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

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

THE ANCHORAGE ASSEMBLY ORDAINS:

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

12.20.010   Definitions.

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

***   ***   ***

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

***   ***   ***

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

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

12.20.031   Registered hosting platforms.

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

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

C.   *Responsibilities.* An operator who uses a registered hosting platform as the sole method for renting or offering for rent a room shall not be subject to this chapter to the extent the registered hosting platform performs the responsibilities of an operator, with the exception of section12.20.070, Maintenance and inspection of records.

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

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

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

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

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

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

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

J.   Except as expressly provided for in this section, a hosting platform is subject to all other provisions of this chapter.

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

PASSED AND APPROVED by the Anchorage Assembly this 21st day of June, 2016.

_____
Chair

ATTEST:

_____
Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2016-66

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

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

CHANGES IN EXPENDITURES AND REVENUES:					(In Thousands of Dollars)					
	FY16		**FY17**		**FY18**		**FY19**		**FY20**	
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:	$	198	$	198	$	198	$	198	$	198
CAPITAL:	$	-	$	-	$	-	$	-	$	-
POSITIONS: FT/PT and Temp	*0*		*0*		*0*		*0*		*0*	

PUBLIC SECTOR ECONOMIC EFFECTS:

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

PRIVATE SECTOR ECONOMIC EFFECTS:

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

Prepared by: *Daniel Moore, Municipal Treasurer*   Telephone: 343-4092

From: MAYOR

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

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

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

A hosting platform does not meet the current Code definition of an operator because the hosting platform does not own, operate or control the room rental facility. Instead, a hosting platform acts as a facilitator of a room rental facility. The Code does not currently address a hosting platform marketplace structure. Therefore, a new Code section addresses the hosting platform's registration requirement, fiduciary responsibilities and associated financial guarantee, and remittance and reporting requirements.

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

as to those rental transactions.

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

THE ADMINISTRATION RECOMMENDS APPROVAL.

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