

City of Alexandria, Virginia
FY 2026 Proposed Operating Budget & CIP
Budget Questions & Answers

March 26, 2025

Question:

How much additional revenue would the City raise if we increased the lodging fee portion of the transient lodging tax from \$1.25 per room per night to \$1.5 or \$1.75 per room per night?

Response:

The current tax rate is 6.5% plus \$1.25 per room per night. The per room per night portion of the revenue comprises approximately 9.7% of this category, or approximately \$1.45 million. Each \$0.25 change in this rate equates to approximately \$289,079.

Based on this, an increase to \$1.50 would generate an estimated \$289,079. An increase to \$1.75 would generate an estimated \$578,158 in additional revenue.