

Vertex Press Release

April 26, 2006

Vertex Study Finds Sales Tax Rates Level Off

Annual research report shows sales tax rates steady in 2005

Berwyn, Pa.—April 26, 2006—The 2005 Sales Tax Rate Report recently released by Vertex Inc., the leading provider of tax technology solutions, finds that the average sales tax rate in 2005 was 8.549 percent, down slightly from 8.556 percent in 2004.

"Tax revenue collection in 2005 met or exceeded many states' projections, with some states even experiencing double digit growth in their sales tax revenue," says Pat Pelino, CMI, a Vertex Tax Consultant. "While the impact of 2005 sales tax decreases in Idaho, New York, and Ohio has yet to be seen for 2006, on the whole, states generated much of their revenue from other sources—a trend that could be a significant contributing factor for the slight decrease in the national average sales tax rate."

In total for 2005, there were 759 sales tax rate changes in all taxing jurisdictions (counties, cities, and districts), with 244 new rates established, a slight increase from the 237 new rates established in 2004. In comparison, there were only 74 tax rate decreases, a significantly lower proportion than the 160 decreases that occurred in 2004—the highest number of decreases since 1996. Additional 2005 sales tax data highlights from Vertex's 2005 Sales Tax Rate Report include:

- Three states had rate decreases. Idaho went from 6 percent to 5 percent, New York from 4.25 percent to 4 percent, and Ohio from 6 percent to 5.5 percent.
- Mississippi, Tennessee, and Rhode Island have the highest state sales tax rates, all at 7 percent. The average state sales tax rate is 5.282 percent.
- Wrangell, Alaska has the highest city sales tax rate, at 7 percent. The average city sales tax rate is 1.589 percent.
- Arab, Alabama was the jurisdiction with the highest combined sales tax rate of 12 percent. The average combined rate is 8.549 percent.

The Vertex Sales Tax Rate Report has been compiled annually by Vertex researchers for the past 15 years, and provides a detailed summary of sales tax rate changes at the state, county, city, and district levels nationwide.

Vertex's complete 2005 Sales Tax Rate Report is available [here](#). To speak with a representative of Vertex about the report, please contact Kristy Lash from Gregory FCA at 610-642-8253 or Kristy@GregoryFCA.com.

ABOUT VERTEX INC.

Vertex Inc. is the leading provider of tax technology solutions featuring products and process management services for more than 10,000 customers worldwide. Vertex solutions help companies streamline tax compliance processes and leverage information to discover new strategic tax savings that 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 leading software and service providers.

Founded in 1978, Vertex is a privately-held company that employs over 600 professionals at its headquarters in Berwyn, Pa., and offices in Atlanta, Chicago, Dallas, Phoenix, Sarasota, and Washington, D.C.

or more information about Vertex, visit our Web site at www.vertexinc.com.

Kristy Lash
Account Executive

Gregory FCA Communications Inc.
27 West Athens Ave.
Ardmore, Pa. 19003
610-642-8253
Kristy@GregoryFCA.com