



# **SSUT Summit**

**July 28, 2025**

**[Earnlocalkeeplocal.com](http://Earnlocalkeeplocal.com)**

# Agenda

- 10:00am: Welcome
- 10:10am: Review and Updates
- 10:45am: SSUT's impact on Education – Panel Discussion
- 11:25am: Senator Tommy Tuberville – Keynote Speaker
- 12:00pm: Lunch
- Meet and greet with Senator Tuberville
- 12:45pm: Next Steps with the Alabama Legislature – Panel Discussion
- 1:20pm: Litigation Update
- 1:45pm: Closing Remarks



\*Questions are limited to municipal elected officials, municipal employees, school officials and state elected officials

# Data Sources

- Cities (ELKL Coalition)
- ESRI ArcGIS Business Analyst Pro and MRI-Simmons
- Public Affairs Research Council of Alabama (PARCA)
- US Department of Commerce
- US Census Bureau
- City of Tuscaloosa: Accounting and Finance Department
- Alabama Department of Revenue (ADOR)
- Alabama Department of Education (ALSDE)
- Wall Street Journal (WSJ)
- Al.com
- World Population Review

BIRMINGHAM REAL-TIME NEWS

## Mountain Brook joins Tuscaloosa in lawsuit over state online sales tax

Published: Jul. 15, 2025, 2:42 p.m.



Mountain Brook Mayor Stewart Welch said challenging the current sales tax distribution structure is about "fairness." city of Mountain Brook

NEWS

## An Alabama city is suing state over how it collects Internet sales taxes

Published: Jul. 03, 2025, 11:37 a.m.



Tuscaloosa mayor Walt Maddox speaks during a city council meeting in Tuscaloosa, Ala., Tuesday, June 10, 2025. (Will McLelland | preps@al.com)



The Tuscaloosa City Schools Board of Education has voted unanimously to sue the state of Alabama over how online sales tax is collected and distributed, one week after the city council took a similar action.

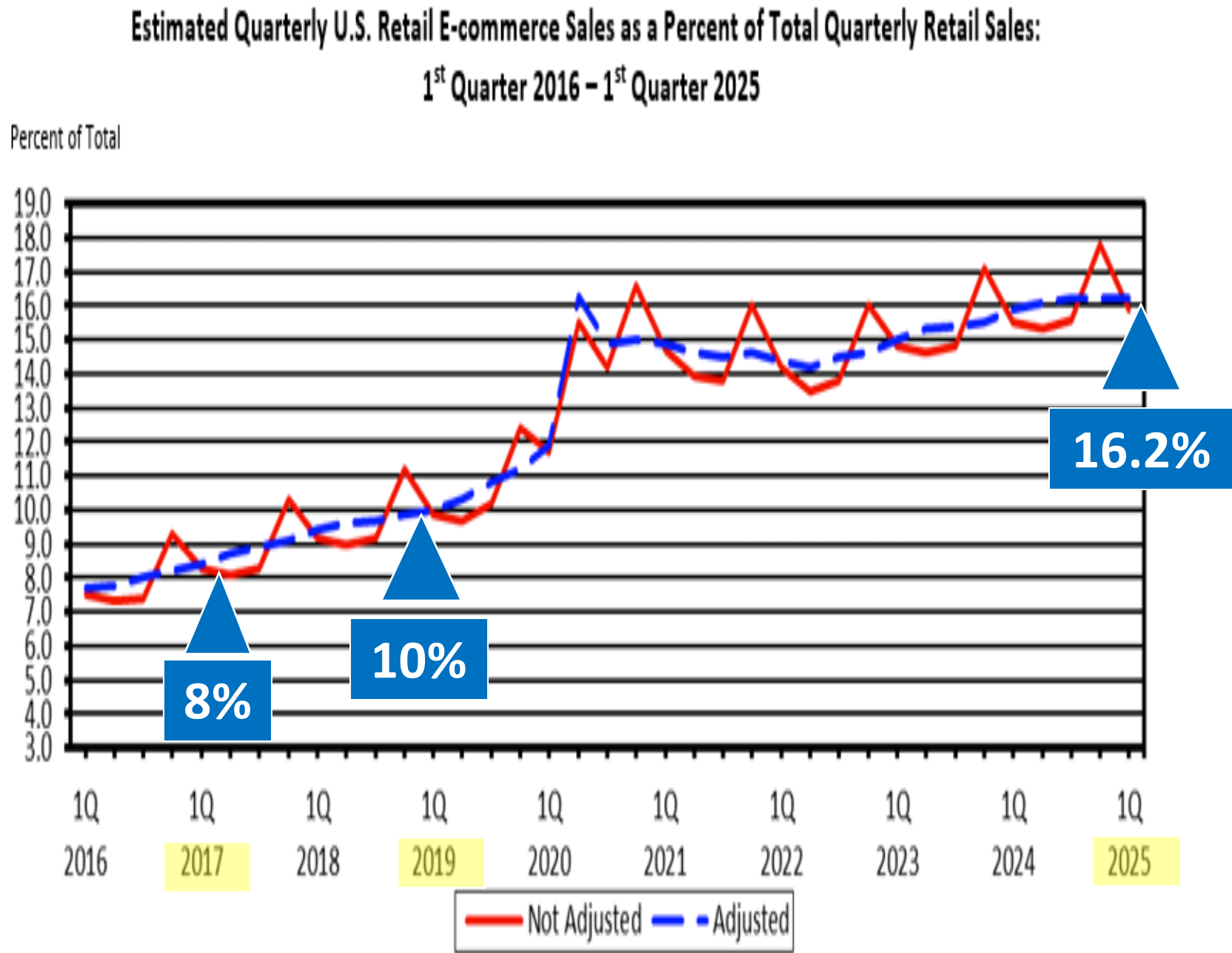


# SSUT Timeline on how we arrived here:

- 2017: Mobile and Tuscaloosa publicly raise concerns over SSUT's methodology – Several more cities follow
- 2019: Commitments from state leadership to fix SSUT
- 2020 - 2021: COVID 19 pauses efforts
- 2022 - 2025: Big 10 Mayors prioritize fixing SSUT as a legislative issue
- 2022 - 2024: Multiple meetings are held with ADOR and state leadership
- 2023: PARCA issues their Report on E-Commerce and Taxation (SSUT)
- 2023: Legislation for non-proprietary data to be shared to make evidenced-based decisions fails
- 2024: Legislation for a compromise at the request of multiple stakeholder groups, including ADOR, fails
- 2025: Legislation to close “Door Dash Loophole” fails



According to the US Department of Commerce, **16.2% of all retail sales in the first quarter of 2025 were online.**



# TUSCALOOSA

73%

PURCHASED ONLINE FROM  
**AMAZON**  
IN LAST 6 MONTHS

29%

PURCHASED ONLINE FROM  
**WALMART**  
IN LAST 6 MONTHS



# Simplified Sellers Use Tax (SSUT)<sup>1</sup>

**2015**

Alabama Legislature passed an “internet sales tax” known as SSUT.

SSUT was designed to **mirror sales taxes** by replacing lost revenues due to online sales. The law was initially voluntary.

**2019**

**South Dakota v. Wayfair** provided states the ability to “tax” out-of-state internet-based companies.

<sup>1</sup>Established by **Act 2015-448**, Alabama’s SSUT went into effect January 2016 with a rate of 8 percent. "The Simplified Sellers Use Tax Remittance Act allowing eligible sellers to voluntarily collect, report, and remit remote sales tax"





# SSUT is a flawed scheme

1. Circumvents destination sourcing and traditional sales taxes
2. Ignores who is purchasing online
3. Penalizes investments and growth
4. Redistributes earned sales taxes (current SSUT formula)
5. Shortchanges local businesses
6. Steals from our schools

# Destination Sourcing



Sales are taxed at the location where the buyer takes possession of the item sold

Circumvents destination sourcing and traditional sales taxes

# Traditional Sales Tax Rates

	Population	City	County	State	Combined
Mobile	201,367	5%	1%	4%	10%
Huntsville	230,402	4.5%	.5%	4%	9%
Dothan	71,650	4%	1%	4%	9%
Decatur	57,974	4%	1%	4%	9%
Birmingham	196,357	4%	2%	4%	10%
Auburn	83,757	4%	1%	4%	9%
Madison	64,029	3.5%	.5%	4%	8%
Hoover	93,013	3.5%	2%	4%	9.5%
Montgomery	195,818	3.5%	2.5%	4%	10%
Tuscaloosa	114,288	3%	3%	4%	10%

# Tuscaloosa County's Three Percent Countywide Sales Tax

	Percentage
Tuscaloosa County Schools	25%
Tuscaloosa City Schools	20%
City of Tuscaloosa	19%
Tuscaloosa County	14.3%
Tuscaloosa County Road Improvement Commission	10%
DCH Healthcare System	6.7%
City of Northport	5%

# Traditional



10% - State and Local	Sales Tax Rate	Sales Tax Amount
State of Alabama	4%	\$ 4.00
City of Tuscaloosa	3%	\$ 3.00
Tuscaloosa County	3%	\$ 3.00

3% - Tuscaloosa County	County Sales Tax Distribution	Sales Tax Amount
Tuscaloosa County Schools	25%	\$ 0.75
Tuscaloosa City Schools	20%	\$ 0.60
Tuscaloosa County	14.3%	\$ 0.43
City of Tuscaloosa	19%	\$ 0.57
City of Northport	5%	\$ 0.15
Tuscaloosa County Road Improvement Commission	10%	\$ 0.30
DCH Regional Health Care Authority	6.7%	\$ 0.20
Total	100%	\$ 3.00

3% - City of Tuscaloosa	Sales Tax Amount
City Sales Taxes	\$ 3.00
City's Share of County Sales Taxes	\$ 0.57
Total	\$ 3.57



**\$3.57**

8%

SSUT Tax Rate

State of Alabama: 4%

General Fund (75%): 3%

Education Trust Fund (25%): 1%

Alabama's Constitution requires,  
**94 percent** of traditional sales  
tax revenue to be earmarked for  
the Education Trust Fund (ETF)

Local Governments: 4%

Counties (40%): 1.60% 67

Municipalities (60%): 2.40% 463

SSUT Info for Local Governments

Circumvents destination sourcing and traditional sales taxes

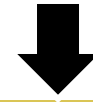
**\$4.00**

(4% Local)



**Municipalities**

**\$2.40**



**3.52%**

(111,338 / 3,167,059)



**\$0.08**

(\$2.40 X 3.52)

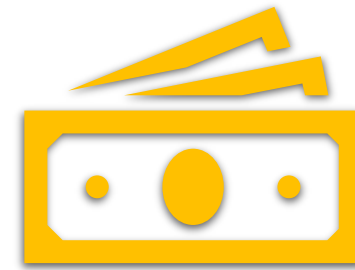


**\$4.00**

(4% State)



In FY 2023, Tuscaloosa lost over  
**\$12.1 million** in **EARNED**  
sales tax revenues



For FY 2025, Tuscaloosa is  
projected to lose over  
**\$14.6 million** in **EARNED**  
sales tax revenues



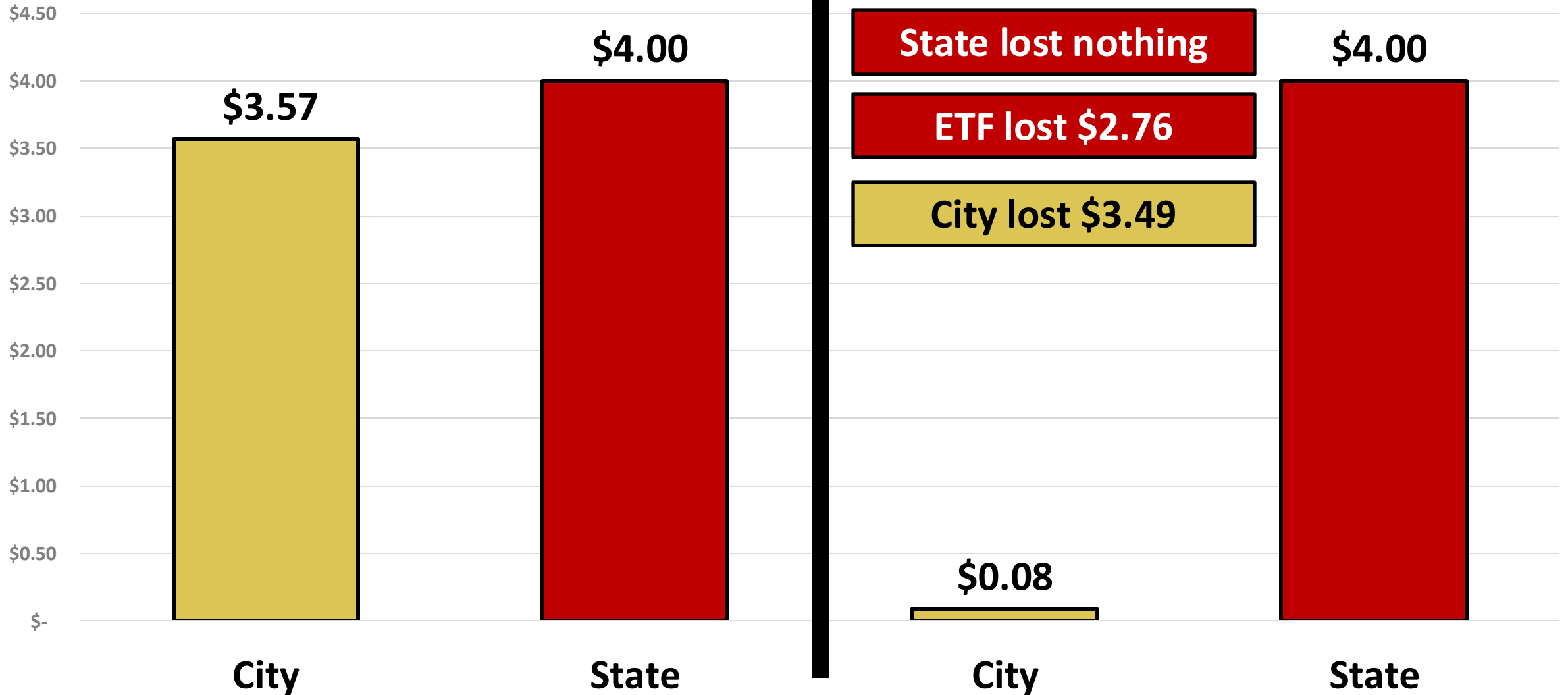
In FY 2023, TCS lost over  
**\$4.4 million** in **EARNED**  
sales tax revenues



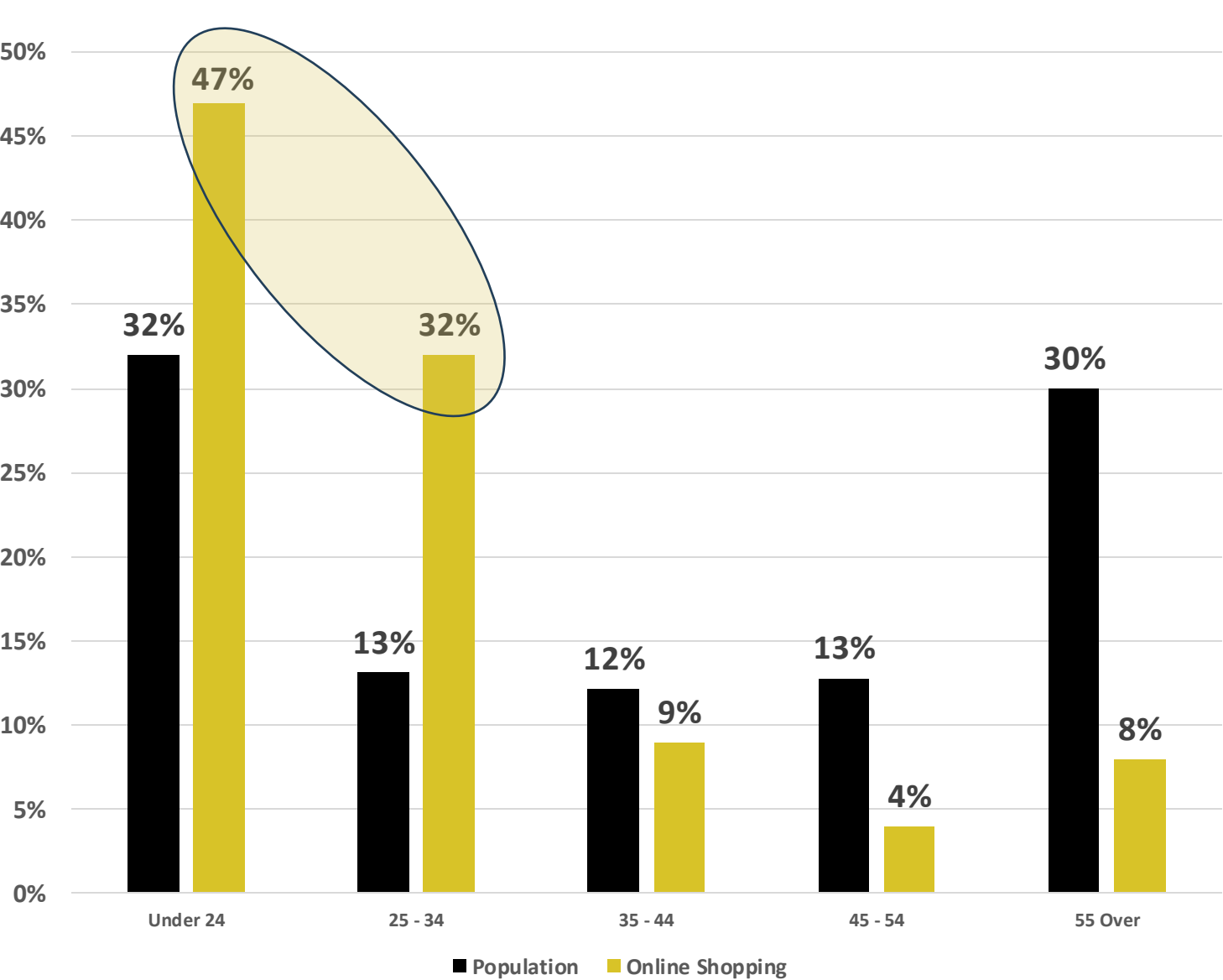
For FY 2025, TCS is projected to lose over  
**\$5.3 million** in **EARNED** sales tax  
revenues

10%  
Local Tax Rate

8%  
SSUT Tax Rate



# Age matters in online purchases



	Median Age
City of Tuskegee	24.5
City of Auburn	25.2
City of Troy	26.3
City of Jacksonville	28.8
City of Tuscaloosa	29.5
City of Madison	31.2
Tuscaloosa County	33.2
City of Northport	33.3
City of Florence	34.9
City of Montgomery	36.0
City of Birmingham	36.2
City of Huntsville	36.2
City of Mobile	37.3
City of Decatur	37.9
City of Hoover	37.9
State of Alabama	39.2
City of Dothan	40.0

Ignores who purchases online

# Population growth does not equal sales tax growth

Time period	Population Growth %	Sales Tax Growth %	Sales Tax Growth Per 1% of Population Growth
1990-1999 <sup>1</sup>	5%	75%	15%
2000-2009	20%	30%	1.5%
2010-2020	10%	24%	2.4%
2021-2024	12%	23%	1.9%

Population growth does **NOT** equal sales tax growth - Since the 2000, the City’s population has grown by 35,373 people

<sup>1</sup>According to US Census Bureau, 1% of all retail sales in 1999 were online



**Shoppes of Legacy Park**

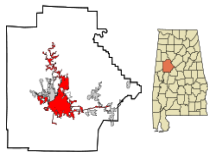


## **Investments**

- ✓ **Incentives**
- ✓ **Infrastructure**
- ✓ **Police Protection**
- ✓ **Fire Rescue Services**
- ✓ **Water/Sewer**

**Penalizes investments and growth**

# Redistributes EARNED sales taxes in Tuscaloosa County (current SSUT formula)



FY 2024 SSUT Distribution from the State		
Tuscaloosa	\$ 8,161,897.99	42%
Tuscaloosa County	\$ 7,619,420.03	40%
Northport	\$ 2,550,593.11	13%
Lake View	\$ 291,730.48	2%
Brookwood	\$ 205,194.71	1%
Vance	\$ 171,432.65	>1%
Coaling	\$ 166,761.68	>1%
Coker	\$ 74,079.88	>1%
Total	\$ 19,241,110.53	

	Businesses	SSUT
City of Tuscaloosa	68%	42%
Tuscaloosa County <sup>1</sup>	18%	40%
City of Northport	14%	13%

	Population	SSUT
City of Tuscaloosa	47%	42%
Tuscaloosa County	35%	40%
City of Northport	13%	13%

	Sales Tax	SSUT
City of Tuscaloosa	3.57%	42%
Tuscaloosa County	0.429%	40%
City of Northport	3.15%	13%

# Tuscaloosa County’s SSUT is not distributed under the 3 percent Countywide Sales Tax

3% Countywide Sales Tax	\$117.6M	Countywide SSUT	\$7.6M
TCSS (25%)	\$29.4	TCSS (25%)	\$0.00
TCS (20%)	\$23.5	TCS (20%)	\$0.00
Tuscaloosa (19%)	\$22.3	Tuscaloosa (19%)	\$0.00
Tuscaloosa County (14.3%)	\$16.8	<b>Tuscaloosa County (14.3%)</b>	<b>\$7.6</b>
TCRIC (10%)	\$11.8	TCRIC (10%)	\$0.00
DCH (6.7%)	\$7.9	DCH (6.7%)	\$0.00
Northport (5%)	\$5.9	Northport (5%)	\$0.00

# Shortchanges local businesses



# Hudson Poole



Opened in 1985

15 Full-Time Employees

Generates **significant** sales taxes



**Donates** tens of thousands annually to charities, adopt-a-school programs, and DCH Cancer Center

**Primary competition** is Diamond Direct who charges an 8 percent sales tax rate

Shortchanges local businesses

# Steals from our Schools



FY 2025 Funding: \$7,583,024

# Steals from our schools

## Traditional



**4.00**  
(4% State)



**ETF**  
**\$3.76**

**GF**  
**\$0.24**

Alabama's public schools are losing **\$2.76** per \$100 transaction

## SSUT



**4.00**  
(4% State)



**ETF**  
**\$1.00**

**GF**  
**\$3.00**

Public school systems are losing funding, **and they will be turning to cities to make up the difference**

The background features a light purple gradient with several overlapping, semi-transparent geometric shapes. These include a large red trapezoid at the bottom, a yellow trapezoid at the top, and a blue circle on the right. Various abstract patterns like circles, dots, and lines are scattered across these shapes.

**From bad to worse**

The logo consists of a white circle with a dot in the center, followed by the word "circle" in white and "360" in teal.

**circle**  
**360**

## ADOR's Expansion of Eligible Sellers – Marketplace Facilitators

**Prior to 2018**, the original definition of an eligible seller excluded sellers with a physical presence in the Alabama.

To accommodate Amazon's planned construction of distribution centers in Alabama, SSUT was amended to include marketplace facilitators as an "eligible seller".

Since 2018, utilizing their regulatory powers, ADOR has designated delivery network companies like DoorDash, Shipt, Walmart Marketplace, Target 360 and multiple others as marketplace facilitators.

In layman's terms, **ADOR is ignoring local, physical nexus.**



## \$300 Groceries per month

Traditional: \$10.71

SSUT: \$0.24

**\$10.47**

Alabamians pay an average of \$272 per month on grocery and non-restaurant food costs, or about \$3,261 per year.  
Bureau of Economic Analysis

Walmart Marketplace

Kroger DELIVERY

Shipt



DOORDASH

Uber Eats

GRUBHUB

Restaurants you love, delivered.

# Loophole's impact on tourism

In 2023, Alabama's beaches attracted approximately **6.5 million visitors**, contributing nearly \$6.7 billion in spending which was 28.5 percent of Alabama's total spending (for tourism).



DoorDash

Order Lulu gulf shores - Gulf Shores ...

Instacart / Grocery Delivery / Alabama / Gulf Shores, AL

Shop your favorite stores for grocery delivery in Gulf Shores, AL



Publix

⚡ Delivery by 2:00pm • Pickup



Sam's Club

Delivery



ALDI

⚡ Delivery by 2:00pm • Pickup



ALDI Express

⚡ Delivery by 1:35pm



CVS®

⚡ Delivery by 1:35pm



Lowe's

⚡ Delivery by 1:45pm



Petco

Delivery



The Fresh Market

Delivery • Pickup



Greer's

Delivery



Rouses Markets

Delivery



Greer's Liquor, Wine & Beer

Delivery



Winn-Dixie

⚡ Delivery by 1:35pm

# Loophole’s impact on tourism



## Population (2024)

Gulf Shores: 17,431  
Orange Beach: 8,543

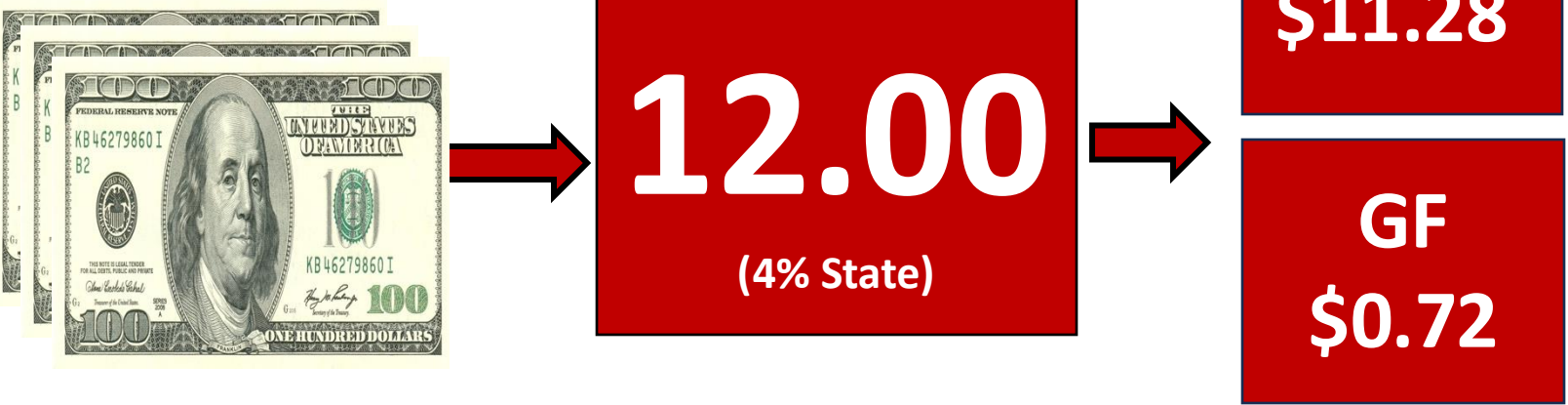
In FY 2024, their SSUT appropriations were \$1,230,248 and \$663,359 respectively.

SSUT ignores the 6.5 million in annual visitors, who require police and fire protection plus other essential services on a massive scale.

	Police Officers	Firefighters
Gulf Shores	45	77
Orange Beach	80	46

# Steals from our schools

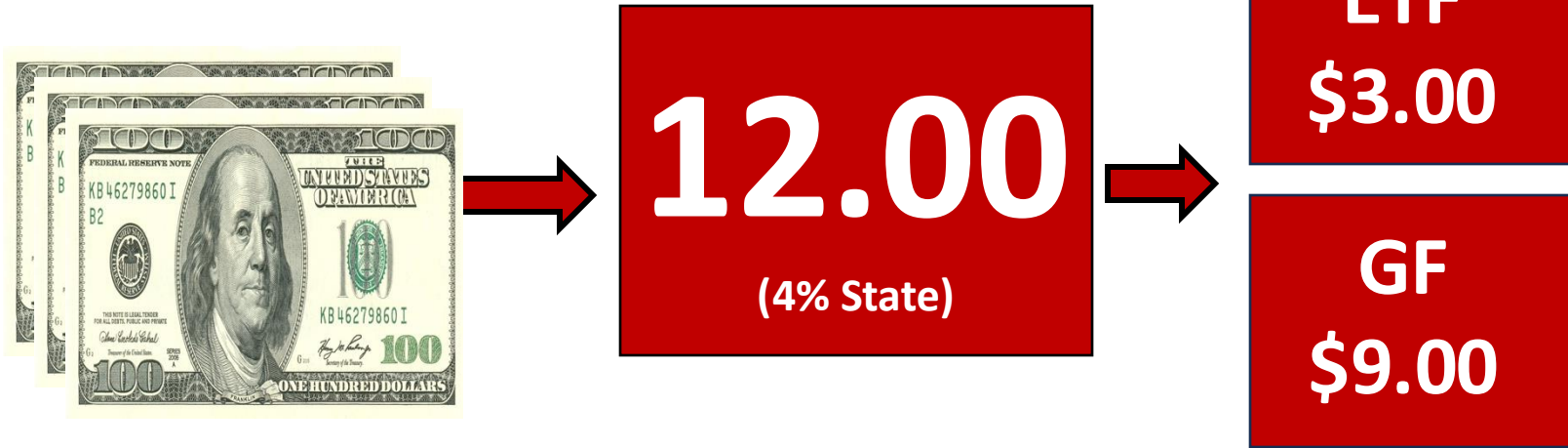
## Traditional



The average Alabamian spends **\$300 per month** on groceries

When you see a “Door Dasher” delivering groceries, the Education Trust Fund is losing:

## SSUT – ADOR Loophole



**\$8.28**

# Rural Alabama

Limits future revenue opportunities -  
Eviscerates local economy



# Rural Alabama is ready for destination sourcing

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## Alabama's Broadband Investments

ARPA:	\$493M
<u>BEAD:</u>	<u>\$1.4B</u>
	<b>\$1.89B</b>

Only **6 percent** of Alabamians are without broadband access



“Amazon is reaching into the remote corners of America to deliver its packages quicker to customers in rural areas, a push that represents its last frontier of ultrafast delivery in the US. Amazon isn’t trying to deliver itself to **100% of its customers** in the U.S., but as of now is targeting around **90%.**”

**WSJ – July 30, 2024**

Municipality	Population	Amazon
Albertville	22,882	67%
Aliceville	2,005	64%
Brent	2,946	64%
Brookwood	2,590	71%
Centerville	2,661	68%
Fort Payne	14,823	68%
Greensboro	2,208	61%
Hueytown	16,200	69%
Riverside	2,375	73%

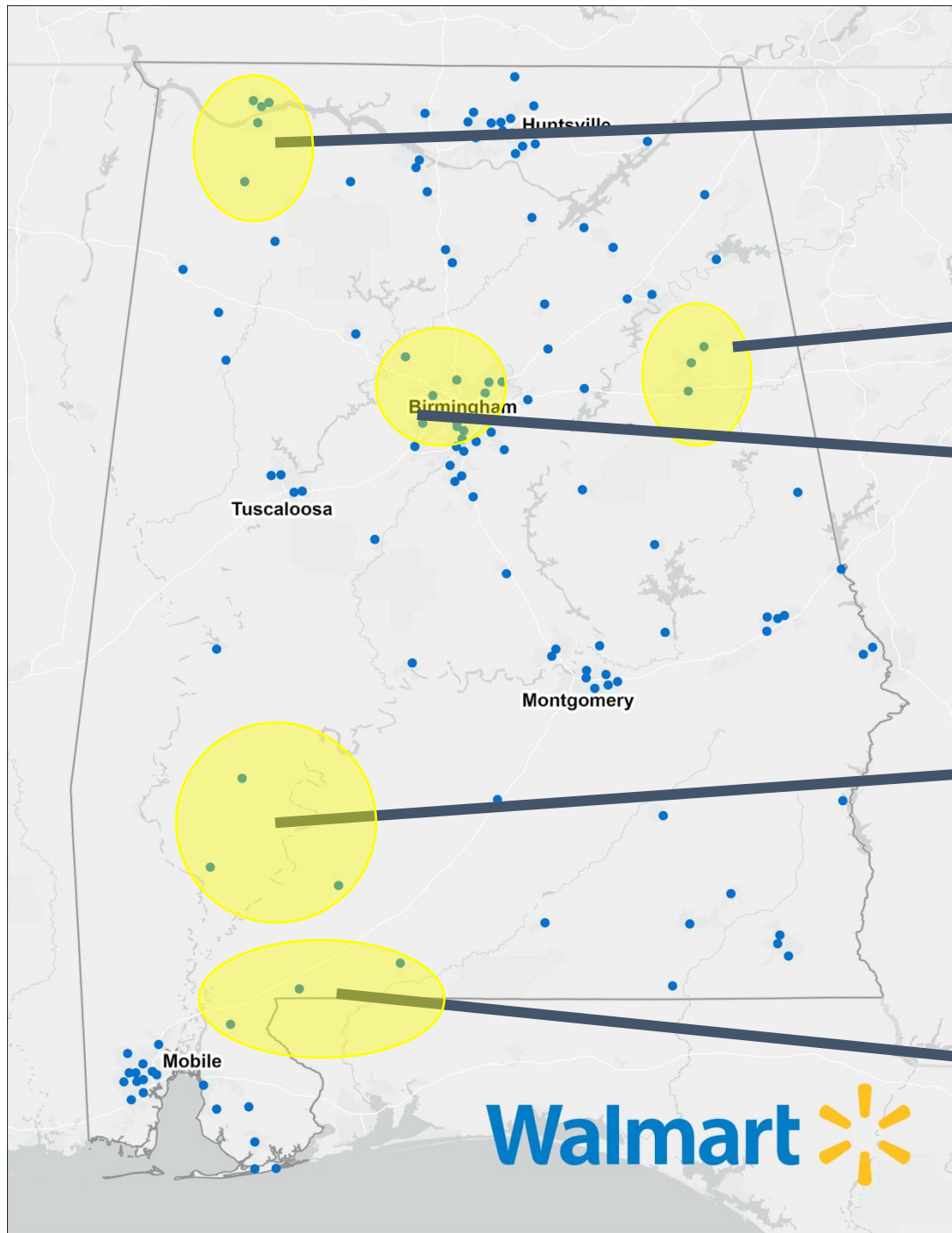




What are Walmart's 'dark stores'  
and why can't customers go  
inside?

al.com





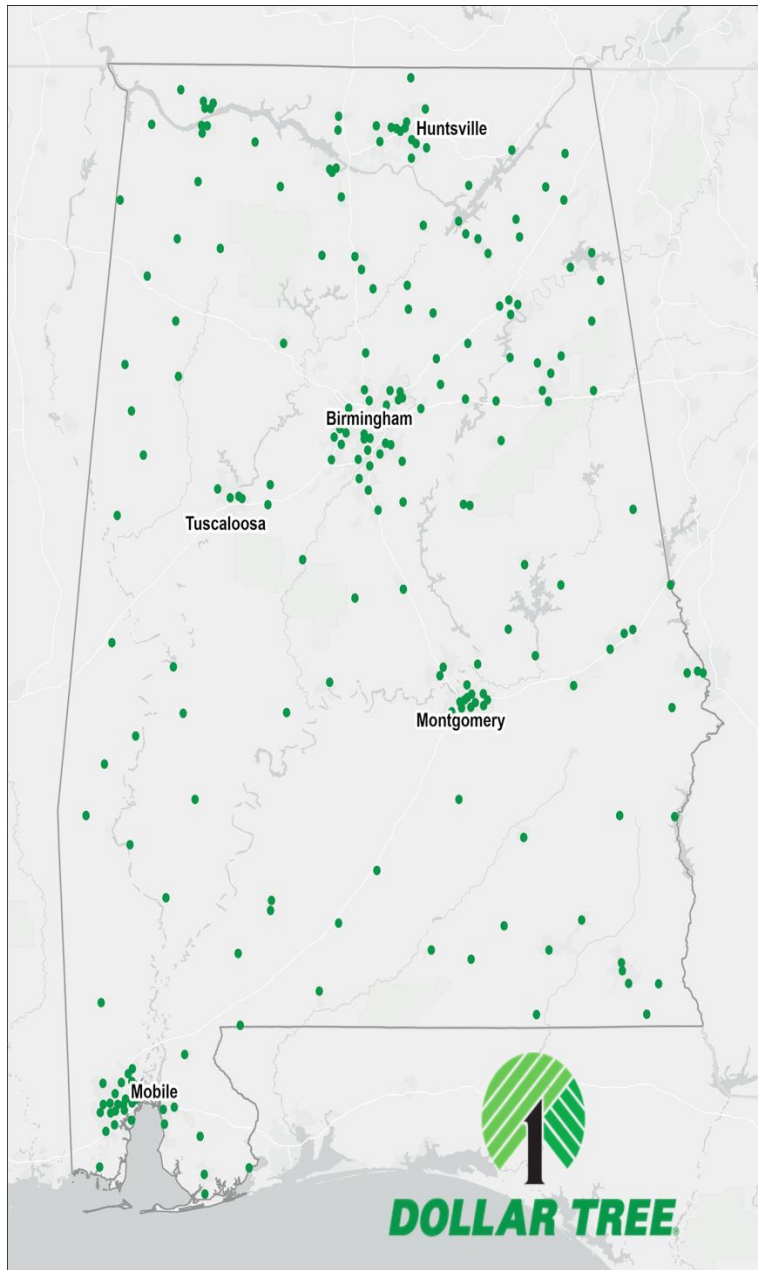
**Florence**  
**Muscle Shoals**

**Jacksonville**  
**Anniston**  
**Oxford**

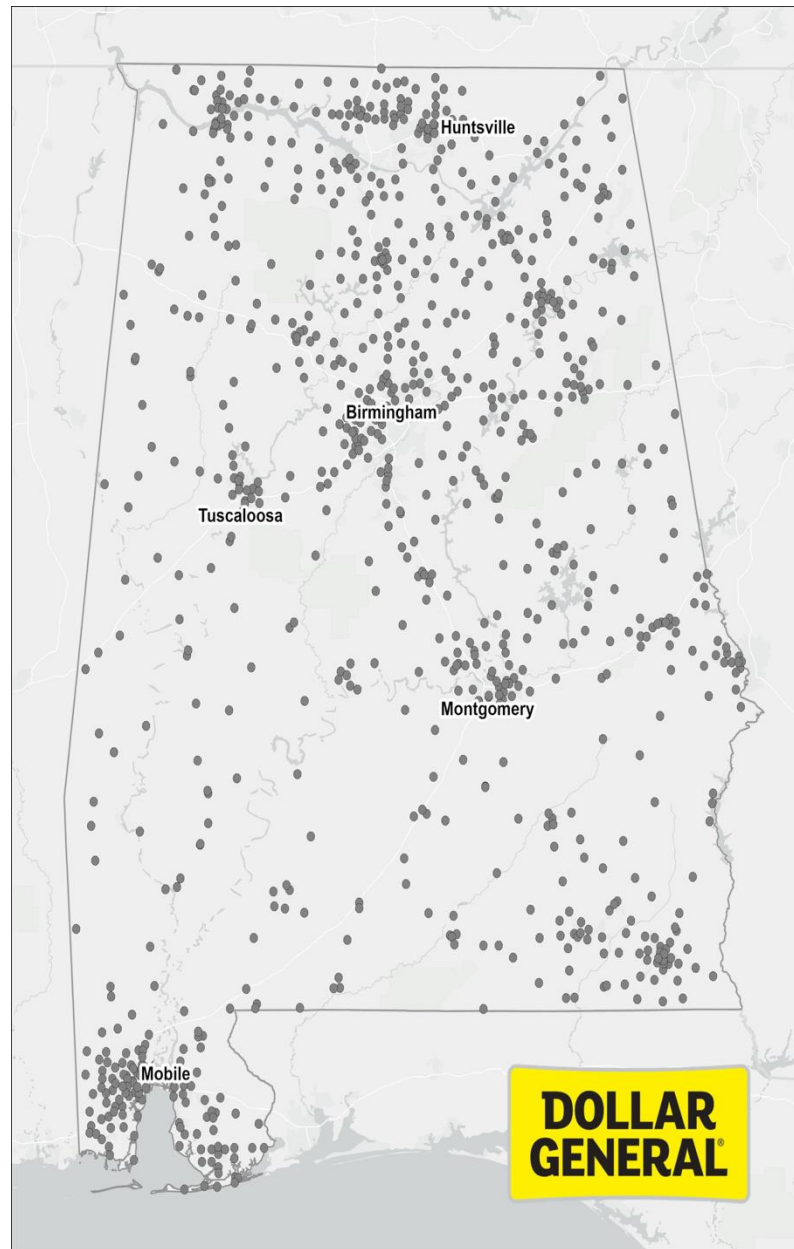
**Adamsville**  
**Bessemer**  
**Birmingham**  
**Gardendale**  
**Homewood**  
**Hoover**  
**Hueytown**  
**Leeds**

**Thomasville**  
**Jackson**  
**Monroeville**

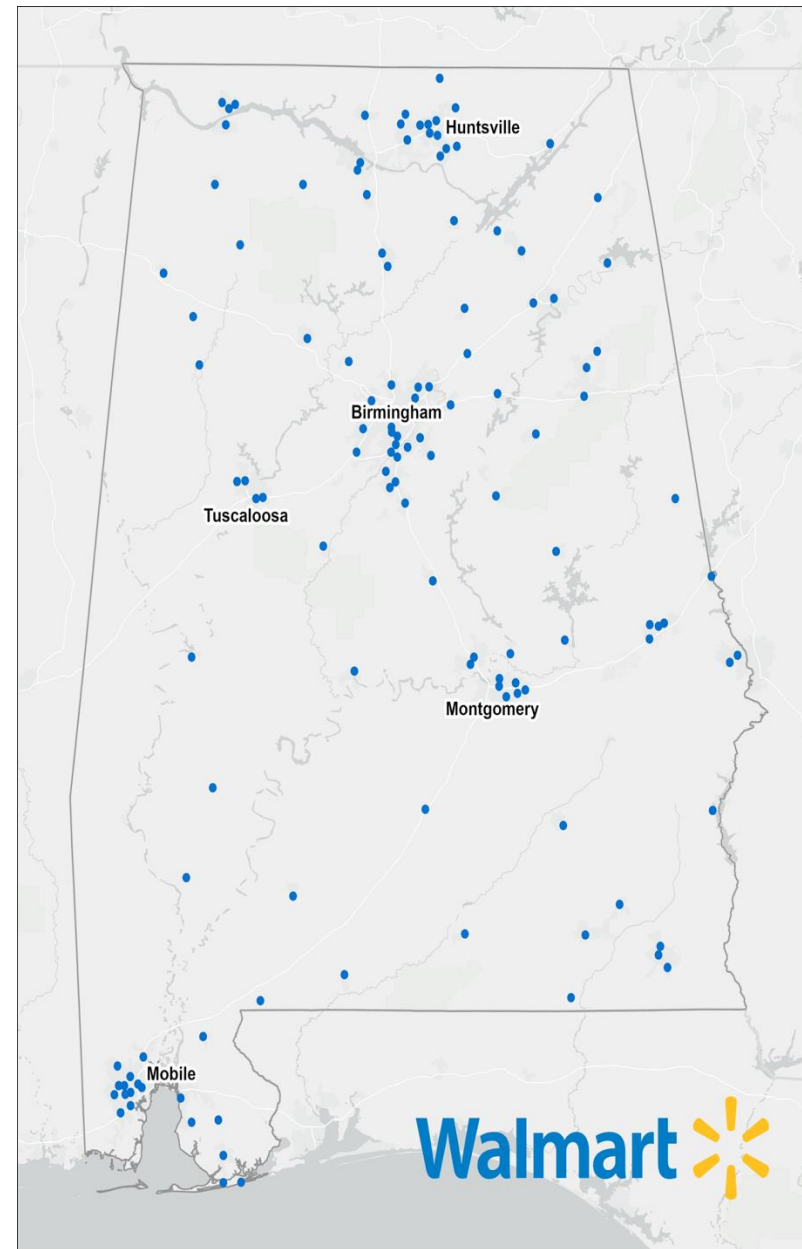
**Brewton**  
**Atmore**  
**Bay Minette**



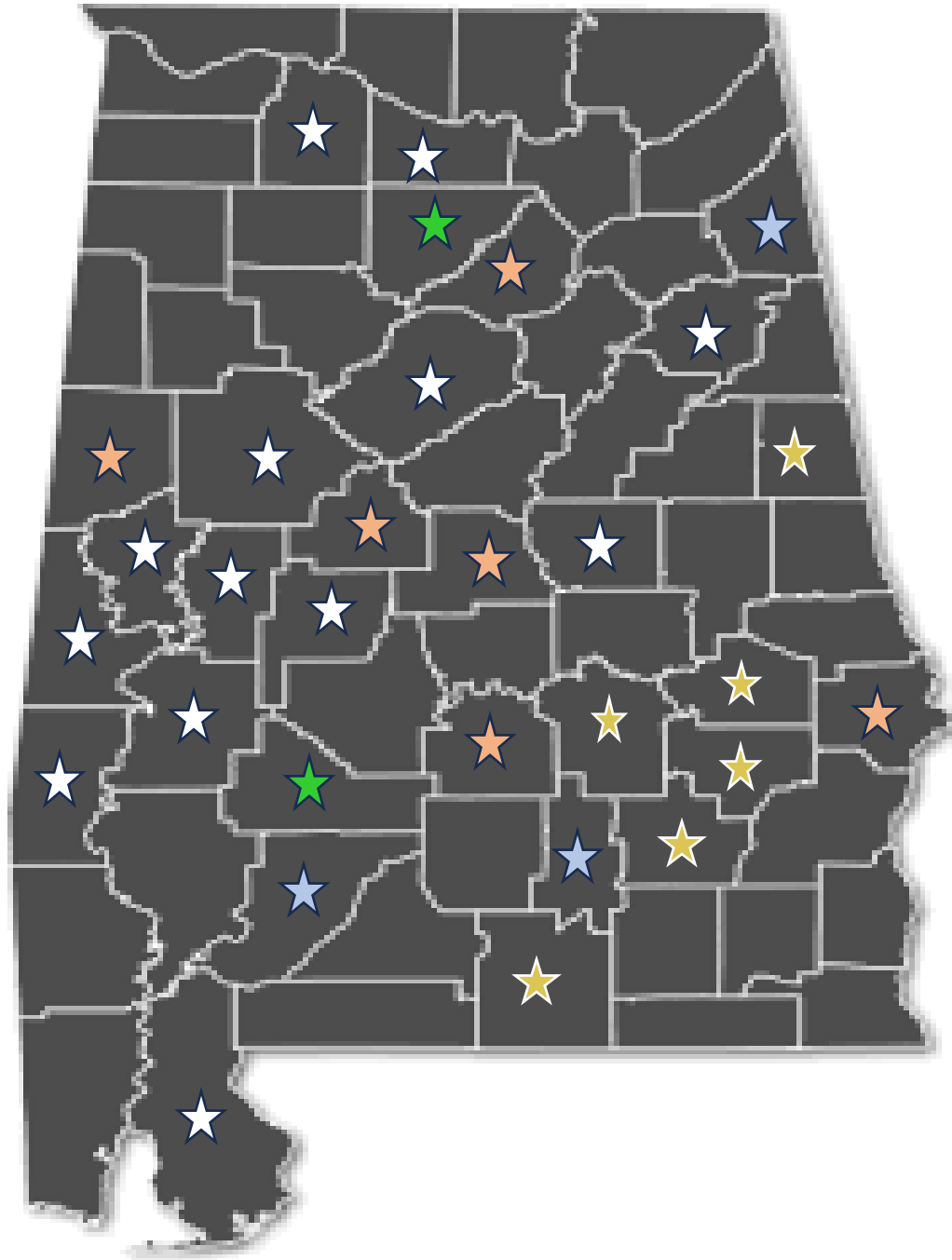
220



896



131



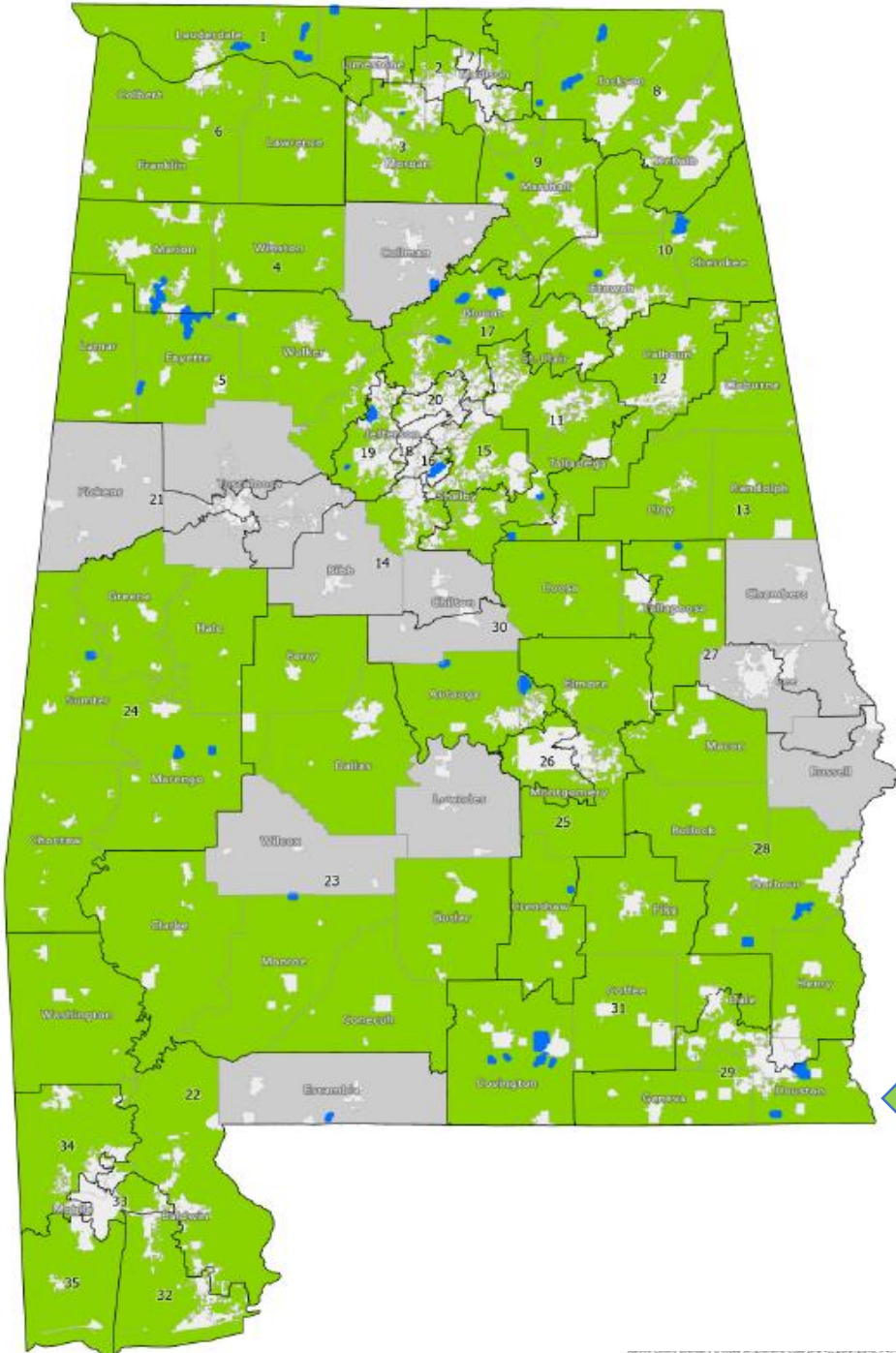
# Counties losing under SSUT?

28 Counties in Alabama have a local sales tax rate higher than **2.5 percent** which is nearly 1 percent higher than the current SSUT rate of **1.6 percent**.

4.5 Percent:	2	★
4 Percent:	6	★
3.5 Percent:	3	★
3 Percent:	12	★
2.5 Percent:	5	★
<b>Total:</b>	<b>28</b>	

# Local Taxation without representation

A significant majority of Alabama's Senate and House districts are being **OVERTAXED** by SSUT



If you live in unincorporated Houston County, your total sales tax rate is **5 percent**. However, SSUT is **8 percent** which means an overpayment of **3 percent** on an internet purchase.



**Questions?**