City of Gustavus
P.O. Box 1
Gustavus, AK 99826
Phone: (907) 697-2451

Dear Business Owner,

On October 07, 2025, The City of Gustavus held our annual municipal election. On the ballot was Proposition 1, "Shall the City amend the Code of Ordinances to allow the addition of 3% sales tax to the 4% room rental tax, for total of 7% tax on room rentals?".

The proposition passed and the City Council certified the election results on October 10th, 2025. The changes to the ordinance will go into effect on January 1st, 2026.

The City of Gustavus is sending this letter now to inform affected parties of the results and how the change is going to affect your business today and going forward into the future.

The City understands that reservations have been made for the 2026 summer season, and that some money has been collected to secure these reservations. The City's ordinance states;

Section 4.16.030(d)

"Every hotel/motel operator renting rooms subject to taxation under this chapter shall collect the taxes imposed by this chapter from the guest at the time of collection and shall transmit the same...."

and,

Section 4.15.030(d)

"Every seller making sales, rentals or performing services subject to taxation under this chapter shall collect taxes imposed by this chapter from the buyer at the time of collection and shall transmit the same, monthly, to the city."

It is our interpretation of these statements that any money collected for room sales prior to January 1st, 2026, will be taxed at the previous rate of 4%, and that any money received after January 1st, 2026, will be taxed at the new rate of 3% sales tax and 4% room tax, regardless of when the reservation was made.

The City of Gustavus wants to make this transition easy for businesses operating in Gustavus. Our City Treasurer Ben Sadler is happy to help anyone who needs more information about how this change will affect businesses in town and why the changes were proposed.

We are including a generic invoice example showing how the taxes should be broken out on invoices for businesses who did not previously sell items subject to retail tax. Each invoice should show both taxes as separate line items, not as a total 7% tax.

Section 4.14.060 states;

"Every operator shall add the amount of the tax levied by this chapter to the rent and the tax shall be stated separately on any rental receipts or slips, charge tickets, invoices, statements of account, or other tangible evidence of the rental."

and,

Section 4.15.060 states;

"Every seller shall add the amount of the tax levied by this chapter to the total selling price and the tax shall be stated separately on any sales receipts, slips, rent receipts, charge tickets, invoices, statements of account, or other tangible evidence of sale."

This shows the customer what taxes they are paying and will help businesses properly remit tax collected.

Please contact Ben Sadler at 907-697-2451, treasurer@gustavus-ak.gov, or you can stop by City Hall between 9am and 3pm, Monday – Thursday, if you have any questions or need clarification on anything stated in this letter.

Thank you,

Sally A McLaughlin, Mayor

City of Gustavus

907-697-2451

LOGO
GOES
HERE

Any Lodging

123 Gustavus Road, Gustavus, Alaska 99826
907-697-0000

INVOICE # 100

Date: 01/01/2026

BILL TO
Any Customer
123 Some Other Road
907-209-0000

FOR
2 Nights Stay

ITEM DESCRIPTION	AMOUNT
2 nights stay in Black Bear Cabin	$200.00

Subtotal	**$200.00**
Tax rate 4% Room Tax	**$8.00**
Tax rate 3% Sales Tax	**$6.00**
Additional costs	
TOTAL COST	**$214.00**

Make all checks payable to Any Lodging

THANK YOU FOR YOUR BUSINESS!