



March 17, 2026

The Honorable Virginia Maloney
Committee on Economic Development
New York City Council
City Hall Pk Path
New York, NY 10007

Dear Chairwoman Maloney and Members of the Committee:

On behalf of the American Hotel & Lodging Association (AHLA), thank you for the opportunity to provide comment on the FY27 budget proposal.

AHLA is the national association representing all segments of the U.S. lodging industry, including hotel owners, leading brands, franchisees, management companies, independent properties, bed & breakfasts, and industry suppliers.

AHLA has significant concerns about the current budget proposal pending before the City Council and State Legislature, which could have long-term impacts on the hotel industry and thousands of New Yorkers who work in hotels.

Impact of Hotel Industry on New York City's economy

Hotels are and always will be a people-first business. Hotel guests spend \$38.4 billion annually across the city, supporting restaurants, retailers, cultural institutions, and small businesses across all five boroughs. Each hotel room night drives roughly \$1,168 in total visitor spending citywide.¹ This directly translates into significant revenue for New York City, generating a projected \$4.9 billion in local, state, and federal tax revenue in 2026.² Simply put, New York City's economic strength is inseparable from the vitality of its hotels.

As worries grow about stagnant job growth, the hotel and lodging industry has been a bright spot. The comptroller's report ranks "leisure and hospitality" as the one of the strongest positive growth industries among those reviewed for a two-year change – with the expected revision expected to push those numbers even higher to 5,000 recently created jobs.³

Today, the industry supports nearly 264,000 jobs, nearly 5% of the entire city's workforce.⁴ Hotel jobs are good jobs. Since the pandemic, average hotel wages have increased more than 15% faster than average wages throughout the general economy.⁵ Hoteliers are not just offering jobs; they're creating career opportunities. Beyond wages, hotels provide excellent career opportunities, flexible

¹ Economic Impact of the Hotel Industry, Oxford Economics. (December 2025)

² 2026 State of the Industry Report, New York City (December 2025).

³ <https://statics.teams.cdn.office.net/evergreen-assets/safelinks/2/atp-safelinks.html>

⁴ <https://www.bls.gov/regions/northeast/data/xg-tables/ro2xgcesnyc.htm>

⁵ <https://www.ahla.com/news/ahla-president-ceo-testifies-us-house-committee-education-and-workforce>

hours, and comprehensive benefits that demonstrate our commitment to the workers who are the foundation of our industry.⁶

New York City Hotel Trade Council President described the NYC hotel collective bargaining agreement as the “gold standard in the unionized industry with the highest wages, best benefits, and most robust rights and protections.”⁷

Growing cost pressures

At the same time, the industry faces significant headwinds – particularly in New York City, where local policy decisions, including the 2021 Hotel Permitting ordinance and the 2024 Safe Hotel Act, have driven up operating expenses. Over the past five years, operating costs have increased roughly four times the rate of revenue growth.⁸ The uncertainty in the global economy continues to drive up operating, construction, and renovation costs. To put it more simply – it is more expensive to run a hotel today and revenues are not keeping pace with expenses.

Despite major events like the World Cup, hotels are bracing for a relatively flat year with nationwide revenue growth projected at less than 1%, according to Co-Star Analytics.⁹ Our caution is rooted in declining international inbound travel¹⁰ coupled with many local hotels reporting that bookings remain below expectations.

Impact of tax increases

As the industry continues to balance upcoming opportunities with continued cost pressure challenges, we are concerned about local and state tax increases. These concerns are taking center stage in New York City, where hotels face some of the highest operating costs in the country. And unlike other businesses that can move to other jurisdictions when local operating costs are no longer sustainable, hotels simply close. An increasing number of travelers will opt to stay across the river and an even greater number of travelers will decide to travel to other parts of the country.

Tax proposals that increase the corporate tax and changes to the pass-through entity tax (PTET) will affect countless partnerships and S corporations that are closer to Main Street than Wall Street –

⁶ <https://www.ahla.com/news/ahla-president-ceo-testifies-us-house-committee-education-and-workforce>

⁷ [July 2024 message to workers](#) (begins at :23 second mark)

⁸ <https://www.ahla.com/resource/2026-state-industry>

⁹ <https://www.costar.com/article/571347582/the-upside-and-downsides-to-the-revised-us-hotel-forecast>

¹⁰ The continued decline of international travel continues to be challenging, particularly in New York City, where international travel plays a pivotal role in the tourism economy. In 2025, the New York City Tourism Office indicated a 5% drop in international visitors to New York City. This drop has real economic consequences, According to US Travel, on average, international visitors spend approximately \$4,000 per trip.

effectively a tax increase on small businesses. This will drive up prices for everyone, including other businesses that use these services and local residents.

Further, Mayor Mamdani's threat to implement a proposed 9.5% increase to Real Property Tax (RPT) poses real challenges to the industry. Hoteliers alone will not be able to absorb this tax without damaging property values. Left to absorb higher taxes, hoteliers will have fewer resources to dedicate to improvements and upgrades necessary to attract visitors in a highly competitive market. This would further be compounded by increased costs from other supporting businesses which will be forced to pass along the property tax increase to their customers.

We saw this play out in San Francisco, where a struggling hotel industry was confronted with ever increasing taxes and unrealistic policy decisions. Described as a doom loop¹¹ after the pandemic, many businesses, including major hotels, closed. Only after several years of increasing business closures did the city approve Prop. M to overhaul business taxes in a way that created a fairer and more resilient system.¹²

While we understand the City is facing significant financial challenges, there are several cautionary tales of other markets looking to solve its fiscal shortfalls by increasing taxes on local businesses. Los Angeles, once a thriving hotel market, is faced with similar challenges. After years of enacting anti-hotel policies and tax increases, recent surveys show widespread concern about the city's hotel industry.¹³ After the City Council passed an extreme labor mandate in 2025, 6% of the hotel workforce has been laid off due to price pressures, with 62% of surveyed hotels saying that they plan to reduce staff hours throughout 2026.¹⁴

As the city weighs budget decisions, it must not lose sight of how profoundly its policies impact the hotel industry -- one of the city's most dependable generators of billions in tax revenue. AHLA looks forward to working with the Council to advance policies that promote job creation and sustained economic growth for New York City.

If you have any questions, please do not hesitate to contact me at sbratko@ahla.com.

Sincerely,



Sarah R. Bratko
Vice President & Policy Counsel
American Hotel & Lodging Association

¹¹ <https://www.sfchronicle.com/sf/article/doom-loop-economy-19807505.php>

¹² <https://sfstandard.com/2024/10/31/sf-election-2024-prop-m/>

¹³ American Hotel & Lodging Association. Los Angeles Hotel Operator/Owner Survey. (January 2026).

¹⁴ <https://ktxs.com/news/nation-world/los-angeles-hotels-cut-6-of-jobs-in-wake-of-new-wage-law-guests-face-price-hikes-study-hotel-association-of-los-angeles-county-mayor-karen-bass-minimum-wage-cost-of-living-payroll-costs-employees-workers-travel-industry-california>