

(S) Submitted by: Assembly Vice Chair Brawley

(S) Prepared by: Assembly Counsel's Office

(S) For reading: October 21, 2025

**ANCHORAGE, ALASKA
AO No. 2025-117(S)**

AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO ADOPT A TWO PERCENT (2%) ROOM RENTAL TAX TO FUND PUBLIC INFRASTRUCTURE AND CAPITAL IMPROVEMENTS TO SUPPORT HOUSING CONSTRUCTION AND CULTURAL AND RECREATION FACILITIES, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Pursuant to state law and the Anchorage Municipal Charter, a ballot proposition in substantially the same form as appears in Section 2 below shall be placed on the ballot and submitted to the qualified voters of the Municipality at the regular municipal election to be held April 7, 2026.

Section 2. A ballot proposition shall be presented in substantially the following form:

PROPOSITION NO. __

CHARTER AMENDMENT TO AUTHORIZE A~~[N-ADDITIONAL]~~ 2% ROOM TAX IN ADDITION TO THE CURRENT ~~[HOTEL, MOTEL, AND BED AND BREAKFAST]~~ ROOM RENTAL TAXES.

The proposed Charter Amendment would authorize and enact an additional two percent (2%) ~~[hotel, motel, and bed]~~ room rental tax within the Municipality of Anchorage, in addition to any other room tax applied to such transactions, which is currently an aggregated 12% tax. The proceeds of this additional tax would be dedicated equally to funding public improvements supporting housing construction (1%) and cultural and recreational facilities (1%).

The Anchorage Municipal Charter section 14.05. would be amended as follows (additions shown in underline and bold, deletions indicated by ~~[brackets, strikeouts in bold]~~):

Section 14.05. Hotel, motel and bed and breakfast room tax.

- A. There is hereby levied a tax on all hotel, motel and bed and breakfast room rents in an amount equal to four percent of the room rent paid to an operator.

1. Revenues received from this tax are dedicated to financing the design, site acquisition, construction, landscaping, bonded debt service or lease payments, carrying costs, and operation of a new civic and convention center, including parking facilities and renovation and operation of the existing Egan Civic and Convention Center.
2. If bonds are issued to finance the acquisition and construction of a new civic and convention center, the revenue derived from this tax shall first be used to pay annual principal, interest and other carrying costs of said bonds, until such bonds are paid in full.
- 3[B]. The assembly shall enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this subsection A. Such enactments may include provisions to terminate or reduce the tax upon payment of all bond principal, interest and carrying costs, and appropriation of tax revenues, if any, excess to payment of the principal and interest on the bonds and support for operation of the convention center.

B. In addition to any other taxes, t/T here is hereby levied a tax on all hotel, motel and other ~~[bed and breakfast]~~ room rents in an amount equal to one percent of the room rent paid to an operator, effective January 2, 2027. Revenues received from this tax, after payment of the costs of administration, collection and audit to the municipality, are dedicated to:

- 1. Public infrastructure improvements to support construction of new, or rehabilitation of existing housing; and**
- 2. Grants or loans toward defraying capital costs for housing.**

C. In addition to any other taxes, t/T here is hereby levied a tax on all hotel, motel and other ~~[bed and breakfast]~~ room rents in an amount equal to one percent of the room rent paid to an operator, effective January 2, 2027. Revenues received from this tax, after payment of the costs of administration, collection and audit to the municipality, are dedicated to operations,

maintenance and capital improvements for cultural and recreation facilities.

D. The assembly may, by ordinance, authorize exemptions to the taxes authorized under subsections B and C above and may enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

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 January 2, 2027 ~~[after certification of the election]~~.

Shall the Charter be amended as shown above and become law, authorizing a dedicated additional 2% tax on hotel, motel, and other ~~[bed and breakfast]~~ room transactions?

YES [] NO []

Section 3[2]. The Charter amendments set forth in the proposition in Section 1 of this ordinance shall become effective January 2, 2027 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 777-2025

Meeting Date: October 21, 2025

From: Assembly Vice Chair Brawley

Subject: AO 2025-117(S): AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO ADOPT A TWO PERCENT (2%) ROOM RENTAL TAX TO FUND PUBLIC INFRASTRUCTURE AND CAPITAL IMPROVEMENTS TO SUPPORT HOUSING CONSTRUCTION AND CULTURAL AND RECREATION FACILITIES, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION

The (S) version of this ordinance makes several changes for clarification, modernizes language describing types of room rentals, and makes clear the ability to define exemptions to the new 2% room tax in code. First, the AO title had inadvertently omitted language identifying this as a room tax, commonly known as bed tax. And throughout the document references to a “hotel, motel and bed and breakfast tax” are replaced with “room rental tax,” a more accurate and modern descriptor that includes hotels, bed and breakfasts, and short-term rentals.

Second, in keeping with legislative and Charter language drafting conventions at the advice of counsel, three phrases are added to the new subsections B. and C.: prefacing each tax levy with “in addition to any other taxes” to clarify no other tax levy is affected, including the effective date of initial levy of January 2, 2027 in accordance with Charter § 18.02, and including language allowing the Municipality to use the revenue first to pay the “costs of administration, collection and audit” before the remaining revenue is dedicated to the specified uses.

Third, a new Charter subsection 14.05D. added in this (S) version would make clear to voters that the Assembly has legislative power by ordinance to define exemptions to this additional 2% room tax. There are existing provisions in Anchorage Municipal Code sections 12.20.022 and .025 that exempt certain transactions or entities from the entire current 12% room tax. This proposal would not change or limit those.

One concrete example of such an exemption, which is not proposed for Charter amendment but described conceptually in this memorandum, is as follows: An exemption could be created for a hotel property that has units with kitchen or kitchenette facilities built in (refrigerator, sink, microwave, stove or cooktop), and/or one or more shared kitchen facilities available to guests. A property that has a restaurant kitchen, or back-of-house kitchen facilities that are not open to the public, would not qualify. The ballot language is not implementation language, but the Assembly could enact an operator exemption in current AMC section 12.20.025 with criteria for properties with these characteristics and this could be operationalized

1 through an application to Treasury, who could determine that a particular property
2 qualifies for this exemption from the 2% dedicated tax.

3
4 There is already a type of hotel called an “extended-stay lodging” property,
5 sometimes with full apartments, other times with a kitchenette, or with a shared
6 kitchen, and defined in AMC section 21.05.050J.2.. While stays over 30 days are
7 already not subject to room rental tax, extended-stay hotels often also have taxable
8 room rentals if someone stays less than a month. If this ballot proposition is
9 approved by voters, and such an exemption is put into Municipal Code, it would
10 mean that for a room rental at a property like this, it would be taxed at 12% rather
11 than 14% per day, if the stay is less than 30 days. If the stay is longer than 30 days,
12 it is already not subject to room tax per AMC section 12.20.022A.4.

13
14 The rationale for an exemption of this type is to create a modest tax advantage to
15 properties that meet this definition already, or would be constructed to have in-unit
16 or shared facilities for occupants to prepare food. Conversion of older, outdated
17 hotels has been a successful model in Anchorage as well as other cities to create
18 affordable housing over time. There are also costs associated with this conversion,
19 particularly if the rooms were not designed for long-term occupancy. Units with full
20 or partial kitchen facilities are easier to turn into apartments later. Encouraging
21 preservation and new construction of these types of hotel buildings may increase
22 the number of properties which can age out of hotel usage over time, and feasibly
23 be converted to modest apartments or single-room occupancy (SRO) units with
24 shared kitchen facilities.

25
26 Two examples of existing properties of this type: First, the Adelaide is an existing
27 SRO apartment building in Downtown Anchorage owned by NeighborWorks Alaska,
28 and has efficiency units with shared kitchen facilities in a common area. This
29 property is not a hotel, but is the type of housing that a former hotel could be
30 converted into. Second, the former Lakeshore Inn in Spenard is a hotel converted
31 to housing in 2023; it has a combination of full-size apartments and standard hotel
32 rooms, with a renovated shared kitchen facility to serve residents. These are the
33 types of properties that continue to meet our affordable housing needs. As more
34 hotels are built in Anchorage, there would be public benefits in incentivizing
35 companies to construct properties that could be more easily converted to housing
36 in the future, when those properties reach the end of their performance lifecycle,
37 which then reduces future conversion costs for the property to change use as long-
38 term housing.

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40 **I request your support for the (S) version of the ordinance.**

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42 Reviewed by: Assembly Counsel’s Office

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44 Respectfully submitted: Anna Brawley, Assembly Vice Chair
45 District 3 – West Anchorage
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MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2025-117(S) Title: AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION TO AMEND THE
ANCHORAGE MUNICIPAL CHARTER AND TO ADOPT A TWO PERCENT ROOM
RENTAL TAX TO FUND PUBLIC INTRASTRUCTURE AND CAPITAL
IMPROVEMENTS TO SUPPORT HOUSING CONSTRUCTION AND CULTURAL AND
RECREATION FACILITIES, AND TO PROVIDE FOR APPROVAL BY A MAJORITY
(FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.

Sponsor: **ASSEMBLY VICE CHAIR BRAWLEY**
Preparing Agency: Finance, Treasury Division
Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)				
	FY27	FY28	FY29	FY30	FY31	
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:	\$ 6,500	\$ 7,000	\$ 7,200	\$ 7,500	\$ 7,800	
CAPITAL:	\$ -	\$ -	\$ -	\$ -	\$ -	
POSITIONS: FT/PT and Temp	0	0	0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS:

The additional room tax of 2% beginning on January 2, 2027 and accrued each quarter through the end of each calendar year of additional room tax revenue would be dedicated to capital improvements for housing construction and cultural and recreation facilities. Forecasted additional annual revenue is based upon actual room tax receipts for the two quarters ending the second quarter 2025 plus additional projected revenues from the growth in the local hotel and hosting platform markets in 2025 through 2031. Currently room taxes are collected via electronic platform so administratively, the change in taxation rate could be done in-house and additional personnel would not be required for tax collection. Treasury, therefore, anticipates no additional administrative costs.

PRIVATE SECTOR ECONOMIC EFFECTS:

The tax paid by consumers who rent rooms for less than thirty days at hotels, motels, bed and breakfasts, Airbnb and other hosting platforms, and other taxable short term rentals in Anchorage would increase by one-sixth starting January 2, 2027. For example, the room tax on a room that rents for \$100 per night would increase by \$2 (from \$12 per night to \$14 per night). The room tax on a room that rents for \$200 per night would increase by \$4 (from \$24 per night to \$28 per night). Treasury believes the additional room tax amount would most likely be passed through to visitors to the Municipality.

Prepared by: *Paula Reiswig, Principal Administrative Officer* Telephone: 343-6965