

Alabama's Simplified Sellers Use Tax

- From SSUT inception (Oct. 2015) through Dec. 2017, collections were \$79 million. During FY 2017 alone, collections were \$60 million.
- Counties have received almost \$20 million since the beginning of the program.
- The largest financial impact on the program has been the addition of Amazon in December 2016.
- Collections increased from \$700,000 to \$5.7 million in the first month of Amazon's participation in the program.
- Amazon's purchase of the grocery chain Whole Food Market has placed the company's participation in SSUT in jeopardy.
- With only 5 Whole Food Market locations in Alabama, the loss of Amazon would shrink the revenue of 63 counties by about 70%.
- Should Amazon be removed from the SSUT program, there is no certainty the company will concede to remit local taxes on its internet sales, even to the specific five cities and their counties.

Section 40-23-191 **SSUT program**

(a) This part shall be titled The Simplified Seller Use Tax Remittance Act.

(b) For the purpose of this part, the following terms shall have the respective meanings ascribed to them in this section:

(1) DEPARTMENT. The Alabama Department of Revenue.

(2) ELIGIBLE SELLER. An individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or other legal entity that sells tangible personal property or a service, but does not have a physical presence in this state or is not otherwise required to collect and remit state and local sales or use tax for sales delivered into the state. **The seller shall remain eligible for participation in the Simplified Use Tax Remittance Program unless the seller establishes a presence through a physical business address for the purpose of making instate retail sales within the State of Alabama or becomes otherwise required to collect and remit sales or use tax pursuant to Section 40-23-190 through an affiliate making retail sales at a physical business address in Alabama.**

Section 40-23-190

Conditions for affiliated nexus

(a) An out-of-state vendor has substantial nexus with this state for the collection of both state and local use tax if:

(1) The out-of-state vendor and an in-state business maintaining one or more locations within this state are **related parties**; and

(2) The out-of-state vendor and the in-state business use an **identical or substantially similar name, tradename, trademark, or goodwill, to develop, promote, or maintain sales**, or the in-state business and the out-of-state vendor pay for each other's services in whole or in part contingent upon the volume or value of sales, **or the in-state business and the out-of-state vendor share a common business plan or substantially coordinate their business plans**, or the in-state business provides services to, or that inure to the benefit of, the out-of-state business related to developing, promoting, or maintaining the in-state market.

Here are all the changes Amazon is making to Whole Foods --



- Amazon hasn't hesitated in making major changes at Whole Foods after acquiring the grocery chain for \$13.7 billion.
- Changes include price cuts, selling Amazon tech in grocery stores, and an upcoming switch to Amazon Prime as Whole Foods' new rewards program.
- More changes are on the horizon.

Whole Foods is swiftly transforming under Amazon's control. Amazon's \$13.7 billion acquisition of Whole Foods formally went through in August. The changes began immediately, from cutting costs to internal restructuring. And in the months since August, Amazon has only accelerated the pace of change.

Whole Foods Market Alabama Locations

- 🍏 3100 Cahaba Village Plaza, Mountain Brook, AL 35234
- 🍏 2501 Memorial Pkwy SW, Huntsville, AL 35801
- 🍏 1450 Taylor Rd, Montgomery, AL 36117
- 🍏 3968 Airport Blvd, Mobile, AL 36608
- 🍏 3780 Riverchase Villiage, Hoover, AL 35244

SB130 is undergoing revisions to provide:

- ↪ Grandfathering provision for Amazon to remain in the program
- ↪ Clear statement that online orders picked up from local stores ARE NOT part of the SSUT program
- ↪ Language to allow Amazon and others to remit taxes on behalf of those other sellers who use their online platforms to sell items

What can YOU do?

- Review the detailed listing of SSUT revenue to your county and cities.
- Distribute this information to all of your Mayors, Council Members and other elected officials and community leaders.
- Make it clear that unless SB130 passes with the Amazon language, the revenue will decline by 70% before the end of the 2018 summer.
- Tell everyone to contact their SENATORS immediately with this clear message:

We cannot allow Amazon to be removed from the SSUT program.

The revenue is too important to our local governments.

