

State and Local Tax Bulletin

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Alabama Edition



Harbinger of Things to Come? New Streamlined Sales Tax Study Commission Chartered



By Bruce P. Ely and William T. Thistle

The Alabama Legislature adjourned *sine die* at midnight on June 9, with final passage of the two operating budgets and a number of other pro-business bills, concluding what many are calling one of the most productive legislative sessions in recent history. One example—and hopefully a major step toward eventually unifying the dysfunctional Alabama local sales, use and rental tax system—is Act 2011-563 (HB 355), signed into law by Governor Bentley on June 14. The act creates the Alabama Streamlined Sales and Use Tax Commission, and was jointly advocated by the Association of County Commissions of Alabama (ACCA) and the Alabama Retail Association (ARA). The act directs the commission to develop, implement, and administer the programs necessary for Alabama to come into compliance with the Streamlined Sales and Use Tax Agreement (SSUTA), in the event that the Main Street Fairness Act or similar federal legislation implementing the Agreement becomes law.

Its membership consists of four representatives from the Alabama Department of Revenue (ADOR), two from the ACCA, two from the Alabama League of Municipalities, one from the ARA, and one from the Business Council of Alabama. Commissioner of Revenue Julie Magee is the initial Chair of the Commission. The Commission is required to submit to the Legislature, by early next Spring, a report and draft legislation regarding the numerous changes to Alabama's sales and use tax laws that will be necessary to comply with the SSUTA.

Sonny Brasfield, Executive Director of the ACCA, commented on the new act: "Complying with SSUTA will be a serious challenge for us in Alabama and our leadership felt we should begin the work in an orderly and reasoned fashion that included ideas and input from all perspectives. Of course, the most serious roadblock is the requirement that there be a single point of collection for all sales taxes in Alabama. However, there are several other issues that will also pose problems at the local level..."

"We remain steadfast in our position that Alabama has too much to lose in this process until Congress adopts the agreement and makes the collection and remittance mandatory for remote sellers. In the meantime, there is much to be gained by putting together a plan that can be utilized once federal legislation is enacted. Substantial long-term benefits can arise from a reasoned, cooperative look at sales tax collection in Alabama – which is what I believe this commission will do."

The authors and many other observers hope, however, that much of the Commission's work can be used immediately to make sales/use tax compliance easier for businesses, regardless of whether federal legislation is enacted or the State joins the SST Compact. Echoing those sentiments, ARA President Rick Brown stated: "The SST Commission bill is a good piece of legislation. However, until Congress acts, retailers in Alabama are at a competitive disadvantage to online merchants. As more consumers switch to buying sales tax-free goods online, local sales tax rates will keep increasing to make up for the lost revenue. This only puts local merchants at a greater competitive disadvantage. Congress needs to act quickly or the small local merchant will be an icon from the past..." Brown added: "When the day comes that all retailers collect sales tax, we want Alabama to be ready. Until that day, if this commission can make sales and use tax collection and remittance smoother for Alabama businesses, that would be a welcome bonus."

ADOR Making Good Progress on Local Tax Filing Portal

In 2003, the ADOR instituted a mandatory online sales/use/rental/lodgings tax filing and payment system for most taxpayers. As part of that program, the ADOR made it possible for the many *self-administered* localities to voluntarily participate in this system. A one-stop online filing system for both state and local sales, use, lodgings, and rental taxes

certainly offers a less complicated, less time-consuming method of filing for businesses in Alabama, eliminating multiple and often confusing forms. Thankfully, many municipalities and several counties have signed up. In addition to those listed below, we understand that the Cities of Tuscaloosa and Mountain Brook are scheduled to come online in the next few months. The ADOR's local government liaisons are John Paradise and Bill Morrison. For more information, visit <http://www.revenue.alabama.gov/salestax/online/selfadminlist.htm>.

Self-Administered Jurisdictions Utilizing ADOR Paperless Filing & Payment System

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|-------------|-------------------|------------------|--------------|
| Auburn | Baldwin County | Daphne | Decatur |
| Gulf Shores | Hoover | Huntsville | Jasper |
| Madison | Montgomery County | Northport | Orange Beach |
| Pelham | Robertsdale | St. Clair County | Talladega |

U.S. News & World Report Ranking

Bradley Arant Boulton Cummings LLP has received the fourth highest number of top-tier rankings in the country in the inaugural U.S. News & World Report – Best Lawyers list of top U.S. law firms. As it has done for many years for hospitals and colleges, this year U.S. News, working with the attorney ranking company Best Lawyers in America, ranked U.S. law firms based on a number of criteria, including client satisfaction. We are pleased to note that each member of our SALT Practice Group who is a partner in the firm was also included in Best Lawyers in America this year, and in many cases has been included for many years prior as well.



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