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**Isaac M. O'Bannon** • Mar. 04, 2010

For years, many communities in Alaska have laid claim to the highest sales tax rates in the nation. But no longer, according to a report by Vertex, Inc., a provider of sales tax research data and compliance solutions for enterprise businesses.

The Vertex 2009 Sales Tax Rate Report (PDF) shows a record-setting number of state increases

over the past year, plus more increases across all levels of sales taxing jurisdictions in the U.S. since the 1940s. Rates vary widely across all states, and especially between cities, counties and special districts, such as mass transit zones.

The report shows the average state sales tax rate in the U.S. is now 5.468%.

Add in to this the average county rate of 1.629 and the average city rate of 1.532%, and the combined average sales tax rate across the country is now 6.629%, the highest since Vertex began tracking the data in 1982.

The highest state sales tax rate:

California, at 7.25%. (IN, MI, NJ, RI and TN tie for second at 7%).

The new overall highest combined sales rate:

Arab, Cullman County, Alabama, with a combined (city/county/state) sales tax of 12%.

The new highest city sales tax rate:

Catawba Indian Reservation in Lancaster County, South Carolina, with a municipal rate of 8%.

This tops the 2008 top city rate found in Wrangell, Alaska (7%).

Sales taxes are an integral revenue source for states, counties and cities across the U.S. While they may be a point of contention for some consumers, keeping up with the thousands of different rates can be a major challenge for

retail businesses and professionals who help them with compliance. Especially

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