

2009 Breaks Record with Seven States Recording Sales Tax Rate Increases

Vertex's 2009 Sales Tax Rate Report reveals escalating rate of change, new record-high state tax average, and 7 states bidding for highest sales tax rate.

Berwyn, PA – March 3, 2010 – According to the annual [2009 Sales Tax Rate Report](#) issued today by Vertex Inc., the leading provider of corporate enterprise tax solutions, a record-breaking 7 states – in addition to one district – have increased their sales tax rate in 2009 and the average number of sales tax rate changes from 2008 to 2009 has increased by more than 30 percent compared to the average number of changes from 2000-2007.

According to Vertex Research, the new state increases and increased average of rate changes over the past two years is in direct response to state and local governments grappling with budget deficits of a magnitude that has not been experienced since the early 1940s.

“In the last several years, there has been a spike in the number of new city and special purpose business district sales taxes,” said John Minassian, Vice President Tax Content Development, Vertex. “We view this as a direct response to the economy which has caused a reduction in tax revenues from local to state levels.”

The 2009 report indicates:

- The average sales tax rate in the U.S. now stands at 5.468 percent – the highest average recorded rate since Vertex began tracking sales tax rate change data in 1982.
- The driving force behind the increase in the average rate stems from seven states and one district increasing their sales tax rates:
 - California (increased its rate to 7.25 percent leading the way as the state with the highest state sales tax rate)
 - Delaware (rental tax increase)
 - Minnesota
 - Massachusetts
 - North Carolina (increased their rate twice in 2009 settling on 5.75 percent)
 - Utah
 - Nevada
 - District of Columbia
- The average county sales tax rate in the U.S. held steady at 1.629 percent, and the average city rate declined slightly to 1.532 percent.
 - Catawba Indian Reservation, Lancaster County, South Carolina has claimed the top position as the highest city sales tax rate at 8 percent topping the 2008 rate found in Wrangell, Alaska (7 percent).
- The combined average sales tax rate has risen to 8.629 percent up from 8.574 percent in 2008. The highest combined rate (12 percent) belongs to Arab, Cullman County, Alabama.

Since 2000, there have been

- 2,631 new sales and use taxes levied – an average of 263 per year
- 5,242 changes were made to sales and use tax rates, averaging 524 per year
- The combined total of new and changed sales and use tax rates for the period is 7,873, or an average of 787 per year.

According to Vertex President and CEO Jeff Westphal, the pace at which tax changes are instituted and the complexity of tracking these changes presents a dynamic challenge to corporate tax and finance departments.

“The fluctuation of tax changes over the past decade – nearly 800 per year – means that organizations can no longer ignore the current state of their tax practices,” commented Westphal. “The changes reported in state, county, and city sales tax rates in 2009 continue to increase pressure on companies and their tax departments as it becomes increasingly difficult to manually keep pace with changes that could have a direct impact on their compliance and a company’s bottom-line.”

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.

ABOUT VERTEX INC.

With more than 30 years of experience, Vertex Inc. is the leading provider of enterprise corporate tax solutions and process management services worldwide.

Vertex solutions help companies streamline and integrate tax provision and compliance processes, and leverage information to discover new strategic tax savings 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.) with offices in Europe (London), Brazil (São Paulo), Atlanta, Dallas, Phoenix, Sarasota, and Washington, DC. For more information about Vertex, visit www.vertexinc.com.

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