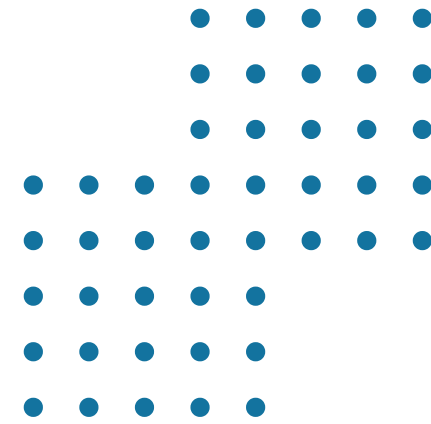
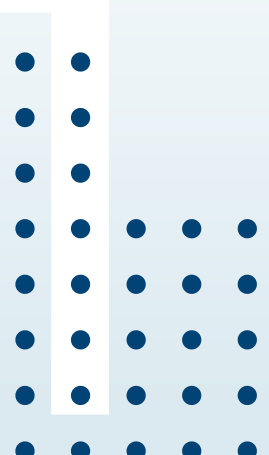




Kyle Demeester



Decatur's Greatest Threat: Simplified Sellers Use Tax





What is SSUT?

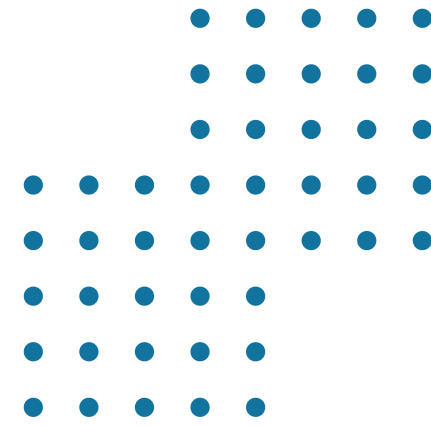
a program offered by the the State of Alabama, allowing eligible out-of-state (remote) sellers to voluntarily collect and remit a flat 8% tax on all sales made to Alabama customers. This is a simplified alternative to calculating and remitting the varied local sales tax rates across the state

How we got here?

In 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. In 2019, South Dakota v. Wayfair provided states the ability to “tax” out-of-state internet-based companies.

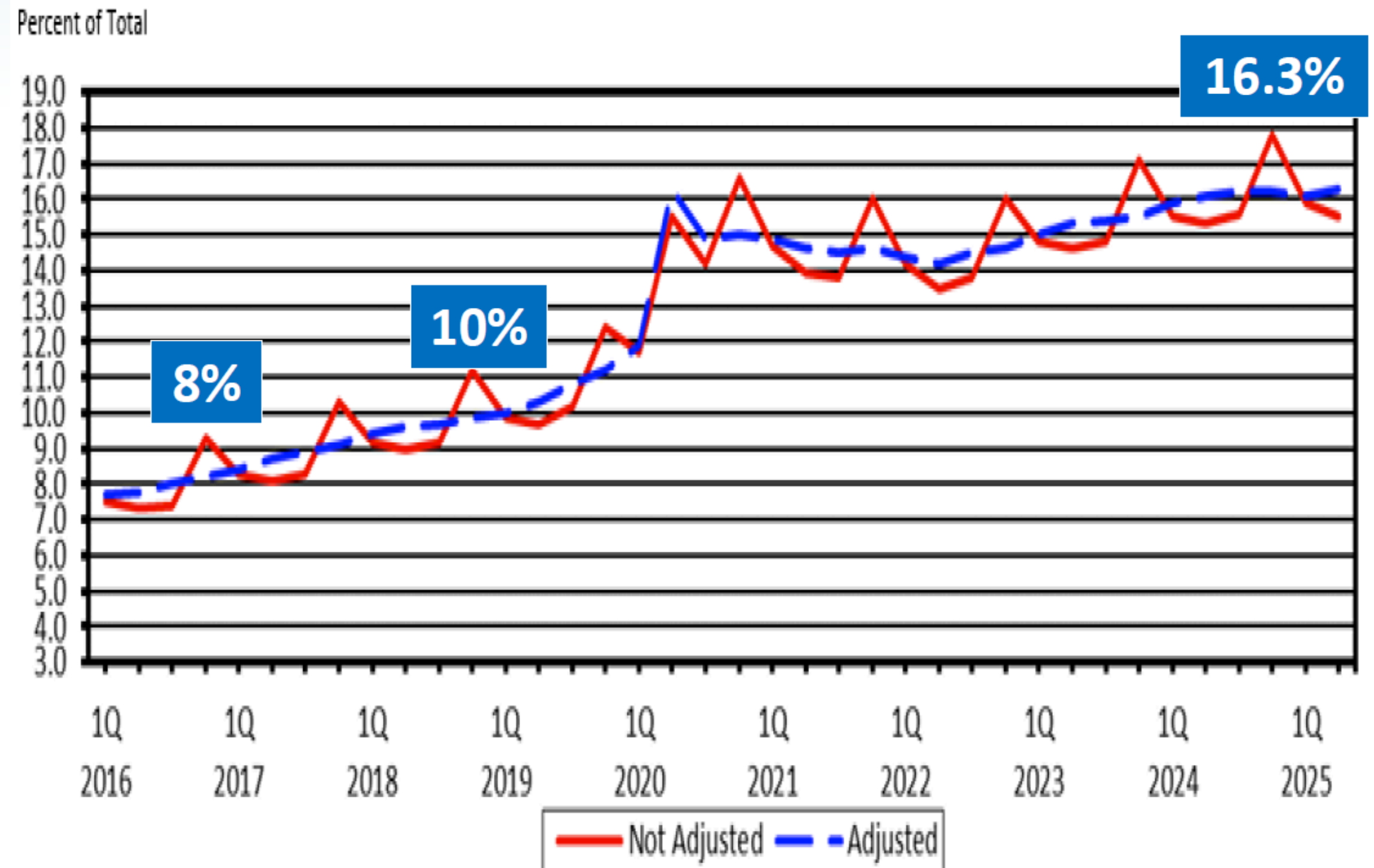


**Why does
this even
matter?**



**16.3% of all
retail sales in
the second
quarter of 2025
were online**

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:
1st Quarter 2016 – 2nd Quarter 2025



DECATUR

71%

PURCHASED ONLINE FROM

amazon

IN THE LAST 6 MONTHS

31%

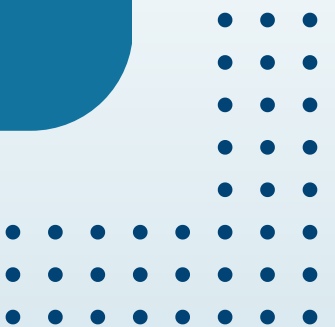
PURCHASED ONLINE FROM

Walmart 

IN THE LAST 6 MONTHS



Source: ESRI ArcGIS Business Analyst Pro and MRI-Simmons



AI helps drive record \$11.8 billion in Black Friday online spending

By Chandni Shah and Siddharth Cavale

November 29, 2025 2:33 PM CST - Updated November 29, 2025



BUSINESS > RETAIL

Black Friday Data Shows Online Sales Strong, Store Results Mixed

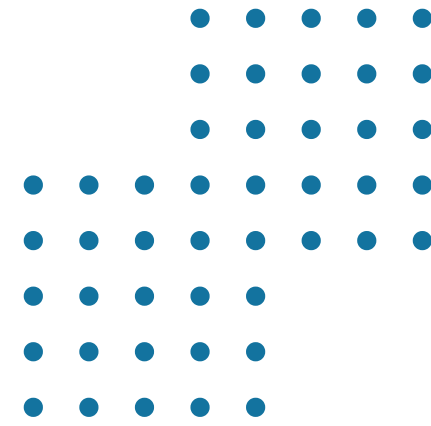
By [Joan Verdon](#), Senior Contributor. © Joan Verdon is a veteran retail reporter ... ▾

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Published Nov 29, 2025, 11:46am EST, Updated Nov 29, 2025, 12:10pm EST



**Why does
this scheme
not work?**



Traditional Sales Tax Across The State

	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%	1.5%	4%	9%
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%

Traditional – \$100 Purchase

9% - State and Local	Sales Tax Rate	Sales Tax Remitted
State of Alabama	4%	\$ 4.00
City of Decatur	3%	\$ 3.00
Decatur City Schools	1%	\$ 1.00
Morgan County	1%	\$ 1.00



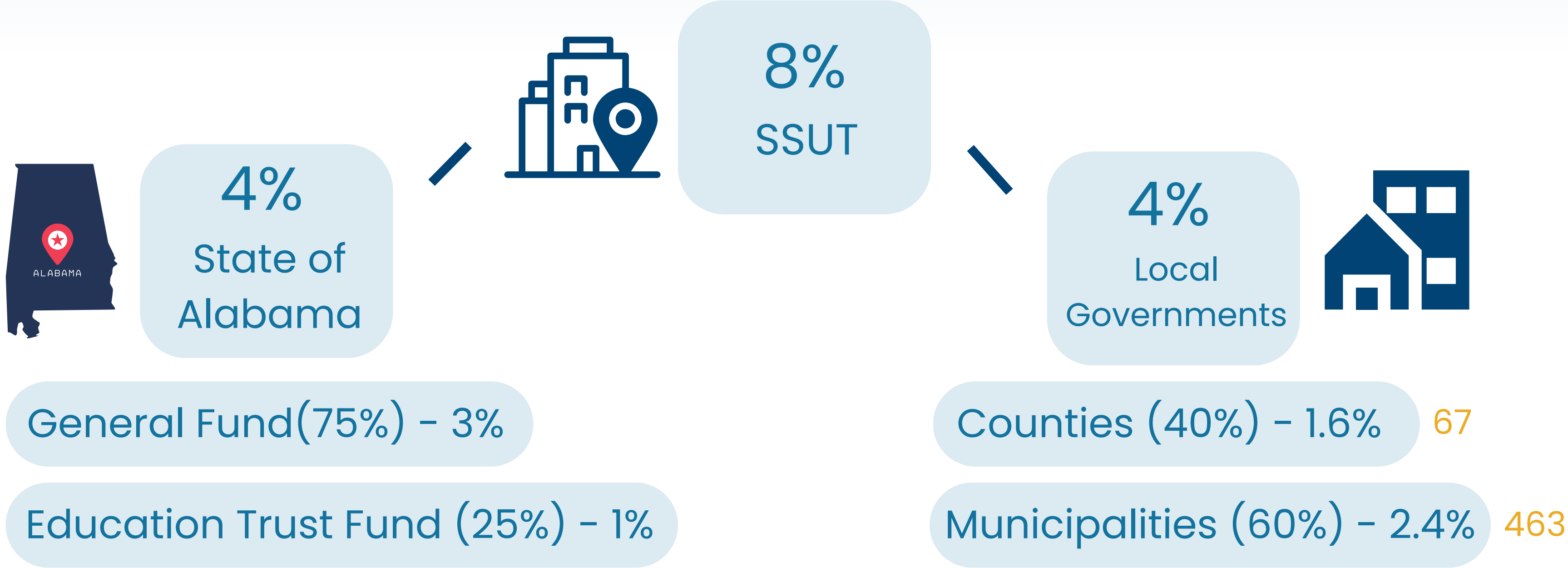
\$3.00



\$1.00



SSUT SPLIT



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

SSUT – \$100 Purchase

8% - State and Local	Sales Tax Rate	Sales Tax Remitted
State of Alabama	4.00%	\$4.00
City of Decatur	1.80%	\$0.03
Decatur City Schools	0.60%	\$0.01
Morgan County	1.60%	\$0.04

Example: the portion of the sales tax remitted to the City of Decatur is determined by population. In this instance there is 57,974 residents in Decatur, divided by 3,167,059 Alabama residents living in municipalities across the state.



\$0.03

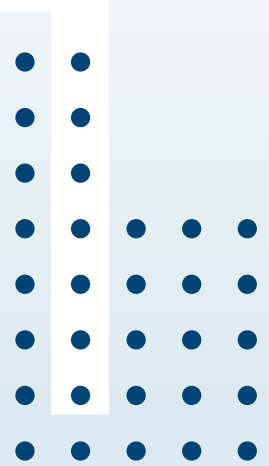
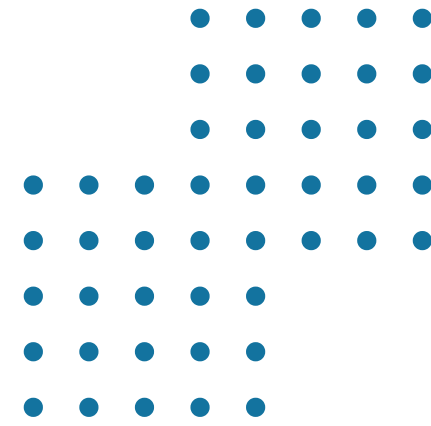


\$0.01



City of Decatur, Alabama			
SSUT Estimated Revenue Loss			
FY2016 to FY2024			
	Decatur	Decatur	
	FY25	FY24	FY23
A. SSUT Transactions - Percent of Total Sales*	16%	16%	15%
B. Brick and Mortar Transactions - Percent of Total Sales (100%-A)	84%	84%	85%
C. City of Decatur - Local Sales Collected**	66,289,974	64,976,826	65,363,193
D. Assumed sales tax revenue on transactions within City including SSUT (C/B)	78,916,636	77,353,364	76,897,874
E. Esimated City Loss due to SSUT Prior to State Distribution (D-C)	12,626,662	12,376,538	11,534,681
F. SSUT Collected via State Distribution***	5,420,806	4,788,093	4,197,009
Total Annual SSUT Loss	7,205,856	7,588,446	7,337,672
Cumulative since 2016 SSUT Revenue Loss	55,016,591		
* Source: U.S. Census Bureau Department of Commerce November 19, 2024, Quarterly Retail E-Commerce Report			
** Source: ACFR Issued Statements - Governmental Funds Total Sales and Use Revenue			
*** Source: ADOR SSUT Disbursement Reports			
Note 1: FY25 figures are unaudited and subject to change			

**Why is this
important
to the City
of Decatur?**





Impact on Budgets

- Roughly 36% of the General Fund Budget makes up Public Safety expenditures³
- \$31.2M is budgeted to be transferred to Decatur City Schools in FY26
- \$4.0M is scheduled to be appropriated to outside agencies

Jeopardize Credit Ratings

The City of Decatur boasts a Moody's rating of Aa2, and Standard's and Poor rating of AA. These ratings are incredibly important to the City's ability to finance with municipal bonds at an extremely favorable interest rate.

Quality of Bond	Fitch	Moody's	Standard's and Poor
Prime	AAA	Aaa	AAA
High Grade	AA+	Aa1	AA+
High Grade	AA	Aa2	AA
High Grade	AA-	Aa3	AA-
Upper Medium Grade	A+	A1	A+
Upper Medium Grade	A	A2	A
Upper Medium Grade	A-	A3	A-
Lower Middle Grade	BBB+	Baa1	BBB+
Lower Middle Grade	BBB+	Baa2	BBB+
Lower Middle Grade	BBB-	Baa3	BBB-
Non-Investment Grade	BB+	Ba1	BB+
Non-Investment Grade	BB	Ba2	BB
Non-Investment Grade	BB-	Ba3	BB-
Highly Speculative	B+	B1	B+
Highly Speculative	B	B2	B
Highly Speculative	B-	B3	B-
Substantial Risks	CCC	Caa1	CCC+
Extremely Speculative		Caa2	CCC
Default With Little Recovery		Caa3	CCC-
Default With Little Recovery		Ca	CC
Default	DDD		D
Default	DDD		
Default	D		

Losing Quality of Life

Sales and Use tax revenue in FY26 makes up 50% of the total General Fund budget. The Sales Tax to SSUT mix is consistently flipping, indicating the importance of this issue to be addressed. SSUT revenue has grown 77% since 2021.





From Bad to Worse

Prior to 2018, the original definition of an eligible seller excluded sellers with a physical presence in the Alabama. To accommodate Amazon, SSUT was amended to include marketplace facilitators as an “eligible seller”.

Alabama Department of Revenue (ADOR), utilizing their regulatory powers, has designated delivery network companies like DoorDash, Shipt, Walmart Marketplace, and many others as marketplace facilitators.

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



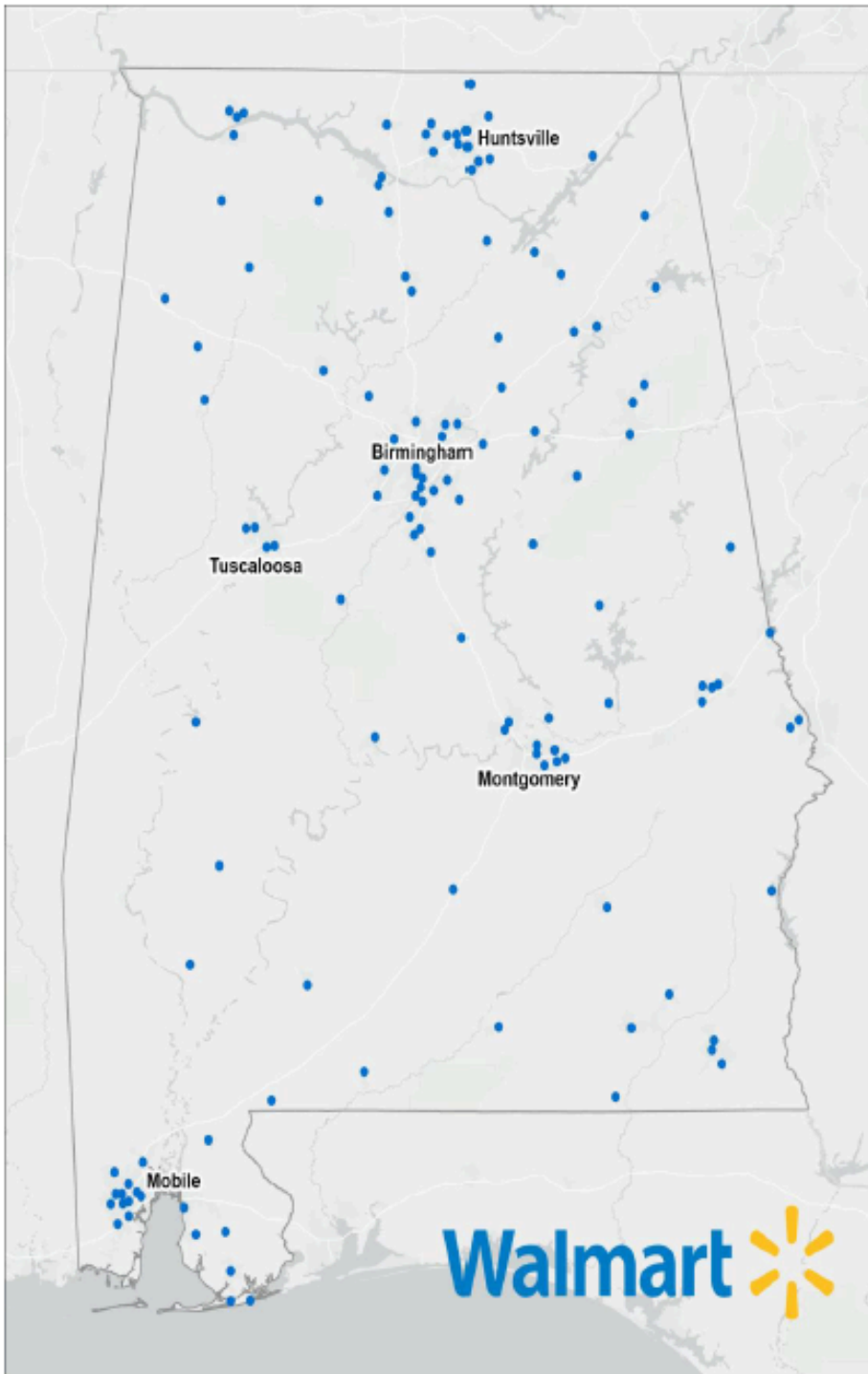
Did you know?

Kroger has 10 stores and 1 distribution center throughout the State of Alabama. They can and do distribute to every corner of Alabama, all while bypassing the physical nexus requirement of sales taxes.

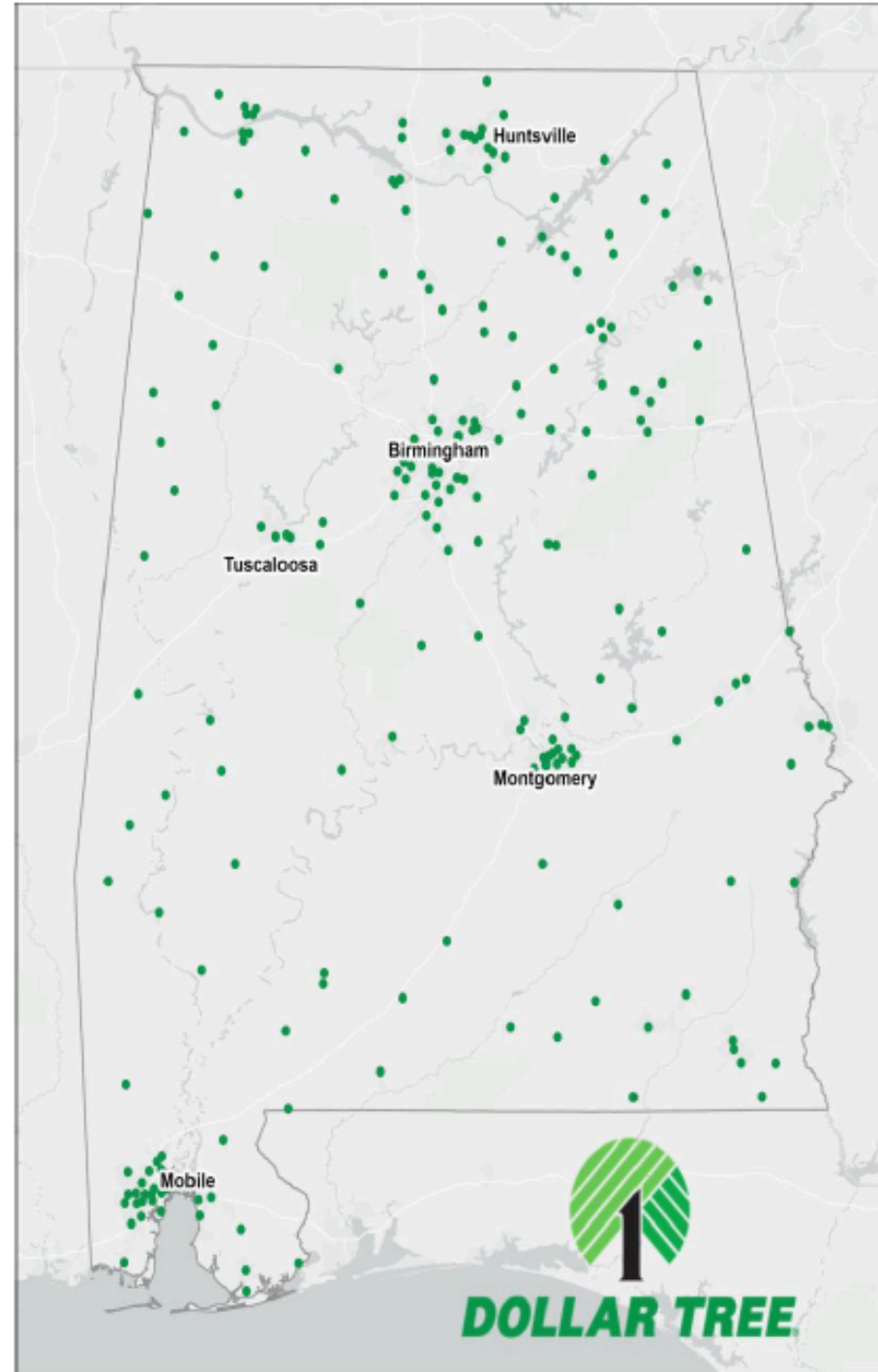
The online order fulfillment arm of this company is permitted to tax their orders as SSUT, even if they come out of your local brick and mortar stores.



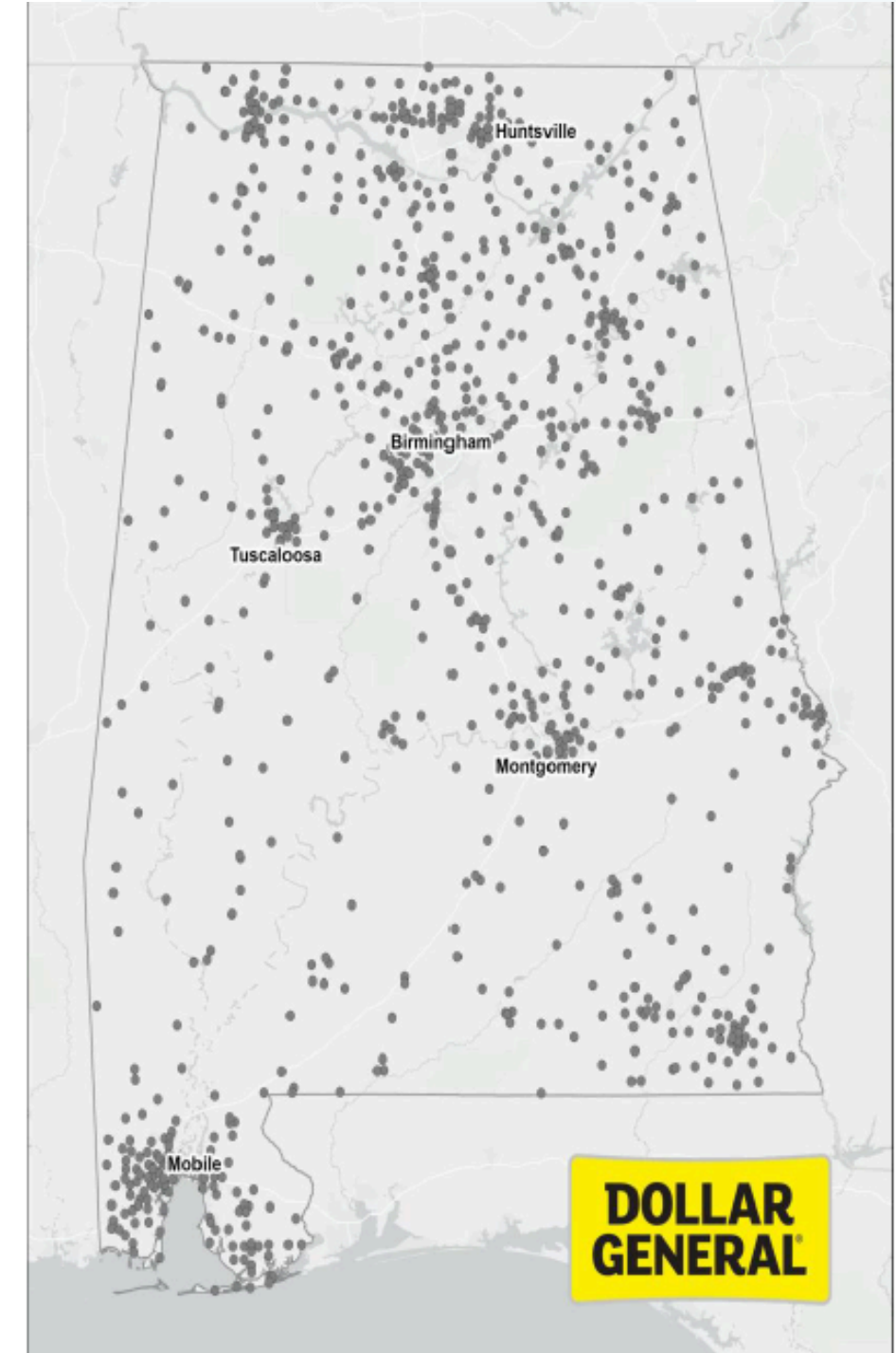
What happens when there is more?



131



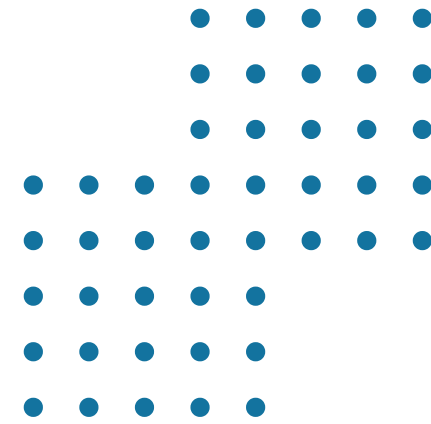
220



896



Kyle Demeester



Thank You

Questions? Comments? Concerns?

