



2026 MID-YEAR

# U.S. Rates and Rules Report

## Foreword

The U.S. indirect tax market has entered a new phase of volatility. For the first time in four years, the combined average U.S. sales tax rate climbed during the first half of the year, hitting a 10-year high of 10.1881%. According to the Vertex 2026 Mid-Year U.S. Sales Tax Rates and Rules Report, this activity generated 463 total combined rate changes and new rates through June 30, putting 2026 on track for another year of elevated tax activity.

But the story is bigger than rising rates. These changes reflect a broader shift in how governments generate revenue and how businesses must respond. Tax is becoming more dynamic, more localized, and more closely tied to business operations than ever before.

A key driver is growing fiscal pressure at the state and local level. As pandemic-era funding recedes and federal support changes, many jurisdictions are facing difficult budget decisions. At the same time, political pressure to reduce income and property taxes has narrowed traditional revenue options. Increasingly, governments are turning to indirect tax mechanisms, resulting in more frequent rate changes, new taxing jurisdictions, and expanding tax obligations for businesses. The impact is already visible:

- **County-Level Activity is Accelerating:** County rate changes reached 85 in the first six months of 2026, already surpassing the annual totals recorded in each of the previous five years.
- **City-Level Changes Continue to Expand:** City rate changes climbed to 186, up from 117 during the first half of 2025, while 63 new taxing cities were added.
- **District Taxes Remain a Growing Source of Revenue:** Local jurisdictions added 105 new district taxes during the first six months of the year.

At the same time, the tax base itself is evolving. As spending shifts toward services, digital offerings and experiences, jurisdictions are reassessing what should be taxed. Businesses are also navigating a growing patchwork of fees, surcharges and localized requirements that create additional operational complexity and increase the burden of staying current.

These domestic pressures match a changing global tax environment. Around the world, tax authorities are expanding e-invoicing mandates, increasing access to transaction-level data, and applying advanced technologies to identify anomalies, errors, and potential fraud. As governments gain greater visibility into business activity, expectations for data accuracy, audit readiness and reporting consistency continue to rise.

For business leaders, the takeaway is clear: the challenge is no longer simply keeping up with tax changes. It is understanding how regulatory change may affect business decisions and having the flexibility to respond. Organizations that can translate complexity into insight will be better positioned to manage risk and seize opportunities.

Vertex helps businesses navigate that reality with intelligent automation, trusted tax expertise, and the visibility needed to adapt with confidence in a rapidly changing environment.



**Chris Hall**  
Senior Tax Officer

# Sales Tax Rate Changes

2016 – June 30, 2026

| Type of Change       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2025<br>Jan 1 –<br>June 30 | 2026<br>Jan 1 –<br>June 30 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------------------------|----------------------------|
| State Rate Changes   | 3          | 2          | 4          | 1          | 0          | 0          | 1          | 2          | 0          | 2          | 1                          | 0                          |
| County Rate Changes  | 129        | 102        | 112        | 94         | 83         | 68         | 78         | 76         | 69         | 84         | 51                         | 85                         |
| City Rate Changes    | 196        | 254        | 243        | 199        | 233        | 240        | 235        | 193        | 251        | 207        | 117                        | 186                        |
| District Tax Changes | 31         | 54         | 50         | 38         | 36         | 49         | 63         | 173        | 43         | 53         | 32                         | 24                         |
| New Taxing States    | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                          | 0                          |
| New Taxing Counties  | 5          | 21         | 6          | 15         | 5          | 1          | 1          | 6          | 3          | 8          | 7                          | 0                          |
| New Taxing Cities    | 52         | 54         | 71         | 62         | 69         | 51         | 49         | 57         | 51         | 108        | 60                         | 63                         |
| New District Taxes   | 145        | 237        | 138        | 153        | 177        | 197        | 115        | 169        | 171        | 219        | 140                        | 105                        |
| <b>TOTAL</b>         | <b>561</b> | <b>724</b> | <b>624</b> | <b>562</b> | <b>593</b> | <b>606</b> | <b>542</b> | <b>676</b> | <b>588</b> | <b>681</b> | <b>408</b>                 | <b>463</b>                 |

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

[VertexInc.com](https://VertexInc.com)

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



# Sales Tax Rate Changes

2016 – June 2026

(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 |       |
| 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   |
| 2026<br>Jan 1 –<br>June 30 | 0         | 0         | 0   | 71        | 14        | 0   | 172       | 14        | 63  | 8         | 16        | 105 | 295        | 168 | 463   |

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

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# Summary of Average U.S. Sales Tax Rates

2016 – June 30, 2026

| Year | State Avg. Rate | County Avg. Rate | City Avg. Rate | District Avg. Rate | Combined Avg. Rate |
|------|-----------------|------------------|----------------|--------------------|--------------------|
| 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 | 5.5020          | 1.7911           | 1.7852         | .9800              | 10.0583            |
| 2025 | 5.4067          | 1.8152           | 1.7917         | .9849              | 9.9985             |
| 2026 | 5.5592          | 1.8375           | 1.7948         | .9966              | 10.1881            |

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

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

[VertexInc.com](https://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 2016, there have been 2492 new sales and use taxes, an average of 249 per year.
- Since 2016, there have been 3835 sales and use tax changes, an average of 384 per year.
- The combined number of new and changed sales and use tax rates since 2016 is 6327, an average of 632 per year.
- Total Taxing City Jurisdiction 7183
- Total Taxing County Jurisdiction 1972
- Total Taxing District Jurisdiction 3365
- Total Taxing State Jurisdiction 46