

March 5, 2026

Honourable Premier Danielle Smith
President of Executive Council
Minister of Intergovernmental and International Relations
307 Legislature Building
premier@gov.ab.ca

Dear Premier:

On behalf of the 650 members of the Alberta Hotel & Lodging Association (AHLA), I am writing to express our serious concern about the Government of Alberta's decision to increase the Tourism Levy in Budget 2026.

The Tourism Levy was implemented in 2005, replacing the 5% Hotel Room Tax. Leading up to the passage of the *Tourism Levy Act*, government and industry worked together to craft a sustainable funding model for tourism in Alberta. Industry support was contingent on:

- Meaningful and direct industry participation, and
- Direct use of funds for tourism marketing and product development.

The decision to increase the Tourism Levy from 4% to 6% in Budget 2026 suggests that **the Government of Alberta has abandoned the principles on which the Tourism Levy was founded, and is now using it as a Hotel Sales Tax.**

Since 2005, hotels have carried the burden of collection, remittance, and compliance associated with the Tourism Levy, including credit card processing fees on the cost of the Tourism Levy. The AHLA estimates that in 2024, Alberta hotels paid \$2.8 million in credit card fees on the Tourism Levy. This will increase to approximately \$4 million when the levy increases to 6%. **The 50% increase to the Tourism Levy raises direct operating costs for hotels at a time when margins are under significant pressure from rising labour, insurance, utilities, and financing costs.** This is a direct cost of levy collection for which hotels receive no consideration or compensation.

Recent changes to Travel Alberta's mandate, and your decision to create the department of Tourism and Sport, were thoughtful and strategic decisions to help diversify the economy and make tourism an economic driver for our province. **The AHLA shares your government's bold ambition to grow Alberta's visitor economy to \$25 billion by 2035, doubling current tourism revenues.**

Day and night, around the province, hotels are working to help make that goal a reality, creating jobs and investing capital to deliver visitor experiences that define Alberta's brand. Increasing the Tourism Levy works against that objective by raising the cost of overnight accommodation just as we should be strengthening competitiveness and stimulating demand.

The majority of people paying the Tourism Levy are, in fact, Albertans. According to Travel Alberta, [80% of visitation in our province is from Albertans themselves](#). This increase will impact Albertans travelling for tournaments and sporting events, family gatherings, and work. At a time when affordability is already a concern, increasing accommodation costs makes travel in our province more expensive and less accessible for Albertans, while also reducing our competitiveness with other jurisdictions.

Notwithstanding the many valid arguments against increasing the Tourism Levy, the AHLA recognizes that the provincial government is under tremendous financial pressure to fund critical priorities in health care and education.

Budget 2026 anticipates \$200 million from the Tourism Levy, while allocating only 40% of that amount to Travel Alberta. Given the ambitious goal you set out in February 2024 in Jasper when the Tourism Strategy was announced, **the AHLA asks that your government recommit to the original intent of the Tourism Levy, and open a dialogue with the tourism industry to commit through legislation to using Tourism Levy dollars in support of the Tourism Strategy.** Ensuring that Tourism Levy dollars are invested to grow the economy will drive economic prosperity for Albertans and fund the services they expect government to deliver, such as health care, education, and infrastructure.

Your mandate to the Ministers of Finance and Tourism & Sport indicate that visitors need to pay their fair share. Albertans rightly expect that all accommodation providers are contributing fairly and consistently. Although your government moved to require short-term rentals to remit the Tourism Levy in October 2024, its decision to increase the Tourism Levy underscores the inequities that exist in Alberta's accommodation landscape. **While hotels are subject to extensive regulation, taxation, and enforcement, Alberta's lack of common sense rules and equitable property tax policy for commercial short-term rentals contributes to the shortage of affordable housing, undermines municipal property tax revenues, shifts normal operating costs like security and waste management to neighbours and municipalities, and introduces criminal activity like human trafficking into condominium buildings and neighbourhoods.** It is time for the Government of Alberta to treat commercial short-term rental operators and the platforms that support them like the businesses they are.

We are particularly disappointed that this decision was made without consultation with Alberta's hotel industry. This stands in contrast to the government's approach to other legislation and the very inception of the Tourism Levy, where meaningful engagement with affected stakeholders – including the AHLA – resulted in thoughtful outcomes for consumers and communities. We respectfully urge the Government of Alberta to:

- **Commit to transparent reporting on Tourism Levy revenues & expenditures by source and their allocation.**
- **Collaborate with hotels and the tourism sector to reaffirm the original purpose of the Tourism Levy.**
- **Advance a fair, province-wide regulatory framework for commercial short-term rentals.**

Hotels are anchor businesses in Alberta's visitor economy. We are major investors in every constituency of the province, employing thousands of Albertans, supporting local suppliers, housing visitors and residents during times of need, paying property and corporate taxes, and playing a central role in economic diversification. The AHLA and our members are committed to working with your government to grow tourism in a way that benefits all Albertans.

We would welcome the opportunity to meet and discuss a path forward that supports Alberta's tourism ambitions.

Sincerely,



Tracy Douglas
President & CEO
Alberta Hotel and Lodging Association

cc: Honourable Nate Horner, President of Treasury Board and Minister of Finance
Honourable Joseph Schow, Minister of Jobs, Economy, Trade and Immigration
Honourable Andrew Boitchenko, Minister of Tourism & Sport
Darren Reeder, CEO, Tourism Industry Association of Alberta