ENCOURAGING THE ALABAMA LEGISLATURE TO OPPOSE ANY LEGISLATIVE CHANGES THAT WOULD DISRUPT THE SSUT PROGRAM'S OPERATIONS OR CALL THE PROGRAM'S CONSTITUTIONALITY INTO QUESTION

WHEREAS, the Alabama Simplified Seller Use Tax (SSUT) Remittance Act, codified at Section 40-23-191 *et seq.*, Code of Alabama 1975, was enacted in 2015, establishing a process by which the State of Alabama collects use taxes from eligible sellers on behalf of Alabama consumers; and

WHEREAS, in *South Dakota v. Wayfair*, 585 U.S. 162 (2018), the United States Supreme Court held that the State may collect taxes from sellers that have a "substantial nexus" in the State, even where there is no physical presence, provided that the tax does not impose an undue burden on interstate commerce; and

WHEREAS, the SSUT program is designed to fall within the United States Supreme Court's guidelines and has been a model for other states across the country; and

WHEREAS, the SSUT program is now under attack by a small group of mayors who have been publicly criticizing the same program that, since its enactment, has provided more than $4.2 billion in essential revenue to the Alabama General Fund, the Alabama Education Trust Fund, Alabama's 67 county governments, and Alabama's municipal governments; and

WHEREAS, individual counties and municipalities have no constitutionally valid authority to compel online retailers to collect use taxes from Alabama consumers; and

WHEREAS, challenges to and attacks upon the SSUT program place essential revenue at risk for all levels of government and, therefore, are a threat to our State's continued growth.

NOW, THEREFORE, BE IT RESOLVED BY THE DALE COUNTY COMMISSION that the County Commission fully supports the current SSUT program as an efficient, constitutional, and operationally effective process for collecting use taxes due on behalf of Alabama consumers who utilize eligible sellers for delivery of taxable products into Alabama.

BE IT FURTHER RESOLVED BY THE DALE COUNTY COMMISSION that the revenue generated by the SSUT program will continue to support essential governmental services in the county.

BE IT FURTHER RESOLVED BY THE DALE COUNTY COMMISSION that the County Commission fully supports the use of population data to allocate the county portion of the revenue among our State's 67 county governments as is currently provided by law.

BE IT FURTHER RESOLVED BY THE DALE COUNTY COMMISSION that the County Commission strongly opposes any legislative efforts to alter the SSUT program in a way that would disrupt its operations or call into question its constitutionality.

IN WITNESS WHEREOF, the Dale County Commission has caused this resolution to be executed in its name and on its behalf by its Chair, on this 23rd day of September, 2025.

Steve McKinnon, Chairman

The REAL Facts about SSUT

The Lifeblood of State, County AND City Government in Alabama

How does SSUT work?

When originally passed in 2015, the 8-percent Simplified Sellers Use Tax (SSUT) rate represented the average sales tax rate in Alabama. Today, the internet retailers with no physical presence in Alabama collect that flat rate from their customers on all sales in the state. That revenue is remitted to the Alabama Department of Revenue and is split 50/50 between the State and local government. Sixty percent of the local government portion, which is revenue collected from every sale in the entire state, is then divided among all the cities by population. This means each city receives a share of every sale in the entire state. Likewise, the remaining portion of the local revenue is allocated by population among the counties.

The process is simple and does not place an undue burden on the internet companies. In fact, Alabama's law is recognized as one of the most efficient programs in the nation.

Are cities being short-changed in the allocation of SSUT revenue?

On the contrary, if you look at the average sales tax rate statewide, cities actually receive a disproportionately-larger share of the SSUT revenue. In 2024, the average sales tax rate statewide had increased to 9.33 percent, with local sales tax making up 5.33 percent and the remaining 4 percent going to the State. While cities receive 60 percent of the SSUT local revenue, municipal sales tax rates make up only 55 percent of the total local rate.

If SSUT dollars are to be distributed in line with sales tax rates, the municipal portion must be reduced and the county portion increased. **In fact, in calendar year 2024, Alabama's cities were overpaid in SSUT revenue by $22 million.**

Shouldn't SSUT revenue be treated like sales tax revenue?

The attempts to link SSUT with sales tax revenue in Alabama are misguided and are being used to cloud the issue. SSUT is a tax on internet-based transactions and is collected by companies that do not have a physical presence in Alabama. In many cases, those who have traditionally traveled to larger cities to shop (and leave their sales tax dollars in those bigger cities) are now ordering online, and their taxes are making their way back to the communities where they live. **Alabama's sales tax law does not apply to internet-based transactions and should not be used for comparison.**

Is SSUT a threat to Alabama's biggest cities?

In 2024 alone, the largest 10 cities received upwards of one-third of the SSUT revenue reserved for Alabama's more than 460 municipalities — and the $106 million directed to these 10 cities came with no administrative fee and no auditing or collecting expense for the cities. This revenue would have escaped taxation without the implementation of SSUT. **Cities claiming that SSUT is a "threat" are only hoping to change the distribution formula and divert revenue from other smaller cities or from county governments.** The major cities are unwilling to accept that the convenience of purchasing on the internet is driving customers away from the state's former retail hubs. People are no longer driving to the biggest cities to shop. SSUT provides a way to collect revenue from those online purchases that would, otherwise, go untaxed in Alabama.

The REAL Facts about SSUT

The Lifeblood of State, County AND City Government in Alabama

How much tax revenue are we talking about for internet sales?

Surprisingly, Alabamians shop on the internet at a rate that is well below the national average. The U.S. Department of Commerce estimates that online sales represent about 16 percent of total combined sales. **Here in Alabama, online purchases are just more than 10 percent of in-state retail sales.** This fact also puts in question many of the criticisms made by the SSUT detractors as they have used national estimates to bolster their claims.

Is there another way to collect this tax revenue on internet sales?

An alternative national program exists, but Alabama does not qualify for participation. Known as the Streamlined Sales and Use Tax Agreement, **more than 20 states with a centralized sales tax collection process have forged a national approach to collecting taxes from internet transactions. Alabama does not qualify because every city and county in Alabama can collect its own sales tax.** Joining this program would also require Alabama to restructure its sales tax definitions and procedures — and doing so would result in lost sales tax revenue, making the change very unlikely to happen.

Is SSUT a "Socialist Scheme" (in the words of the Mayor of Tuscaloosa)?

This comment is laughable. SSUT revenue is simply allocated among the cities based on population. And apparently, Tuscaloosa's Mayor believes such a methodology is socialistic. He has suggested his city should get a larger cut of the money because college students at the University of Alabama supposedly spend more money on the internet than other citizens. Likewise, the mayors of other large cities have suggested they should get a larger share because their citizens shop more actively on the internet than those in rural areas.

Every mayor and county commissioner can make an argument that their community is unique and, as such, should receive special treatment and be rewarded with additional revenue at the expense of everyone else. However, **almost every shared tax in Alabama is allocated by population, and all citizens are valued equally in those calculations.** Such an approach is not socialistic — it's just the fairest way for everyone.

Can't we just change how SSUT works?

Under the ruling of the United States Supreme Court, states cannot establish an internet tax collection process that places an "undue burden" on out-of-state companies. Because these internet companies are not "residents" of Alabama, we must provide a system that is simple. Honestly, the cries of the big cities ignore the complexity of applying Alabama's locally-administered tax system to online retailers. Accomplishing the goals of the big cities would require internet retailers to apply more than 4,000 different sales tax rates on sales within the state of Alabama. Likewise, the internet retailers would be forced to navigate a web of inconsistent sales tax exemptions and even the current Back-to-School sales tax holiday would be on the chopping block.

All in all, **the internet retailers' cost and administrative burden to work through Alabama's sales tax system would place the current SSUT revenue at risk for the State and for all counties and cities.**