

January 21, 2026

The Honourable Nate Horner
President of Treasury Board and Minister of Finance
Government of Alberta
10800 97 Ave
Edmonton, Alberta

Dear Minister Horner,

The Alberta Hotel & Lodging Association (AHLA) represents nearly 700 hotels across the province, accounting for more than 80% of Alberta's hotel guest rooms. While many operate under internationally recognized brands, the vast majority are small to medium-sized businesses, locally owned and operated by Albertans. On behalf of our members, we are pleased to provide input on Budget 2026.

We appreciate the government's commitment to maintaining the Tourism and Hospitality Immigration Stream, which has helped many AHLA members retain talented staff. The AHLA strongly supports your government's goal of \$25 billion in revenue by 2035, as set out in the Tourism Strategy. However, Alberta hotels continue to face rising operational costs, labor shortages, and competition from unregulated commercial short-term rentals (STRs). So that Alberta hotels can contribute to the Tourism Strategy's \$25 billion goal, we urge the government to:

1. Dedicate 100% of the Tourism Levy to Travel Alberta

The AHLA categorically opposes an increase to the Tourism Levy. We appreciate your government's support in maintaining the Tourism Levy at 4%. Fully funding Travel Alberta is essential to achieving the province's ambitious tourism goals. Without a dedicated and sustainable funding source, Travel Alberta's ability to market the province, attract visitors, and grow the economy will be significantly impaired.

Allocating the full amount of the Tourism Levy to Travel Alberta will ensure the necessary investment to drive Alberta's tourism growth.

2. Increase VLT Commissions to 18% and Modernize the Industry

When the VLT program was first introduced in the early 1990s, the 15% operator commission provided meaningful and stable income to hotels as compensation for their role as VLT operators. However, the operating environment has changed significantly over the past three decades. Today, some operators report that their VLT spaces generate less daily revenue than food and beverage operations—a major shift from pre-pandemic performance.

This challenge is compounded by a rapidly evolving competitive landscape. Online betting, sports wagering, and online raffles have grown substantially, providing customers with more entertainment choices than ever before. Without the ability to reinvest, VLT operators risk losing further ground in this changing market.

Increasing the commission rate to 18% represents a cycle of mutual benefit. AHLA members will create attractive, engaging, and professionally managed responsible gaming environments. Customers will enjoy enhanced experiences, leading to increased participation and loyalty. Revenues will grow for both AHLA members and AGLC, strengthening contributions to Alberta's communities and economy. **The result is not only stronger returns for AHLA members, but also a measurable increase in VLT revenue to the province.**

3. Establish a Provincial Framework to Regulate Short-Term Rentals

Hotels are not afraid of competition, and do not wish to regulate homeowners who occasionally rent a room in their own home. But true home-sharing occurs in the owner's principal residence. Across Alberta, we are witnessing a significant shift in housing use. Single-family homes and condos are increasingly being converted into full-time, commercial short-term rentals. A [2025 study by Dr. David Wachsmuth of the School of Urban Planning at McGill University](#) found that 11,600 whole homes in Alberta were operating as commercial short-term rentals in summer 2024, removing them from the long-term housing market.

The growth of the short-term rental industry has contributed to:

- **Cannibalizing residential housing that was purpose built for long term occupancy**, inflating prices and worsening a housing shortage that has compounded Alberta's workforce challenges. This is particularly evident in communities that rely on tourism, however as commercial short-term rental activity goes unregulated, the effects are being seen in communities of all sizes.
- **Driving up rental rates and housing prices** as homes and condominiums that were purpose built for people who live and work in Alberta are commoditized.

- **Creating disruption, property damage, and criminal activity such as human trafficking** in neighbourhoods and condominiums.
- **Cutting into tax revenues for all levels of government.** Commercial short-term rentals operate their businesses in residential properties, evading commercial property tax. This creates two issues:
 - Tax paying Albertans are subsidizing unregulated STRs, which pay residential property tax on their commercial enterprises.
 - Erosion of hotels' assessed value as room revenues that would normally be included in the non-residential assessment are diverted, reducing property tax paid to municipalities.
- **Reducing long-term investment in hotels that pay taxes and employ Albertans by permitting short-term rental operators to:**
 - Take advantage of lower lending costs.
 - Operate outside standard permitting and zoning requirements.
 - Avoid compliance with Occupational Health & Safety and Employment Standards.
 - Pay residential property taxes on commercial operations.

As a result, it is becoming more attractive to develop an apartment building and simply allow it to operate as a ghost hotel. This regulatory gap undermines the Government of Alberta's goal of adding 7,000 new accommodation rooms and limits job creation, tax revenue, and the broader economic impact generated by investment in legitimate hotels.

The AHLA recommends the Government of Alberta implement a clear regulatory framework that has proven effective in other jurisdictions, including:

- **Limiting STRs to the owner's primary residence.** Jurisdictions where this has been implemented have seen homes and condominiums that were purpose built for long term housing returned to residential housing stock, alleviating housing shortages and slowing the inflation of housing prices.
- **Making STR platforms accountable** for verifying host compliance with provincial and municipal regulations.
- **Requiring platforms to share data** with municipalities and the province to ensure enforcement.

Host compliance and mandatory data sharing can be achieved using the existing Tourism Levy framework, which short-term rentals are subject to. Without effective rules, ghost hotels will continue to erode housing supply, drive up living costs, discourage investment, and undermine Alberta's tax base. **Addressing unregulated commercial short-term rentals is critical to supporting Alberta's tourism growth.**

4. Municipal Accommodation Tax

The AHLA strongly opposes the introduction of any new fees, taxes, or levies on Alberta hotels by any level of government. In 2025, Alberta Municipalities passed a resolution to lobby the provincial government to allow municipalities to implement a municipal accommodation tax. **AHLA urges the Government of Alberta to reject any expansion of municipal taxing powers, particularly ones that target a single sector.**

Allowing municipalities to impose accommodation taxes would further increase costs for visitors, reduce Alberta's competitiveness as a destination, and discourage travel and investment. This tax would deliver minimal benefit while forcing hotels to act as unpaid tax collectors and absorb additional administrative and compliance costs. Instead of introducing new sector-specific taxes, AHLA believes government efforts should prioritize tourism growth, competitiveness, and long-term economic sustainability across Alberta's hospitality sector.

The AHLA appreciates the open dialogue and ongoing collaboration with the Government of Alberta. We firmly believe that dedicating the Tourism Levy to Travel Alberta, modernizing the VLT industry, and regulating commercial short-term rentals will ensure Alberta's hospitality sector remains strong, competitive, and a key contributor to the province's economic future.

We welcome the opportunity to discuss these priorities further and look forward to your response.

Yours truly,



Tracy Douglas-Blowers, President & CEO

cc: Honourable Andrew Boitchenko, Minister of Tourism and Sport
Honourable Joseph Schow, Minister of Jobs, Economy, Trade, and Immigration
Honourable Dan Williams, Minister of Municipal Affairs
Honourable Dale Nally, Minister of Service Alberta & Red Tape Reduction