



2025 END-OF-YEAR

U.S. Rates and Rules Report

Foreword

The U.S. indirect tax landscape is evolving at a pace and magnitude unlike anything we have observed in more than a decade. As state and local governments navigated the fiscal, economic, and technological volatility that defined 2025, sales and use tax policymaking accelerated to record levels. This activity reflects broader forces that are reshaping commerce, revenue structures, and compliance expectations nationwide.

The 2025 End-of-Year Rates and Rules Report captures this unprecedented activity. Over the course of the year, jurisdictions implemented 681 total sales tax rate changes and new rates, one of the highest annual totals on record. Much of this movement was driven by local governments working to stabilize finances amid tightening budgets, flattening revenue growth, and growing uncertainty about federal funding. Cities, counties, and districts introduced 335 new taxes, marking a 10-year high, while 219 new district taxes went into effect, the most since 2017.

These numbers represent more than legislative volume. They illustrate a complex economic environment that required inventive and often urgent policy responses. As pressures intensified, states and localities grappled with what many analysts have described as compound volatility, a convergence of global trade shifts, regulatory transformation, inflationary pressure, supply chain strain, and rapid technological modernization. At the same time, the expansion of digital commerce and highly automated purchasing models added new layers of complexity to the tax base. Businesses can now transact entirely within AI-enabled environments, prompting jurisdictions to explore new approaches to ensure digital activity is appropriately taxed. The era of agentic AI has arrived.

This context set the stage for several notable developments. Average sales tax rates increased across state, county, city, and district levels, reversing prior year declines at the state level and signaling sustained upward pressure on local taxation. Meanwhile, the total number of new and updated jurisdictions rose to 12,414, underscoring the intensity of change that businesses needed to monitor throughout the year.

Looking ahead to 2026, indirect tax leaders should expect continued dynamism. Budgetary pressures remain high, although these may be somewhat alleviated by higher tax collections as economic growth accelerates under a more liberal regulatory environment. At least ten states are projected to face revenue challenges in the coming fiscal year, and many more are at risk. States are exploring new mechanisms for tax base expansion, including digital goods, cloud-based services, AI-driven transactions, and evolving e-invoicing requirements. These shifts reflect a broader effort among policymakers to modernize tax structures and stabilize revenue in a period of fluctuating economic conditions.

As organizations confront this environment of continuous adaptation, the need for clarity, visibility, and automated compliance capabilities has never been greater. At Vertex, we remain committed to providing trusted tax technology, intelligence, and expertise that help businesses navigate these changes with confidence, regardless of how fast the landscape evolves.



Chris Hall
Senior Tax Officer

Sales Tax Rate Changes

2015 – December 31, 2025

Type of Change	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State Rate Changes	2	3	2	4	1	0	0	1	2	0	2
County Rate Changes	109	129	102	112	94	83	68	78	76	69	84
City Rate Changes	224	196	254	243	199	233	240	235	193	251	207
District Tax Changes	39	31	54	50	38	36	49	63	173	43	53
New Taxing States	0	0	0	0	0	0	0	0	0	0	0
New Taxing Counties	18	5	21	6	15	5	1	1	6	3	8
New Taxing Cities	80	52	54	71	62	69	51	49	57	51	108
New District Taxes	146	145	237	138	153	177	197	115	169	171	219
TOTAL	618	561	724	624	562	593	606	542	676	588	681

Source: Vertex Inc. of King of Prussia, Pa.

VertexInc.com

These counts include the United States, Puerto Rico and Guam.



Sales Tax Rate Changes

2015 – December 2025

(Total number of increases, decreases and new rates)

Years	State			County			City			District			Sub Totals		Total
	Increases	Decreases	New	Increases	Decreases	New	Increases	Decreases	New	Increases	Decreases	New	Changes	New	
2015	2	0	0	90	19	18	190	34	80	23	16	146	374	244	618
2016	2	1	0	111	18	5	167	29	52	21	10	145	359	202	561
2017	0	2	0	86	16	21	219	35	54	31	23	237	412	312	724
2018	2	2	0	89	23	6	205	38	71	27	23	138	409	215	624
2019	1	0	0	79	15	15	161	38	62	15	23	153	332	230	562
2020	0	0	0	66	17	5	194	29	69	8	28	177	342	251	593
2021	0	0	0	49	19	1	204	36	51	14	35	197	357	249	606
2022	0	1	0	55	23	1	200	35	49	13	39	115	377	165	542
2023	0	2	0	52	24	6	158	35	57	14	159	169	444	232	676
2024	0	0	0	57	12	3	220	31	51	13	30	171	363	225	588
2025	1	1	0	58	26	8	169	38	108	21	32	219	346	335	681

Source: Vertex Inc. of King of Prussia, Pa.

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These counts include the United States, Puerto Rico and Guam.



Summary of Average U.S. Sales Tax Rates

2015 – December 31, 2025

Year	State Avg. Rate	County Avg. Rate	City Avg. Rate	District Avg. Rate	Combined Avg. Rate
2015	5.5974	1.5958	1.7091	0.9604	9.8627
2016	5.6234	1.6508	1.7182	0.9652	9.9576
2017	5.6156	1.6833	1.7319	0.9706	10.0014
2018	5.6250	1.7125	1.7453	0.9778	10.0606
2019	5.6281	1.7384	1.7467	0.9830	10.0962
2020	5.6281	1.7495	1.7536	0.9925	10.1237
2021	5.6281	1.7622	1.7615	1.0020	10.1237
2022	5.6255	1.7721	1.7703	1.0123	10.1802
2023	5.6167	1.7819	1.7766	.9686	10.1438
2024	5.3962	1.7985	1.7886	.9854	9.9687
2025	5.5592	1.8144	1.7907	.9901	10.1544

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

Source: Vertex Inc. of King of Prussia, Pa.

VertexInc.com

Additional Information

- Puerto Rico currently has the highest state sales tax rate at 10.500%. Indiana, Mississippi, Rhode Island, and Tennessee have the second-highest state sales tax rates at 7.000%.
- Cordova, Alaska, Kodiak, Alaska, Wrangell, Alaska, and Winter Park, Colorado have the highest city sales tax rate at 7.000%. Hoonah, Alaska, Klawock, Alaska, and Selawik, Alaska has the second-highest rate of 6.500%.
- Redwood Valley, Mendocino County with the Mendocino County Transaction and Use Districts and Coyote Valley Band of Pomo Indians Reservation in California has the highest combined sales tax rate of 16.75%.
- Sterlington, Ouachita Parish with the Sterlington Economic Development District No. 1 in Louisiana has the highest combined sales tax rate of 13.500%.
- Since 2015, there have been 2420 new sales and use taxes, an average 242 per year.
- Since 2015, there have been 3752 sales and use tax changes, an average of 375 per year.
- The combined number of new and changed sales and use tax rates since 2015 is 6172, an average of 617 per year.
- Total Taxing City Jurisdictions: 7123
- Total Taxing County Jurisdictions: 1972
- Total Taxing District Jurisdictions: 3273
- Total Taxing State Jurisdictions: 46