

## Turner, Michele

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**From:** Tyson Cox <tysoncox907@gmail.com>  
**Sent:** Thursday, July 31, 2025 8:14 PM  
**To:** Turner, Michele  
**Subject:** <EXTERNAL-SENDER>Sales Tax Discussion Topics  
**Attachments:** are seasonal sales taxes advantageous in alaska - Google Search.pdf; is a seasonal sales tax more effective than a lodging tax - Google Search.pdf

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Michele - please email to all Assembly members.

Assembly Members,


Attached are 2 searches I did on Google while researching about the implementation of a seasonal sales tax. They are the AI overview of the search. I do realize not all the information may be correct. The disclaimer at the bottom actually says response may contain mistakes. What peaked my curiosity is not the exact answers it gave. It was the broad advantage and disadvantage topics it chose to include. I see these as conversation starters we could use while further discussing a possible new tax. I tried to make these searches as unbiased as possible in an attempt to not disenfranchise anyone to the point that the topics can't be discussed in our next meeting.

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## ◆ AI Overview


## Are seasonal sales taxes advantageous in Alaska?

Seasonal sales taxes in Alaska can be advantageous, particularly for municipalities and the tourism sector, but they also come with potential drawbacks. 

### Advantages


- **Increased revenue from tourism:** Many municipalities in Alaska experience a significant influx of tourists during the summer months. Instituting higher sales tax rates during peak season allows local governments to generate more revenue from visitors, who are less likely to be impacted by the higher rates than local residents. This strategy is gaining popularity in other tourism-dependent states as well.
- **Reduced tax burden on local residents:** By shifting a larger portion of the sales tax revenue burden to tourists during the peak season, seasonal sales taxes can potentially alleviate some of the financial pressure on local residents during the off-season.
- **Targeted revenue for specific needs:** The additional revenue generated from seasonal sales taxes can be earmarked for specific municipal projects or services, such as infrastructure improvements or tourism-related initiatives.
- **Potential to attract more tourists:** Some argue that avoiding a statewide sales tax, and instead implementing targeted seasonal taxes, makes Alaska more attractive to tourists overall, boosting the economy and creating additional opportunities. 

### Disadvantages

- **Increased complexity for businesses:** Businesses, especially those operating in multiple jurisdictions with varying seasonal rates, face additional administrative burdens in updating their point-of-sale systems and ensuring accurate tax collection and remittance, [according to Avalara](#).
- **Potential impact on local businesses:** While the primary goal is to target tourist spending, seasonal sales taxes can still impact local businesses, particularly those catering to both residents and visitors.
- **Regressive nature:** Sales taxes, in general, can be regressive, meaning they tend to disproportionately affect lower-income households as they spend a larger percentage of their income on goods and services. While exemptions for necessities can mitigate this impact, they may not entirely eliminate it. 

### Examples

Several Alaskan municipalities currently employ seasonal sales taxes, with varying rates and durations, [says Avalara](#). For example: 

- **Sitka:** 6% from April 1 to September 30; 5% from October 1 to March 31.
- **Seldovia:** 9.5% from April 1 to September 30; 5% from October 1 to March 31.
- **Ketchikan:** In the City of Ketchikan, the tax rate is 5.5% from October 1 to March 31 and 8% from April 1 to September 30. 

### In conclusion

Seasonal sales taxes offer potential benefits for Alaska by generating revenue from tourism and reducing the burden on local residents. However, careful consideration must be given to the complexities for businesses and the

#### Seasonal sales taxes – Wacky Tax Wednesday – Avalara

Sep 27, 2022 — Some residents are in favor of them because visitors end up paying more tax

 Avalara 

#### Comparing the Distributional Impact of Revenue Options in Alaska

Apr 23, 2017 — OPTION B: SALES TAX ... [4] The effect comes about largely because low- and


 itep.org 

#### Economic Implications of an Alaska Income Tax or Its Alternatives

Oct 3, 2022 — The exemptions many states provide for groceries are one such example—

 Alaska Policy Forum 

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potential impact on local economies and lower-income households. The effectiveness and fairness of such taxes can depend on how they are structured, including the rates, durations, and any exemptions provided. 


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2022


## ◆ AI Overview

When considering whether a seasonal sales tax is more effective than a lodging tax, particularly in areas with a strong tourism season, there isn't a universally agreed-upon answer. Both tax structures have potential benefits and drawbacks, and the optimal choice often depends on specific local circumstances and desired economic outcomes. 


**Potential advantages of a seasonal sales tax**

- **Broadening the tax base:** A seasonal sales tax could capture revenue from a wider range of tourist spending beyond just accommodation, including purchases of goods, dining, and other services.
- **Potential to influence visitor behavior:** A lower sales tax during the off-season could potentially incentivize year-round residents and even visitors to shift some spending to those periods, potentially helping to balance out demand throughout the year, [according to an article in Slow Boring](#). This could lead to a more sustainable labor force and increase business opportunities during the less busy times.
- **Encouraging off-season tourism:** A reduced sales tax during the off-season could also potentially attract more visitors during the less busy months, further contributing to more balanced demand and potentially boosting the economy during those times, [notes Slow Boring](#). 

**Potential advantages of a lodging tax**

- **Directly targeting tourists:** Lodging taxes are typically levied directly on short-term accommodation rentals, effectively shifting a portion of the tax burden to visitors, [according to the National Conference of State Legislatures](#).
- **Reliable revenue stream:** In popular tourist destinations, lodging taxes can be a relatively stable and predictable source of revenue, especially during peak seasons.
- **Funding tourism-specific initiatives:** Lodging tax revenue is often earmarked for tourism promotion, infrastructure development benefiting visitors (e.g., parks and trails), and even the repayment of debt for tourism-related projects.
- **Ease of administration:** Depending on the jurisdiction, lodging taxes might be perceived as simpler to administer compared to a broader sales tax system, which could involve varying rates and exemptions. 

**Potential disadvantages of a seasonal sales tax**

- **Potential impact on residents:** Raising the sales tax during the peak season impacts not only tourists but also local residents, potentially increasing their cost of living.
- **Complexity:** Implementing and administering a seasonal sales tax, with potentially changing rates and exemptions, could create complexity for businesses and tax authorities.
- **Shifting, not generating, spending:** Some research suggests that sales tax holidays (which share similarities with the concept of a seasonal sales tax) primarily shift the timing of purchases rather than stimulating new economic growth, [according to Governing Magazine](#). 

**Potential disadvantages of a lodging tax****Tax the tourists - by Matthew Yglesias - Slow Boring**

Jul 30, 2025 — And, of course, lodging is incredibly skewed. Half the state's lodging...

 Slow Boring 

**Thinking Twice About Sales Tax Holiday Governing Magazine**

Dec 2, 2024 — Researchers with the Tax Foundation have looked into this topic, and tl


 Governing 

**2024 HVS Lodging Tax Report - USA**

Sep 22, 2024 — While the tax's legal incidence may fall on the consumer, the economic burd

 HVS Global Hospitality Services 

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- **Can deter tourism:** Some argue that lodging taxes can make the destination more expensive and thus potentially discourage tourism, ultimately impacting local businesses and the economy, according to FasterCapital.
- **Burdensome for small businesses:** For smaller businesses like bed and breakfasts that rely heavily on tourism, lodging taxes could be a significant burden, according to FasterCapital.
- **Market impact:** Lodging taxes can influence the elasticity of supply and demand for lodging, potentially affecting room rates and the profitability of accommodation providers. 

Ultimately, the choice between a seasonal sales tax and a lodging tax is a policy decision that should be carefully evaluated based on the specific goals of the community or jurisdiction. Analyzing local economic data, potential revenue projections for each option, and considering stakeholder perspectives (businesses, residents, and visitors) are crucial steps in making an informed decision.

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