco, in 2022 sponsored legislation that allowed communities to redirect lodging taxes

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from just marketing to allow spending on child care, recreational amenities and housing. Short-term rental advocates who have been girding for additional taxes are promising a fight as tourism funding moves beyond housing.

Voters in several mountain communities have approved that shift in tourist-tax spending. Roberts is also sponsoring House Bill 1247, calling it “a modest but important expansion” of not just the revenue but how communities could expand uses for lodging tax dollars.

“There’s a proven track record of communities embracing the use of lodging taxes for crucial needs within their community,” said Roberts, calling the redirection of lodging taxes “a game changer” in places like Eagle, Clear Creek, Grand, La Plata and Summit counties.

State Sen. Dylan Roberts, D-Frisco, speaks to a colleague at the Colorado Capitol in Denver on Wednesday, Feb. 12, 2025. (Jesse Paul, The Colorado Sun)

The new tax bill was expected by now well-organized groups of short-term rental property owners and advocates who [galvanized last year to reject a proposal]() that would have quadrupled property taxes on short-term rentals. Short-term rental industry advocates have been predicting increased taxes and regulation on homes rented to vacationers as communities grapple with a lack of affordable housing.

The proposal to increase county lodging taxes up to 6% was first floated last year by Colorado Counties Inc. alongside a proposal to tax homes that are left vacant for most of the year. The lodging tax legislation would be for unincorporated portions of counties and could not add taxes to areas where there are existing municipal or district lodging taxes.

The proposal lands as tourism traffic ebbs in Colorado. Last year's overall visitation is expected to be flat compared with the previous year, marking a softening in the post-pandemic vacation boom. Fickle weather this winter has slowed skier traffic.

Breckenridge, home to the busiest ski area in the country, is down about 2% in lodging nights and 8% in revenue compared with the previous winter. And bookings remain slow for the rest of the year, said Lucy Kay, the head of the Breckenridge Tourism Office.

Skiers and riders flock Breckenridge ski resorts's Peak 8 base area for the chairlift rides up the mountain, March 13, 2024, in Breckenridge. (Hugh Carey, The Colorado Sun)

Combine the slowdown with an increasing movement toward managing tourism more than marketing to tourists and redirecting tourism taxes

-853-

away from that traditional trumpeting of destinations and Colorado could be on the cusp of shifting away from an economic over reliance on visitors. But could a downturn in tourism revenues prod local voters to better recognize the value of tourism and maybe reject an additional tax for visitors?

“This is the question we are all asking,” Kay said. “Those of us in the hospitality industry are looking at bookings for the next six, eight, 12 months and we are seeing this softening. For a lot of folks who are maybe voting on these issues, they may be less likely to see that until it is happening and revenues are compromised.”

(Breckenridge conducts resident sentiment surveys every two years to take the pulse of locals, second-home owners and employers. Since 2017, those surveys show 80% of Breckenridge locals and homeowners supporting the town’s management of tourism traffic, Kay said.)

Lobbyists gather outside of the Colorado Senate chambers on Monday, Feb. 10, 2025, in Denver, Colorado. (Jesse Paul, The Colorado Sun)

Short-term rental advocates were ready for the tax proposal. Julie Koster, the head of the Colorado Lodging and Resort Alliance and the Summit Alliance of Vacation Rental Managers, said owners are staunchly opposed to a vacancy tax.

“We have existing ordinances that restrict occupancy and limit the number of nights an owner can rent and how many reservations we can book. You can’t restrict occupancy and then tax people because their home is empty,” Koster said.

Opposition to a bump in lodging tax to 6% is more nuanced, Koster said. Vacation rental owners and advocacy groups support a 2% tax on nightly rentals to fund workforce and affordable housing. The new legislation would expand the uses of lodging tax revenue beyond housing and Koster said those community-focused investments should be handled with a community-wide tax.

“If we want to generate funding for all these different community needs, maybe we should use a broad sales tax that applies to all the spending in the region, not just visitors,” she said. “Vacation rentals have been taxed and fee’d and regulated nearly to death. It feels like a death by a thousand cuts and I feel like at some point we need to say enough and I think we are nearing that point.”

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The legislation would allow communities to craft their own plan with an increase in overnight taxes to as much as 6% in addition to choosing where that revenue could be spent. Koster said the short-term rental industry would support increased lodging taxes that fund housing, but not other projects.

Because of the Taxpayer’s Bill of Rights, counties could not unilaterally impose a higher lodging tax rate if House Bill 1247 passes. They would need voter approval.

Roberts said the backers of the bill were careful to set the cap at 6%.

“It could have been higher but we wanted to make sure we were not going to have a detrimental effect on tourism,” Roberts said. “In order to provide a good tourism and visitor experience that gets people to want to come back, you have to have the services — like housing, child care, law enforcement, landscape conservation — to support that visitor experience. I think by improving those services we can improve tourism and provide benefits for locals."

House Bill 1247 hasn't been scheduled for its first hearing yet. Its other lead sponsors are Democratic Reps. Katie Stewart of Durango and Karen McCormick of Longmont, as well as Republican Sen. Cleave Simpson of Alamosa.

Type of Story: News

Based on facts, either observed and verified directly by the reporter, or reported and verified from knowledgeable sources.

coloradosun.com

Legislature passes bill letting Colorado counties ask voters to triple lodging tax to 6%

The Summit Daily

~2 minutes

Aspen Mountain ski area on Dec. 21, 2021, in Aspen. (Hugh Carey, The Colorado Sun)

By Robert Tann, *The Summit Daily*

A bipartisan bill to raise the lodging tax cap for Colorado counties cleared the statehouse and is on its way to Gov. Jared Polis's desk.

Currently, counties cannot ask voters to approve more than a 2% lodging tax in unincorporated areas, while towns and cities can ask for as much as 6%. Under House Bill 1247, counties would be able to seek up to 6%

and be given more latitude for how to spend that revenue.

Lawmakers say the measure is intended to help counties diversify their revenue streams, particularly in rural resort areas trying to fulfill a host of community needs like improving local roads and providing more affordable housing.

"Which is going to benefit both the people who live in the community and help power the tourism workforce," said Sen. Dylan Roberts, D-Frisco, a lead bill sponsor, "but also ensure that visitors have a good experience when they come and will want to come back."

Read more at summitdaily.com.

Type of Story: News Service

Produced externally by an organization we trust to adhere to high journalistic standards.

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Colorado county lodging taxes could go up under new law

Jennifer Sokolowsky

4–5 minutes

A new law allows counties in Colorado to raise lodging taxes to a maximum of 6% if the taxes are approved by voters. Previously, county governments could only ask voters to approve lodging taxes of up to 2%. Cities are already allowed to raise lodging taxes up to 6% with voter approval.

The measure, signed by Governor Jared Polis on May 13, 2025, also expands the types of projects counties can use lodging tax revenue for. Currently, counties are legally allowed to spend revenues from accommodations taxes on affordable housing, child care for local workers, and enhancing visitor experiences, along with tourism marketing and promotion. The latest law adds infrastructure and public safety to the list of legal expenditure areas.

The measure is designed to help counties gain more revenue sources, according to legislators. The changes will "benefit both the people who live in the community and help power the tourism workforce, but also ensure that visitors have a good experience when they come and will want to come back," said bill sponsor Senator Dylan Roberts.

Voters in several Colorado communities approved lodging tax increases in the 2022 and 2023 elections, including Aspen, Carbondale, Dillon, Steamboat Springs, Winter Park, and more. The new law allows counties to ask voters to take similar steps.

In Colorado, the state governs short-term rentals (STRs) by administering some lodging taxes and defining local governments' authority to regulate STRs. However, STR rules are set by local authorities, and in recent years, the state has increased the power of cities and counties to tax and regulate them.

A statewide law passed in 2023 authorized counties to require STR property owners and agents to include an STR license in online listings. The law also allows counties to require STR marketplaces such as Airbnb and Vrbo to help them enforce rules around licensing. Jurisdictions including Boulder, Douglas, Clear Creek, Larimer, and Summit counties have since created laws that, for example, require marketplaces to delete illegal listings when notified by county officials.

On the other hand, state lawmakers did pass a law in 2024 clarifying that local governments can't place extra lodging tax reporting requirements on accommodations marketplaces. Governments must have the same rules and requirements for accommodations intermediaries as for any other marketplace facilitators required to collect and remit local lodging taxes.

In Colorado, STR operators in unincorporated counties are required to collect county lodging tax and state sales tax, which are administered by the Colorado Department of Revenue. Short-term rental operators are legally required to register with the department for tax purposes.

Some vacation rental marketplaces collect Colorado lodging taxes on behalf of operators when the listing is booked. However, marketplaces don't collect all lodging taxes in all jurisdictions, and operators are responsible for making sure they comply with lodging tax requirements. Even if a rental marketplace collects lodging taxes, Colorado hosts are still required to register for a state tax license and file lodging tax returns.

Avalara MyLodgeTax can help vacation rental hosts automate and simplify lodging tax compliance on the local and state level, including tax registration and filing. For more on lodging taxes in Colorado, see our state vacation rental tax guide. If you have tax questions related to vacation rental properties, drop us a line and we'll get back to you with answers.

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7 Colorado counties plan to ask voters to double or triple lodging taxes to pay for roads, police

Jason Blevins

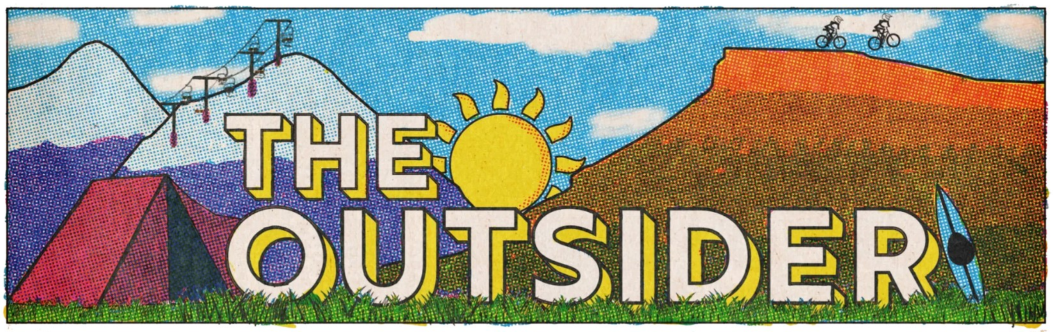
10–13 minutes

	Original Reporting	This article contains firsthand information gathered by reporters. This includes directly interviewing sources and analyzing primary source documents.
	References	This article includes a list of source material, including documents and people, so you can follow the story further.

The Wild Blue Gondola at Steamboat ski area, Dec., 29, 2022, in Steamboat Springs. The new gondola is currently under construction slated to be fully

-861-

completed by the 2023-2024 season with 171 cabins filled with 10 seats each. (Hugh Carey, The Colorado Sun)



As revenue flowing into local governments ebbs, more communities are looking to visitors to pay bills.

At least seven counties will ask voters this November to double or triple the local lodging tax outside cities and towns to pay for roads, police, housing and early child care. These are the first counties to deploy a law passed this year — Senate Bill 1247 — that allows voters to raise county lodging taxes to 6%, up from 2%, to pay for infrastructure, conservation, emergency services and sustainable tourism policies.

Commissioners in Chaffee, Custer, Gilpin, Routt and Park counties have recently finalized plans for November ballot questions seeking voter approval to triple the local lodging tax to 6%. Eagle County voters will decide whether to double the lodging tax to 4% and Ouray County voters will weigh a first-ever lodging tax of 6%.

The diversity of the counties pursuing the lodging tax increases — with commissioners who are both Democratic and Republican — “reflects an urgent need to fund critical services that benefit both locals and visitors,” said Colorado Sen. Dylan Roberts, a Democrat from Frisco who sponsored Senate Bill 1247.

“Our bipartisan work at the legislature to give more flexibility to lodging tax revenue allows every county to focus on their individual needs from housing and child care for their workforce to supporting law enforcement and wildfire mitigation — all of which are necessary for thriving communities where working families can live and tourists can enjoy," he said in an email to The Colorado Sun.

Another piece of Roberts' legislation when he was a state representative in 2022 — House Bill 1117 — expanded uses for lodging taxes beyond tourism marketing, allowing voters to direct taxes collected from hotels and short-term rentals toward housing and child care. The law requires that at least 10% of lodging taxes continue to support tourism marketing. From 2002 to 2022, voters in 29 Colorado counties had directed lodging taxes toward luring more tourists.

In the last few years, more money in Colorado tourist towns is spent on mitigating the impacts of tourism versus marketing. House Bill 117 required that at least 10% of lodging taxes remain in tourism promotion.

Kelly Flenniken, the executive director of Colorado Counties Inc., said revenue coming into counties from nearly every state and federal source is shrinking while demand for services is growing. Lodging tax is one of the few tools a county can use to make up for declining revenues, she said.

It's important to note, Flenniken said, that these tax bumps mostly are for hotels and short-term rentals in unincorporated areas. Cities and towns, especially in resort communities, have spent decades fine-tuning lodging taxes to mitigate the impacts of visitors. Counties only started using lodging taxes for housing, child care and recreational infrastructure in 2022 and now can use funds for things like roads and public safety.

"This allows each county to address its unique needs," she said. "Different counties have different electorates and different priorities and what works in one county might not work in another. But I think people will be watching these first counties and paying attention to how this goes."

- Chaffee County commissioners this month approved a resolution asking voters to triple the lodging tax to 6%, which could raise $3.5 million, and to expand the use of that revenue to roads and public safety. Unlike other proposals, the Chaffee County plan includes lodging tax increases for its towns, Buena Vista, Poncha Springs and Salida.

- Custer County commissioners in July approved a resolution that would ask voters to triple the lodging tax to 6%, calling the expanded uses for the tax "an opportunity to help mitigate the impacts to Custer County in terms of workforce housing and child care." The county expects the 4-point increase in lodging tax will generate $170,000 a year.
- Gilpin County commissioners in July approved a resolution asking voters to increase the 2% lodging tax to 6% to pay for child care and roads. The county expects the additional tax will generate $340,000 a year.
- Summit County commissioners are asking voters in November not to raise the lodging tax but direct revenue from the existing 2% tax to pay for a shortfall in the county's road budget.
- Eagle County commissioners this month authorized a ballot question in November that would double the lodging tax in unincorporated areas of the county and the town of Gypsum to 4%. The county estimates the additional 2% lodging tax could generate as much as $4.5 million a year to support tourism promotion and child care as well as infrastructure and police, fire and emergency services.
- Routt County commissioners last month approved a resolution asking voters to triple the lodging tax to 6%. The proposal does not include Steamboat Springs, which sets its lodging tax at 12%. If voters approve the lodging tax increase, commissioners said the county could see an additional $821,000 in annual revenue that could support roads and public safety. "This is community-focused and sustainable," said Routt County Commissioner Sonja Macys in a statement announcing the November ballot question. "Our rural communities are feeling the strain of increased visitation, and this lodging tax gives us a tool to reinvest in the infrastructure and services that support both residents and visitors."
- Ouray County commissioners also are asking voters to impose a first-ever lodging tax of 6%. The resolution approved by the commissioners says the county is in "urgent need" of emergency services "due to new

development-related pressures … and an overall influx of tourism." The resolution asking voters to approve the new tax says "a severe tourism-driven rise in the housing market has created a financial environment that inhibits healthy communities where people can live, work and raise a family." The new lodging tax — which will not apply in Ouray or Ridgway — could raise $182,000 a year to help "reduce the financial burden on local taxpayers while improving the quality of life and services for residents and visitors alike," reads an announcement of the November ballot question.

- Park County commissioners also will ask voters in November to triple the county's lodging tax to 6%, but not for the towns of Alma and Fairplay. Last year the 2% tax approved by voters in 2023 generated $386,000. If voters approve the tax increase, the commissioners expect the total lodging tax to land around $1.8 million and plan to allocate 35% of that to roads, 35% to police, 20% to emergency services and 10% to tourism marketing.

Since the passage of House Bill 1117 allowed communities to spend lodging taxes beyond tourism marketing, the Buell Foundation has tracked more than a dozen communities using lodging taxes for child care centers and increasing pay for child care workers.

Eagle County voters in 2022 authorized a 2% lodging tax, with 10% of that revenue supporting tourism promotion and 90% for child care programs and attainable housing. The tax generates about $3 million a year and so far the child care portion has been spent on rental assistance for child care centers, $500 a month stipends for more than 230 child care workers and a full-time county employee working on child care.

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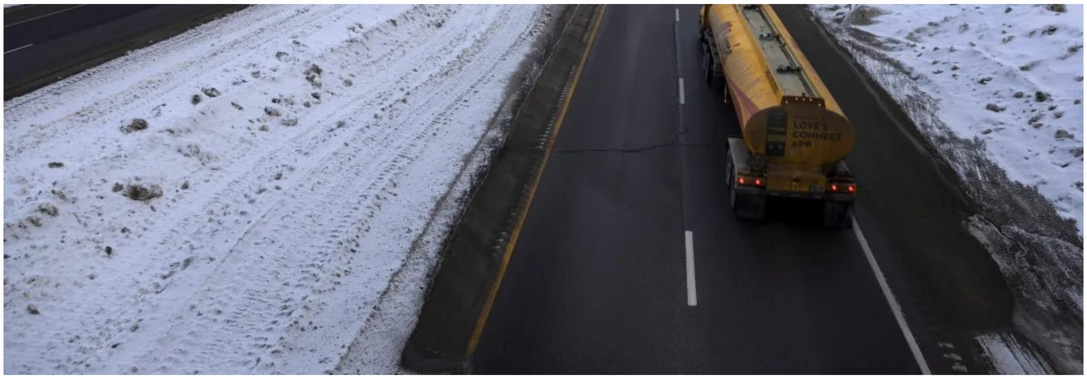

A large truck crosses Vail Pass on Interstate 70, Jan. 28, 2024, in Eagle County. (Hugh Carey, The Colorado Sun)

A survey of 119 Eagle County child care workers this year showed the monthly stipends supporting more than 450 of the workers' family members, with a majority of the respondents saying the extra money reduced stress, made them feel valued and they were more likely to remain working in early childhood education.

"Lodging taxes for early childhood education feels like an easy first step because you are taxing someone else, not yourself," said Jason Callegari, the director of initiatives at the Buell Foundation, which has built an online toolkit for communities working to invest lodging taxes in early childhood education.

Without funding for child care, Callegari said communities based on tourist spending could become too hard for young families. The 2022 legislation "acknowledged that housing and child care are really essential industries for tourism-based economies," he said.

"We see this lodging tax question translating into larger conversations around what does Colorado want to be and how do we support families in livable communities," Callegari said.

While many communities have approved lodging taxes in recent years, especially on short-term rental homes, a tax hike on visitors is not a sure thing at the ballot box. In 2023, Pueblo voters rejected a lodging tax for child care. Last year, voters in Gypsum, Hudson and Monument rejected a lodging tax for parks while voters in Kiowa and Yuma refused to use lodging taxes for roads and government spending.

Lodging advocates are rallying opposition to the lodging tax increases. The new Colorado Short-Term Rental Alliance — or COSTRA, which launched Tuesday — plans to mobilize a host of "community captains" who can tap a statewide and national collection of advocates to help voters better understand the impacts of increased taxation and regulation of the lodging industry.

"This is our opportunity to mobilize more folks. A 300% increase in lodging taxes will impact our guests, who will make different decisions about not just where they travel, but how they spend money when they are in our communities," said Julie Koster, the executive director of COSTRA. "These increased lodging taxes will reach beyond lodging and dining and retail and recreational activities. It really impacts everyone in the communities that rely on visitors who spend money."

Jason Blevins lives in Crested Butte with his wife and a dog named Gravy. Job title: Outdoors reporter Topic expertise: Western Slope, public lands, outdoors, ski industry, mountain business, housing, interesting things Location:... More by Jason Blevins

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2024-97

Title: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A TAX ON SHORT-TERM RENTALS.**

Sponsor: **Assembly Member Volland, Assembly Member Chair Constant**
Preparing Agency: Finance, Treasury Division
Others Impacted: OMB

CHANGES IN EXPENDITURES AND REVENUES: **(In Thousands of Dollars)**

	FY26	FY27	FY28	FY29	FY30
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	$ -	$ -	$ -	$ -	$ -
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:			$ -	$ -	$ -
REVENUES GENERATED:	$ 1,600	$ 3,800	$ 4,200	$ 4,700	$ 5,200
CAPITAL:	$ 25	$ -	$ -	$ -	$ -
POSITIONS: FT/PT and Temp	-	-	-	-	-

PUBLIC SECTOR ECONOMIC EFFECTS:

Public Sector Revenues

The ordinance increases room tax by 5% only on rentals at residential units. Residential units are defined to specifically not include hotels, motels, and bed and breakfast rentals. A short-term rental (STR) is any rental with a period less than 30 days, exactly the same as room tax. The amount of revenue expected to be generated by this 5% levy is expected to grow over time as the market expands and prices increase. The expected revenue for a full year in 2026 is about $3.4 million. As implementation will depend on an April 7th, 2026 vote, we expect that implementation would begin July 1, 2026, with tax for Q3 and Q4 coming in that year. That brings the expected revenue in 2026 to $1.6M. The uncertainty is quite high due the variability in growth rates in the past decade. The lower bound of expected 2026 revenue is $3.0M, and the upper bound as high as $5.1M with 95% confidence. The expected revenue is based on an 11% compound annual growth rate, based on 2024 figures. The 11% compound growth rate runs similar to historical trends. This market, as with many markets is subject to market cycles. In 2020, this segment of the market experienced a decrease of 46% in sales. That level of shock is not forecast during the 5-year revenue estimates, but does affect the confidence of the estimates.

The actual amount of revenue generated each year will depend on how the Assembly interprets the definitions and exemptions and how they decide to implement specific ordinances and detailed regulations. Anchorage Municipal Code (AMC) 14.08 specifies that the Assembly may prescribe exemptions to the tax.

It is likely that some STRs currently evade taxes. This would be done by renting without using a rental platform, having on-the-side extensions, or having bookings through alternate means of advertising such as word-of-mouth, or repeat customers. This additional tax would increase the incentive to not report those additional short-term rental revenues, as they would need to be filed separately from the short-term rental advertising agency.

continued on next page

Public Sector Expenditures
It is expected that software modifications would need to occur should this ordinance be implemented. The existing room tax filing return forms would be amended to include such measures that would include this tax. It is expected that the software modifications would cost up to $25K. It is expected that these expenditures would be included in the "net revenues" in the designated funds, and not required to be paid by the general government operating fund. No additional cost beyond implementation are expected to be incurred, though proper accounting treatment may require that some portion of the costs of administering the existing tax be allocated to this fund. The modifications will need to take place prior to receipt of tax receipts, so funding may be needed prior to tax receipts.

Data in the residential lodging market is difficult to gather in a comprehensive manner. This information is gathered comprehensively in terms of revenue. As taxing authority, the Municipality of Anchorage (MOA) Treasury division retains market information that could be potentially damaging to taxpayers, especially any with a sizeable market share. If such records were made public or security were breached, it would increase competition, but could potentially also make the MOA liable for any damages.

PRIVATE SECTOR ECONOMIC EFFECTS:
The proposed tax would make the non-bed & breakfasts, non-hotel and non-motel STRs less competitive to their market peers. The host has the option to pass on the increase on to the end user rather than bearing the cost themselves.
One study[1] found that a 1% increase in submarket price increased demand by 0.05%, meaning that the effect is fairly inelastic. In other words, the 5% increase in price via the proposed tax will shift rentals to the competition by about 0.25%. The study also suggested that an increase in price will reduce demand to the affected residential type STRs by about 0.35% on average. In other words, less than half of one percent of the rentals that would have occurred will not occur. These study's results imply that unless the competition is fierce, and profit margins very thin, that this ordinance will likely not have the effect of shifting residential type STRs to the rental market. As growth expansion in this market is rapid, that suggests that competition is not currently fierce, nor profit margins thin. Additionally, the shift in demand to hotels, motels, and bed & breakfasts will likely be very modest.

[1]Singh A, Corsun DL. Cross-Sectional Differences in Hotel Revenue Performance During the Covid-19 Pandemic. Cornell Hospitality Quarterly. 2023 Jul 4:19389655231184475. doi: 10.1177/19389655231184475. PMCID: PMC10323521.

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