

2008 Sales Tax Rate Report

Sales Tax Rate Changes 1998-2008

| | <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> | <u>2008</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| State Rate Changes | 1 | 1 | 1 | 5 | 5 | 5 | 4 | 4 | 5 | 1 | 5 |
| County Rate Changes | 162 | 119 | 96 | 116 | 186 | 155 | 194 | 147 | 119 | 127 | 294 |
| City Rate Changes | 238 | 234 | 240 | 323 | 291 | 303 | 299 | 327 | 326 | 334 | 354 |
| Transit Tax Changes | 8 | 3 | 7 | 48 | 57 | 15 | 30 | 37 | 37 | 7 | 71 |
| New Taxing States | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Taxing Counties | 23 | 51 | 37 | 50 | 35 | 107 | 32 | 26 | 53 | 19 | 15 |
| New Taxing Cities | 141 | 184 | 128 | 205 | 148 | 342 | 175 | 160 | 118 | 178 | 200 |
| New Transit Taxes | 6 | 6 | 21 | 24 | 13 | 27 | 30 | 58 | 65 | 73 | 109 |
| TOTAL | 579 | 598 | 530 | 771 | 735 | 954 | 764 | 759 | 723 | 739 | 1048¹ |

Figure 3

Source: Vertex Inc. of Berwyn, Pa.
vertexinc.com

2008 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 | |
| 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 |
| 2008 | 4 | 1 | 0 | 70 | 224 | 15 | 307 | 47 | 200 | 52 | 19 | 109 | 724 | 324 | 1048¹ |

Figure 4
 Source: Vertex Inc. of Berwyn, Pa.
 vertexinc.com

Summary of Average U.S. Sales Tax Rates 1982-2008

| Year | State Avg. Rate | County Avg. Rate | City Avg. Rate | Combined Avg. Rate |
|-------------|------------------------|-------------------------|-----------------------|---------------------------|
| 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 |
| 2008 | 5.377 | 1.629 | 1.568 | 8.574 |

Figure 5

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

Source: Vertex Inc. of Berwyn, Pa.

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- Four states had a rate increase in 2008:
 - Indiana increased from 6% to 7%
 - Iowa increased from 5% to 6%
 - Maryland increased from 5% to 6%
 - North Carolina increased from 4.25% to 4.5%.

- One state had a rate decrease in 2008:
 - Utah decreased from 4.75% to 4.65%

- Two states recorded a rate increase in Q1/Q2 of 2009:
 - California increased from 6.25% to 7.25% (effective April 1, 2009)
 - Utah increased from 4.65% to 4.7% (effective January 1, 2009)

- Indiana, Mississippi, New Jersey, Rhode Island and Tennessee have the highest sales tax rates at 7%.
 - The average states sales tax rate is 5.377%.

- Wrangell, Alaska has the highest city sales tax rate at 7%.
 - The average city sales tax rate is 1.568%.

- Arab in Cullman County, Alabama has the highest combined sales tax rate of 12%.
 - The average combined rate is 8.574%.

- Since 1998, there have been 2,859 new sales and use taxes, an average of 260 per year.
- Since 1998, there have been 5,341 sales and use tax changes, an average of 486 per year.
- The combined number of new and changed sales and use tax rates since 1998 is 8,200, an average of 745 per year.

Note:

¹ The 2008 report shows a large increase of rate changes in 2008 compared to prior years primarily due to the changes made in the state of Iowa. Effective July 1, 2008, Iowa instituted a rate change and with the expiration of their School Infrastructure Local Option (SILO) tax, most of the taxing counties in Iowa were directly impacted causing an increase in the county decrease data figures as taxes were shifted from the County to the State level.

Vertex Main Office

1041 Old Cassatt Road
Berwyn, PA 19312

Phone: 610.640.4200

Toll-free: 800.355.3500

Fax: 610.640.5892

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