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National Sales Taxes Hit Record Levels in 2003

Berwyn, Pa. (Feb. 19, 2004) -- The sales tax rates levied by states, counties, cities and districts reached all time highs in 2003, resulting in the largest overall increase in more than a decade, according to a report by tax technology company Vertex Inc.

According to the report, municipalities raised 412 rates and created 476 new sales and use taxes, while lowering only 66 rates.

"State and local jurisdictions that are grappling with budget deficits and a struggling economy are adding sales taxes or increasing their rates to recoup lost revenue," said Diana DiBello, director of tax at Vertex responsible for overseeing the 2003 sales tax rate report.

The combined average tax rate, which adds the average rates imposed by states, counties and cities/districts, rose to 8.534 percent in 2003, the biggest single-year increase since 1992. During the past two years, the combined average tax rate has risen by 26 percent, which is nearly as much as it went up during the previous nine years. The average combined tax rate increased 29 percent between 1992 and 2001.

The number of sales tax changes increased from 735 in 2002 to 954 in 2003, the highest number of changes in a single year since Vertex began tracking the data in 1981. However, more than half of the new sales and use taxes came from Kansas, which changed the taxable point of a sale from where goods are sold to where they are delivered. Approximately 8,019 state, county and city jurisdictions in the U.S. charge a sales tax, notes the report, which shows that the combined average sales tax has risen every year except 1999.

-- WebCPA staff

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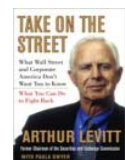
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