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:

*** *** ***

(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.

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Section 14.01 Taxing Authority

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(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.

<u>**(7) Taxes imposed pursuant to Charter § 14.08**</u>.

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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 [ ]

<u>**Section 2.**</u> 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.

<u>**Section 3.**</u> 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.

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Chair

ATTEST:

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Municipal Clerk