

Simplified Sellers Use Tax

SB307 by Sen. Trip Pittman

HB470 by Rep. Rod Scott

Since its inception in 2015, the Simplified Sellers Use Tax (SSUT) program has provided a streamlined method for out-of-state sellers with no physical presence in Alabama to collect and remit a flat 8% tax on items delivered into Alabama – with 50% going to the state and the remaining 50% split between counties and municipalities. To date, the SSUT program has generated more than \$79 million in collections, with more than \$60 million collected in fiscal year 2017.

However, under current law, sellers participating in the SSUT program would become ineligible to participate if they were to acquire an affiliate company that currently has a sales and use tax filing obligation within the state. This affiliate restriction has the potential to disqualify some of the program's largest participants, and the disqualification of these sellers would result in program collections dropping by 70%, substantially affecting the General Fund budget, as well as local government collections.

This bill would amend the conditions of remote entity nexus to allow eligible sellers participating in the SSUT program to remain in the program should the eligible seller purchase an affiliate within Alabama.

Additionally, this bill would provide that:

- 1. Tangible personal property sold or removed from or at a retail location in Alabama is subject to applicable state and local sales and use taxes and may not be reported under the SSUT program.**
- 2. Online retailers, like Amazon, must collect and remit the simplified sellers use tax on Alabama sales made by or on behalf of third-party vendors.**

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