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FOR IMMEDIATE RELEASE

U.S. Cities Increasing Sales Taxes in Record Fashion

Over 485 cities raised sales tax rates in 2007 according to Vertex study

Berwyn, PA – April 30, 2008 – In 2007, 485 U.S. cities increased their sales tax rate. Of those, 178 were newly imposed city tax rates and 307 were straight increases in existing city tax rates. This represents the largest annual expansion in the number of cities who either increased their existing rate or initiated a sales tax in the past four years, according to the annual sales tax rate study released today by [Vertex Inc.](#)

North Courtland, Ala., had the largest increase nationwide, rising from a 1.0 percent sales tax rate to 4.0 percent. Seldovia, Alaska, experienced the second largest increase from 2.0 percent to 4.5 percent, followed by Fredonia, Ariz., and Watts, Okla., with increases from 2.0 percent to 4.0 percent.

Several large U.S. cities also raised their sales tax rates between 0.1 and 0.2 percent in 2007, including Boulder, Colo.; Phoenix, Ariz.; St. Louis, Mo., and areas of Denver, Colo. and Seattle, Wash. States with the most number of city rate increases included Colorado, Missouri, Texas and Washington.

Also in 2007, Catawba Indian Reservation, South Carolina, joined Wrangell, Alaska, in having the highest city sales tax rate of 7.0 percent. South Carolina was the only state to raise its state-wide sales tax rate, from 5.0 percent to 6.0 percent.

“It is evident from the more than 450 cities raising sales tax rates last year that local governments see tax revenue as a viable part of the solution in addressing revenue shortfalls. It is especially critical that corporate taxpayers stay abreast of these sales tax rate adjustments and keep close records of all their transactions in order to remain in compliance and be prepared for potential state audits,” says John Minassian, Vice President of Tax Content Development.

The report revealed that 2007 sales tax rates remained higher than any previous year among those cities increasing an existing rate, illustrating an overall steady growth in the combined state, county and city average rate since Vertex began tracking the data in 1981. However, the average U.S. sales tax rate among all taxing cities decreased slightly in 2007 to 8.573 percent, as compared to 8.579 percent in 2006, due to the number of cities initiating lower rates on first-time taxes.

The Vertex Sales Tax Rate Report is compiled annually by Vertex Research and provides a detailed summary of sales tax rate changes at the state, county, city, and district levels nationwide.

Vertex’s complete 2007 Sales Tax Rate Report is available on the Vertex Inc. Web site at vertexinc.com. To speak with a representative of Vertex about the report, please contact Kristy Lash at Gregory FCA at 610-642-8253 or Kristy@GregoryFCA.com.

ABOUT VERTEX INC.

With nearly 30 years of experience, Vertex Inc. is the leading provider of advanced tax technology solutions, delivering products and process management services to customers worldwide.

Vertex solutions help companies streamline tax compliance processes and leverage information to discover new strategic tax savings. In addition, they enhance decision

information across every major line of business tax, including income, sales, consumer use, value added, communications, and payroll. To serve its customers, Vertex works in partnership with the world's leading providers of ERP software and related services.

Founded in 1978, Vertex is a privately held company that employs over 600 professionals at its headquarters in the U.S. (Berwyn, Pa.) and Europe (London), and its offices in Atlanta, Dallas, Phoenix, San Francisco, Sarasota, and Washington, DC.

For more information about Vertex, visit the Web site at www.vertexinc.com.

Sales Tax Rate Changes 1997-2007

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
State Rate Changes	3	1	1	1	5	5	5	4	4	5	1
County Rate Changes	165	162	119	96	116	186	155	194	147	119	127
City Rate Changes	263	238	234	240	323	291	303	299	327	326	334
Transit Tax Changes	2	8	3	7	48	57	15	30	37	37	7
New Taxing States	0	0	0	0	0	0	0	0	0	0	0
New Taxing Counties	33	23	51	37	50	35	107	32	26	53	19
New Taxing Cities	148	141	184	128	205	148	342	175	160	118	178
New Transit Taxes	20	6	6	21	24	13	27	30	58	65	73
TOTAL	634	579	598	530	771	735	954	764	759	723	739

Figure 3

Source: Vertex Inc. of Berwyn, Pa.
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2007 Sales Tax Rate Changes
 (total number of increases, decreases and new rates)

<i>Years</i>	<u>State</u>			<u>County</u>			<u>City</u>			<u>District</u>			<u>Sub Totals</u>		<u>Total</u>
	Increases	Decreases	New	Increases	Decreases	New	Increases	Decreases	New	Increases	Decreases	New	Changes	New	
1997	1	2	0	143	22	33	243	20	148	2	0	20	433	201	634
1998	0	1	0	130	32	23	221	17	141	4	4	6	409	170	579
1999	1	0	0	92	27	51	206	28	184	1	2	6	357	241	598
2000	0	1	0	78	18	37	211	29	128	0	7	21	344	186	530
2001	3	2	0	91	25	50	287	36	205	48	0	24	492	279	771
2002	5	0	0	155	31	35	249	42	148	47	10	13	539	196	735
2003	5	0	0	134	21	107	260	43	342	13	2	27	478	476	954
2004	3	1	0	111	83	32	243	56	175	10	20	30	527	237	764
2005	1	3	0	120	27	26	288	39	160	32	5	58	515	244	759
2006	2	3	0	93	26	53	287	39	118	7	30	65	487	236	723
2007	1	0	0	101	26	19	307	27	178	6	1	73	469	270	739

Figure 4
 Source: Vertex Inc. of Berwyn, Pa.
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Summary of Average U.S. Sales Tax Rates 1981-2007

Year	State Avg. Rate	County Avg. Rate	City Avg. Rate	Combined Avg. Rate
1981	4.101%	1.153%	1.261%	6.515%
1982	4.261	1.162	1.294	6.717
1983	4.489	1.215	1.304	7.008
1984	4.546	1.223	1.325	7.094
1985	4.554	1.246	1.340	7.140
1986	4.686	1.331	1.364	7.381
1987	4.762	1.299	1.388	7.449
1988	4.784	1.321	1.398	7.503
1989	4.846	1.336	1.503	7.685
1990	4.945	1.339	1.528	7.812
1991	5.021	1.304	1.540	7.865
1992	5.068	1.378	1.561	8.007
1993	5.090	1.406	1.604	8.100
1994	5.125	1.415	1.606	8.146
1995	5.120	1.437	1.613	8.170
1996	5.130	1.494	1.593	8.217
1997	5.130	1.507	1.611	8.248
1998	5.109	1.519	1.623	8.251
1999	5.135	1.543	1.553	8.231
2000	5.128	1.551	1.556	8.235
2001	5.151	1.565	1.560	8.276
2002	5.217	1.607	1.572	8.396
2003	5.326	1.631	1.575	8.532
2004	5.318	1.653	1.585	8.556
2005	5.282	1.678	1.589	8.549
2006	5.302	1.685	1.592	8.579
2007	5.330	1.675	1.568	8.573

Figure 5

Note: Averages are based on jurisdictions that impose a sales tax.

Source: Vertex Inc. of Berwyn, Pa.

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- One state had a rate increase: South Carolina increased from 5% to 6%
- Mississippi, New Jersey, Rhode Island, and Tennessee have the highest sales tax rates at 7%; the average states sales tax rate is 5.33%.
- Wrangell, Alaska and the Catawba Indian Reservation, SC has the highest city sales tax rate at 7%. The average city sales tax rate is 1.568%.
- Arab in Cullman County, Alabama was the jurisdiction with the highest combined sales tax rate of 12%. The average combined rate is 8.573%.
- Since 1997, there have been 2,736 new sales and use taxes, an average of 249 per year.
- Since 1997, there have been 5,050 sales and use tax changes, an average of 459 per year.
- The combined number of new and changed sales and use tax rates since 1997 is 7,786, an average of 708 per year.