

Proposed Bed Tax Increase

A0 2025-117(S)

November 14, 2025

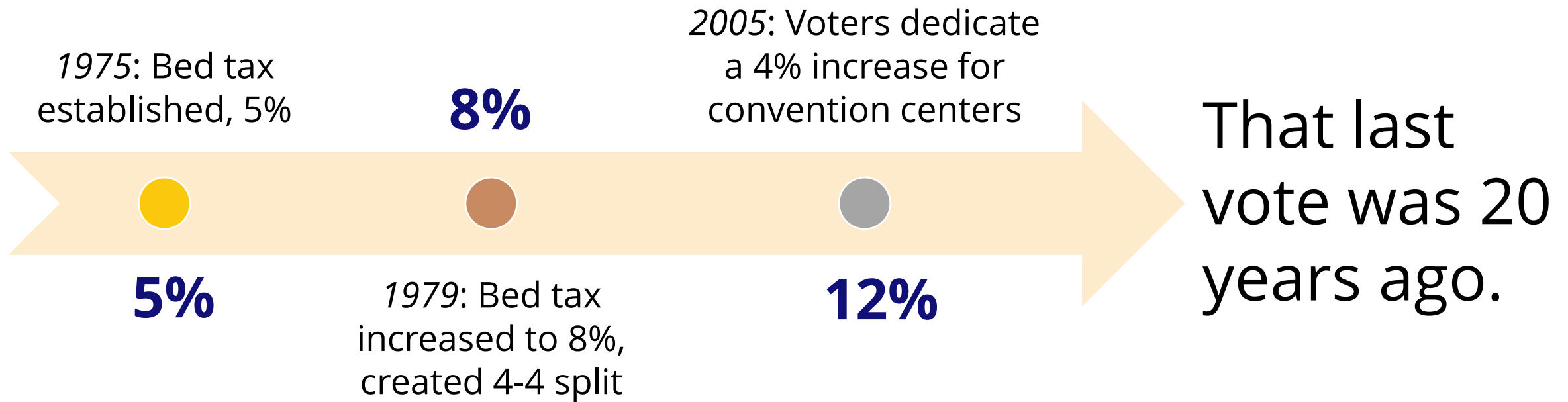
**ASSEMBLY VICE CHAIR ANNA BRAWLEY
DISTRICT 3, WEST ANCHORAGE**



WHAT THIS ORDINANCE DOES

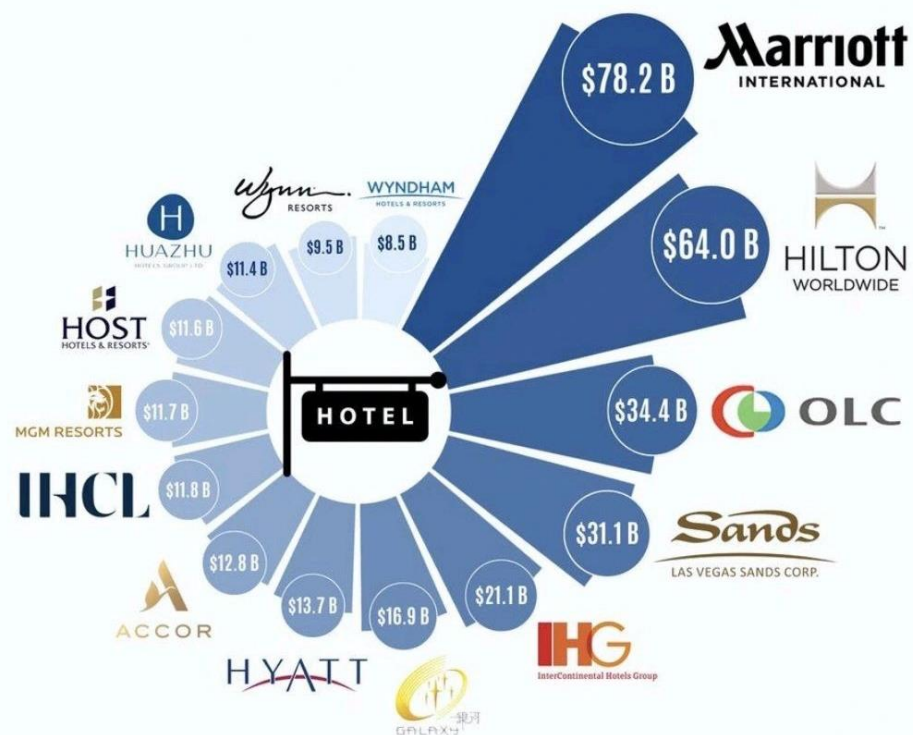
- Asks voters to approve a 2% increase to the room rental (bed) tax for all room rentals less than 30 days
- Dedicates revenue, approx. ~\$6.5-7M, in Charter to 2 uses:
 - Half (1%) to **public infrastructure for housing**
 - Half (1%) to **operations & capital for cultural and recreation facilities**
- Layers onto existing collection; almost no cost to implement, beyond initial updates
- Does not make changes to existing bed tax or revenue dedications
- Would be effective January 2, 2027 ... but could start in 2026

WORTH ASKING: IS IT TIME FOR A CHANGE?



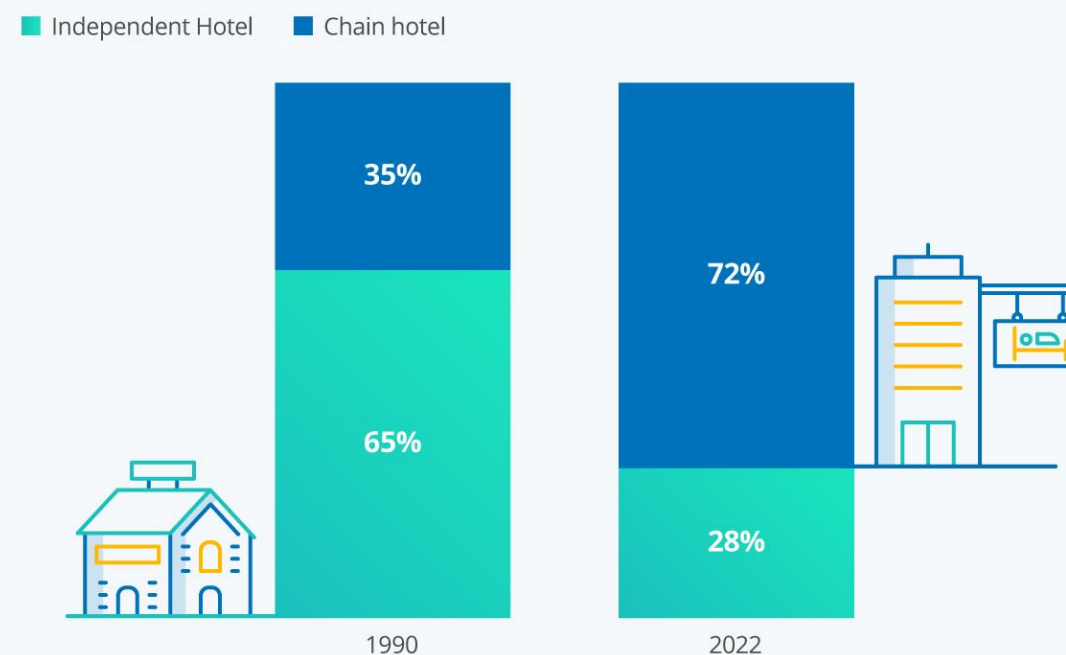
INDUSTRY TRENDS: CONSOLIDATION

WORLD'S LARGEST HOTEL COMPANIES



CHAINIFICATION OF THE U.S. ACCOMMODATION MARKET

U.S. hotel room share in 1990 and 2022, by accommodation type



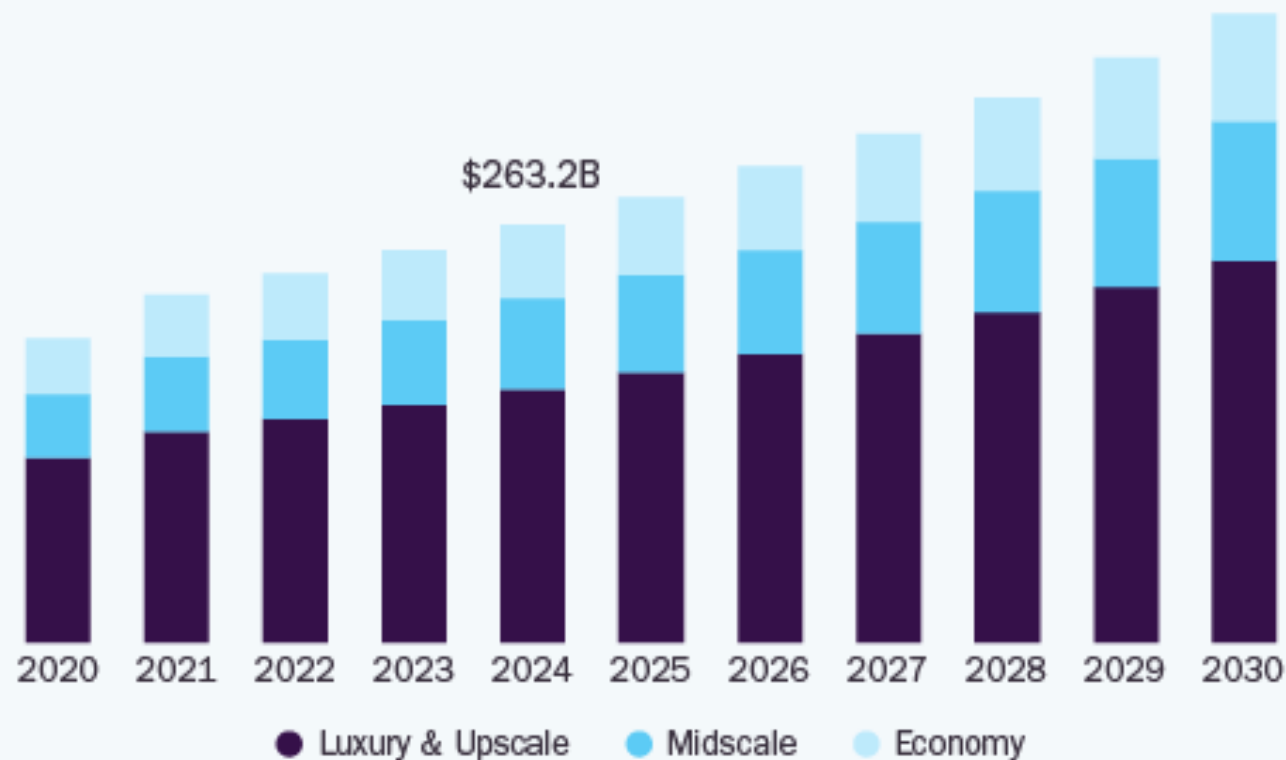
Source: STR, Skift Research



INDUSTRY TRENDS: MORE UPSCALE HOTELS

U.S. Hotels Market

Size, by Price Range, 2020 - 2030 (USD Billion)



GRAND VIEW RESEARCH

7.1%

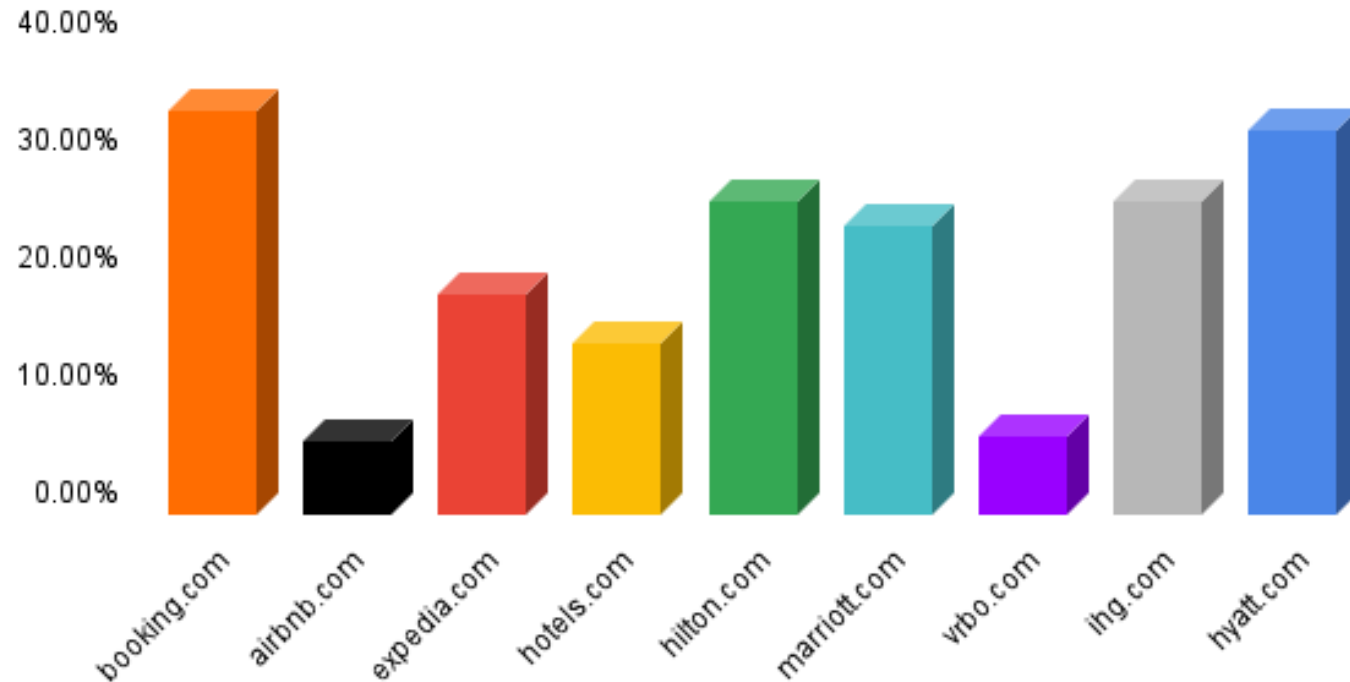
U.S. Market CAGR,
2025 - 2030

Source:
www.grandviewresearch.com

INDUSTRY TRENDS: A ROOM IS A ROOM

Visits Q1 2023, Year-over-Year

US, Desktop & Mobile Web



- Consumers increasingly look at all their options when booking rooms
- Hotel companies starting to offer vacation rentals
- Some Articles:

<https://www.costar.com/article/498719322/short-term-rentals-continue-to-grow-supply-demand-but-hotels-have-urban-market-edge>

<https://www.travelweekly.com/Travel-News/Hotel-News/Hotels-making-up-ground-short-term-rentals>

<https://www.similarweb.com/blog/insights/travel-news/similarweb-data-on-airbnb-and-hotel-and-otas-in-q1-2023/>

WHAT COULD 1% FOR INFRASTRUCTURE DO?

- Proposed charter language:
 - “Public infrastructure improvements to support construction of new, or rehabilitation of existing housing”
 - “Grants or loans toward defraying capital costs for housing”
- Help (partially) fund water and sewer mains, sidewalks, road connections – public infrastructure, but developer responsibility.
- Gap funding for projects that almost pencil, but not quite.
- Support revolving loan fund or other mechanisms being discussed right now to help finance housing locally.

WHAT COULD 1% FOR CULTURAL & REC. BE?

- Help repair, upgrade, or support operations for existing facilities
 - Recreation Centers
 - Libraries
 - Other Cultural Facilities
- Support other cultural pillars with funding for specific projects: we have museums, a zoo, a botanical garden, and others.
- Possibly other creative ways to enhance quality of life for residents, and promote economic & tourism development: events and programming, public art, increased access to amenities

WHAT IS DIFFERENT IN THE S VERSION?

Two technical changes to make intent more clear:

1. Added “room rental tax” to the title.

This was clear in the item, but not spelled out in the title.

2. Added language explicitly allowing exemptions.

This is already an Assembly power, but clarifies for voters.

EXEMPTION IDEA: INCENTIVIZE EXTENDED-STAY

This is not proposed for Charter language, but could be in code:

- Exempt properties whose rooms have in-unit or shared kitchen facilities onsite from this 2% tax.
- Encourage building hotel properties that can be easily converted: hotel conversions are most feasible when properties have existing kitchens.



WHAT THIS ORDINANCE DOESN'T DO

- Doesn't offset other taxes, only increases revenue
- Doesn't address our larger issues paying for core services
- Isn't enough to build a new facility anytime soon
- Doesn't raise enough revenue to truly address all our infrastructure needs

NEXT STEPS

- This is back on the agenda on November 18, 2025.
- This is just one revenue idea on the table to ask voters in 2026, or a future year.