

**City of Alexandria, Virginia
 FY 2025 Proposed Operating Budget & CIP
 Budget Questions & Answers**

March 27, 2024

Question:

What amount of revenue would be created by raising the hotel occupancy tax rate by 1%? Were any revenue enhancements other than a property tax rate increase (fee increases, etc.) considered by Staff as this budget was being developed that were not included in the Manager's proposed budget?

Response:

The transient lodging tax rate was last increased in FY 2019 from 6.5 percent of the room charge and \$1.00 per room per night to 6.5 percent of the room charge and \$1.25 per room per night. In FY 2023, the City collected \$12.0 million in transient lodging revenue from both sources and is projected to collect \$13.4 million in FY 2024. Based on the FY 2023 revenue, raising the local base tax rate to 7.5 percent would generate \$2.0 in additional revenue. There is no State limit on transient lodging tax for cities and the FY 2025 proposed budget recommends no change to this rate. There were no revenue enhancements other than property tax increases suggested by staff.

	FY 2023 Actual	FY 2024 Approved	FY 2024 Projected	FY 2025 Proposed	% Chg. FY25 Proposed /FY24 Projected
Transient Lodging *	11,960,434	11,200,000	13,360,000	14,901,000.00	11.5%

*Table included in the FY2025 Proposed Budget (p.7.15)

	FY 2023 Actual	FY 2024 Approved	FY 2024 Projected	FY 2025 Proposed
Room Charge at 6.5%	10,764,390	10,080,000	12,024,000	13,410,900
Room Charge (\$1.25)	1,196,043	1,120,000	1,336,000	1,490,100
Total Transient Lodging	11,960,434	11,200,000	13,360,000	14,901,000

Of the total revenue, 90% is from the 6.5% charge and 10% is from the \$1.25 charge.