



**FISCAL
FACT**
No. 669
Aug. 2019

Sales Tax Rates in Major Cities, Midyear 2019

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Key Findings

- There are over 11,000 sales tax jurisdictions in the United States, with widely varying rates.
- Among major cities, Chicago, Illinois and Long Beach and Glendale, California impose the highest combined state and local sales tax rates, at 10.25 percent. Three cities follow with combined rates of 10 percent or higher: Tacoma (10.2 percent) and Seattle (10.1 percent), Washington, and Birmingham, Alabama (10 percent). Neither Anchorage, Alaska, nor Portland, Oregon, impose any state or local sales taxes. Honolulu, Hawaii, has a low rate of 4.5 percent, and several other major cities, including Richmond, Virginia, keep overall rates modest.
- Successful ballot measures yielded local sales tax increases in nine major cities, with a voter-approved 0.75 percentage point increase in Glendale, California vaulting that city in Los Angeles County to tie for highest combined rate of any major city.
- Four cities—Tampa, Florida and Bakersfield, Chula Vista, and Riverside, California—saw sales tax rate increases of 1 percent or more in the first half of 2019.
- Research demonstrates a rise in cross-border shopping and other avoidance efforts as sales tax rates increase.

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Introduction

Sales taxes in the United States are levied not only by state governments but also by city, county, tribal, and special district governments. In many cases these local sales taxes can have a profound impact on the total rate that consumers pay.

Several private firms maintain databases of the sales tax rates in the over 11,000 local jurisdictions in the United States that levy them.¹ Here, we list the combined state and local sales tax rates in major U.S. cities, defined as U.S. Census-designated incorporated places with a population over 200,000. This report complements our semiannual calculation of the average of all local sales taxes in each state.²

Highest and Lowest Sales Taxes in Major Cities

In April, Glendale, California vaulted to the top of the list of cities imposing the highest combined state and local sales tax rate in the nation when a voter-approved increase of 0.75 percentage points went into effect.³ The increase brought the total rate to 10.25 percent, tying Chicago, Illinois⁴ and Long Beach, California,⁵ which saw rates rise to current levels in 2016 and 2017 respectively.

Three other cities impose rates of 10 percent or higher: Tacoma (10.2 percent) and Seattle (10.1 percent), Washington, and Birmingham, Alabama (10 percent). Birmingham has the highest local option sales tax rate among major cities, at 6 percent, with Aurora, Colorado (5.6 percent), St. Louis, Missouri (5.454 percent), and Denver, Colorado (5.41 percent) closely behind. Both Baton Rouge and New Orleans, Louisiana previously had combined rates of 10 percent, but these cities' rates dropped slightly with the partial sunset of a temporary state sales tax increase in 2018.⁶

Portland, Oregon, and Anchorage, Alaska have neither a state nor a local sales tax. Honolulu, Hawaii, has the third-lowest sales tax among major cities with a rate of 4.5 percent. However, Hawaii's overly broad sales tax base (which taxes many business inputs and results in what is known as tax pyramiding) makes it not strictly comparable with other states. Richmond, Virginia (5.3 percent) and Madison (5.5 percent) and Milwaukee (5.6 percent), Wisconsin also impose low combined state and local sales tax rates.

Sixteen cities with populations of 200,000 or more do not impose local sales taxes, though some have state sales taxes as high as 7 percent (Fort Wayne and Indianapolis, Indiana). The median rate for major cities is 8 percent. Nineteen major cities now have combined rates of 9 percent or higher.

1 As of July 17, 2019, there were 11,113 total sales tax jurisdictions across the country according to Vertex, Inc.

2 Janelle Cammenga, "State and Local Sales Tax Rates, Midyear 2019," Tax Foundation, July 10, 2019, <https://taxfoundation.org/state-sales-tax-rates-local-sales-tax-rates-midyear-2019/>.

3 Lila Seidman, "Glendale Sales-Tax Hike Receives Voter Approval," *Glendale (California) News-Press*, Nov. 6, 2018, <https://www.latimes.com/socal/glendale-news-press/news/tn-gnp-me-measure-s-glendale-results-20181106-story.html>.

4 Jared Walczak, "Chicago Adopts Highest Sales Tax Among Major Cities," Tax Foundation, July 16, 2015, <http://taxfoundation.org/blog/chicago-adopts-highest-sales-tax-among-major-cities>.

5 CBS Los Angeles, "Sales Tax Hike to Take Effect in LA County," June 28, 2017, <https://losangeles.cbslocal.com/2017/06/28/sales-tax-hike-la-county/>.

6 Julia O'Donoghue, "Louisiana, Tennessee in Close Contest for Highest Sales Tax Rate," *The (New Orleans) Times-Picayune*, July 9, 2018, https://www.nola.com/news/politics/article_0d01ec8c-0ed0-5474-9056-71886e7d325f.html.

Sales Tax Rate Changes in Major Cities

Twenty-five major cities saw an increase of 0.25 percentage points or more in their combined state and local sales tax rates over the past two years, including 10 with increases in the first half of 2019. Nearly all of these increases stemmed from ballot measures, though local government officials in Wake County, North Carolina (of which Raleigh is the county seat) authorized a rate increase in 2017,⁷ as did officials in Albuquerque, New Mexico⁸ and the District of Columbia⁹ in 2018. A Transit Improvement Area sales tax increase affected rates in both Minneapolis and St. Paul, Minnesota in late 2017.¹⁰

The largest local rate increases of 2019 came in Tampa, Florida (1.5 percent)¹¹ and three California jurisdictions: Chula Vista (1.5 percent),¹² Riverside (1.25 percent),¹³ and Bakersfield (1 percent).¹⁴ The Bakersfield tax increase received voter approval by a razor-thin margin of 97 votes, 45,835 to 45,738, after trailing by more than 1,500 votes on election night and by 2,600 votes at one point during the subsequent canvass.¹⁵

The Role of Competition in Sales Tax

Sales tax avoidance is most likely to occur in areas where there is a significant difference between two jurisdictions' sales tax rates. Research indicates that consumers can and do leave high-tax areas to make major purchases in low-tax areas, such as from cities to suburbs.¹⁶ For example, strong evidence exists that Chicago-area consumers make major purchases in surrounding suburbs or online to avoid Chicago's high sales tax rates.¹⁷ At the statewide level, businesses sometimes locate just outside the borders of high sales tax areas to avoid being subjected to their rates. Delaware actually uses its state border welcome sign to remind motorists that Delaware is the "Home of Tax-Free Shopping."¹⁸ State and local governments should be cautious about raising rates too high relative to their neighbors because doing so may lead to revenue losses despite the higher tax rate.

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- 7 North Carolina Department of Revenue, Sales and Use Tax Division, "Important Notice: Wake County Transit Sales and use Tax," Jan. 20, 2017, https://files.nc.gov/ncdor/documents/files/in_wake_county_rate_increase.pdf.
 - 8 Christopher Ortiz, "City Council Approves Tax Hikes," *Albuquerque Business First*, Mar. 6, 2018, <https://www.bizjournals.com/albuquerque/news/2018/03/06/city-council-approves-tax-hike.html>.
 - 9 District of Columbia Office of Tax and Revenue, "District of Columbia Tax Rates Changes Take Effect Monday, October 1," Sept. 5, 2018, <https://otr.cfo.dc.gov/release/district-columbia-tax-rates-changes-take-effect-monday-october-1>.
 - 10 Janet Moore, "Hennepin, Ramsey Counties Raise Transit Tax," (Minneapolis) *StarTribune*, June 14, 2017, <http://www.startribune.com/hennepin-ramsey-counties-raise-transit-tax/428273953/>.
 - 11 Nicole Grigg, "Hillsborough County's Sales Tax to Increase Jan. 1, Will Be the Highest in the State," WFTS-TV Tampa, Dec. 28, 2018, <https://www.abcactionnews.com/news/local-news/hillsborough-countys-sales-tax-to-increase-jan-1-will-be-the-highest-in-the-state>.
 - 12 Gustavo Solis, "Chula Vistans Raise Their Own Sales Tax," *The San Diego Union-Tribune*, June 6, 2018, <https://www.sandiegouniontribune.com/communities/south-county/sd-me-chula-tax-20180606-story.html>.
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 - 15 Id.
 - 16 Mehmet Serkan Tosun and Mark Skidmore, "Cross-Border Shopping and the Sales Tax: A Reexamination of Food Purchases in West Virginia" (Research Paper), September 2005, <http://rri.wvu.edu/wp-content/uploads/2012/11/Tosunwp2005-7.pdf>. See also Randolph T. Beard, Paula A. Gant, and Richard P. Saba, "Border-Crossing Sales, Tax Avoidance, and State Tax Policies: An Application to Alcohol," *Southern Economic Journal* 64, no. 1, (1997): 293-306.
 - 17 Susan Chandler, "The Sales Tax Sidestep," *Chicago Tribune*, July 20, 2008, http://articles.chicagotribune.com/2008-07-20/business/0807190001_1_sales-tax-tax-avoidance-tax-landscape.
 - 18 Len Lazarick, "Raise Taxes, and They'll Move, Constituents Tell One Delegate," *Marylandreporter.com*, Aug. 3, 2011, <http://marylandreporter.com/2011/08/03/raise-taxes-and-theyll-move-constituents-tell-one-delegate/>.

Sales Tax Bases: The Other Half of the Equation

This report ranks states and cities based on tax rates and does not account for differences in tax bases (the structure of sales taxes, defining what is taxable and nontaxable). States can vary greatly in this regard. For instance, most states exempt groceries from the sales tax, others tax groceries at a limited rate, and still others tax groceries at the same rate as all other products. Some states exempt clothing or tax it at a reduced rate. The taxation of services and business-to-business transactions also varies widely by state.¹⁹

Tax experts generally recommend that sales taxes apply to all final retail sales of goods and services but not intermediate business-to-business transactions in the production chain.²⁰ These recommendations would result in a tax system that is not only broad-based but also “right-sized,” applying once and only once to each product the market produces. Despite agreement in theory, the application of most state sales taxes is far from this ideal.²¹

Hawaii has the broadest sales tax in the United States, taxing many products multiple times and, by one estimate, ultimately taxing more than 100 percent of the state’s personal income. This base is far wider than the national median, where the sales tax base applies to 36.2 percent of personal income.²²

Conclusion

Sales taxes are just one part of the overall tax structure and should be considered in context. For example, Washington State has high sales taxes but no income tax, whereas Oregon has no sales tax but high income taxes. While many factors influence business location and investment decisions, sales taxes are something within policymakers’ control that can have immediate impacts—especially as a growing number of cities (now 19) have combined rates north of 9 percent.

19 For representative lists, see Jared Walczak, Scott Drenkard, and Joseph Bishop-Henchman, *2019 State Business Tax Climate Index*, Tax Foundation, Sept. 26, 2018, <https://taxfoundation.org/publications/state-business-tax-climate-index/>.

20 Justin Ross, “A Primer on State and Local Tax Policy: Trade-Offs Among Tax Instruments,” Mercatus Center at George Mason University, Feb. 25, 2014, <http://mercatus.org/publication/primer-state-and-local-tax-policy-trade-offs-among-tax-instruments>.

21 For a discussion of sales tax theory in the context of a specific state, see Jared Walczak, “Modernizing Utah’s Sales Tax: A Guide for Policymakers,” Tax Foundation, June 4, 2019, <https://taxfoundation.org/modernizing-utah-sales-tax>.

22 Calculation by Prof. John Mikesell, Indiana University, FY 2017.

TABLE 1.

State and Local Sales Tax Rates in Cities with Populations above 200,000, as of July 1, 2019

City	State	State	Local	Total	Rank
Chicago	Illinois	6.250%	4.000%	10.250%	1
Glendale (a)	California	7.250%	3.000%	10.250%	1
Long Beach (a)	California	6.000%	4.250%	10.250%	1
Tacoma	Washington	6.500%	3.700%	10.200%	4
Seattle	Washington	6.500%	3.600%	10.100%	5
Birmingham (b)	Alabama	4.000%	6.000%	10.000%	6
St. Louis	Missouri	4.225%	5.454%	9.679%	7
Los Angeles (a)	California	7.250%	2.250%	9.500%	8
Santa Clarita (a)	California	7.250%	2.250%	9.500%	8
Baton Rouge	Louisiana	4.450%	5.000%	9.450%	10
New Orleans	Louisiana	4.450%	5.000%	9.450%	10
Fremont (a)	California	7.250%	2.000%	9.250%	12
Memphis	Tennessee	7.000%	2.250%	9.250%	12
Nashville	Tennessee	7.000%	2.250%	9.250%	12
Oakland (a)	California	7.250%	2.000%	9.250%	12
San Jose (a)	California	7.250%	2.000%	9.250%	12
Santa Ana (a)	California	7.250%	2.000%	9.250%	12
Glendale	Arizona	5.600%	3.600%	9.200%	18
Stockton (a)	California	7.250%	1.750%	9.000%	19
Atlanta (c)	Georgia	4.000%	4.900%	8.900%	20
Spokane	Washington	6.500%	2.400%	8.900%	20
New York	New York	4.000%	4.875%	8.875%	22
Buffalo	New York	4.000%	4.750%	8.750%	23
Chula Vista (a)	California	7.250%	1.500%	8.750%	23
Riverside (a)	California	7.250%	1.500%	8.750%	23
Sacramento (a)	California	7.250%	1.500%	8.750%	23
Tucson	Arizona	5.600%	3.100%	8.700%	27
Oklahoma City (d)	Oklahoma	4.500%	4.125%	8.625%	28
Kansas City (e)	Missouri	4.225%	4.375%	8.600%	29
Phoenix	Arizona	5.600%	3.000%	8.600%	29
Tulsa	Oklahoma	4.500%	4.017%	8.517%	31
Aurora (f)	Colorado	2.900%	5.600%	8.500%	32
San Francisco (a)	California	7.250%	1.250%	8.500%	32
Tampa	Florida	6.000%	2.500%	8.500%	32
Denver	Colorado	2.900%	5.410%	8.310%	35

TABLE 1, CONTINUED.

State and Local Sales Tax Rates in Cities with Populations above 200,000, as of July 1, 2019

City	State	State	Local	Total	Rank
Mesa	Arizona	5.600%	2.700%	8.300%	36
Reno	Nevada	6.850%	1.415%	8.265%	37
Austin	Texas	6.250%	2.000%	8.250%	38
Colorado Springs	Colorado	2.900%	5.350%	8.250%	38
Corpus Christi	Texas	6.250%	2.000%	8.250%	38
Dallas	Texas	6.250%	2.000%	8.250%	38
El Paso	Texas	6.250%	2.000%	8.250%	38
Fort Worth	Texas	6.250%	2.000%	8.250%	38
Garland	Texas	6.250%	2.000%	8.250%	38
Henderson	Nevada	6.850%	1.400%	8.250%	38
Houston	Texas	6.250%	2.000%	8.250%	38
Irving	Texas	6.250%	2.000%	8.250%	38
Laredo	Texas	6.250%	2.000%	8.250%	38
Las Vegas	Nevada	6.850%	1.400%	8.250%	38
Lubbock	Texas	6.250%	2.000%	8.250%	38
North Las Vegas	Nevada	6.850%	1.400%	8.250%	38
Plano	Texas	6.250%	2.000%	8.250%	38
San Antonio	Texas	6.250%	2.000%	8.250%	38
Bakersfield (a)	California	7.250%	1.000%	8.250%	38
Scottsdale	Arizona	5.600%	2.450%	8.050%	55
Minneapolis	Minnesota	6.875%	1.150%	8.025%	56
Arlington	Texas	6.250%	1.750%	8.000%	57
Cleveland	Ohio	5.750%	2.250%	8.000%	57
Philadelphia	Pennsylvania	6.000%	2.000%	8.000%	57
Rochester	New York	4.000%	4.000%	8.000%	57
San Bernardino (a)	California	7.250%	0.750%	8.000%	57
Fresno (a)	California	7.250%	0.725%	7.975%	62
Albuquerque (g)	New Mexico	5.125%	2.750%	7.875%	63
Modesto (a)	California	7.250%	0.625%	7.875%	63
St. Paul	Minnesota	6.875%	1.000%	7.875%	63
Chandler	Arizona	5.600%	2.200%	7.800%	66
Gilbert	Arizona	5.600%	2.200%	7.800%	66
Anaheim (a)	California	7.250%	0.500%	7.750%	68
Fontana (a)	California	7.250%	0.500%	7.750%	68
Huntington Beach (a)	California	7.250%	0.500%	7.750%	68

TABLE 1, CONTINUED.

State and Local Sales Tax Rates in Cities with Populations above 200,000, as of July 1, 2019

City	State	State	Local	Total	Rank
Irvine (a)	California	7.250%	0.500%	7.750%	68
Moreno Valley (a)	California	7.250%	0.500%	7.750%	68
Oxnard (a)	California	7.250%	0.500%	7.750%	68
Salt Lake City	Utah	4.850%	2.900%	7.750%	68
San Diego (a)	California	6.000%	1.750%	7.750%	68
Columbus	Ohio	5.750%	1.750%	7.500%	76
Durham	North Carolina	4.750%	2.750%	7.500%	76
Wichita	Kansas	6.500%	1.000%	7.500%	76
Charlotte	North Carolina	4.750%	2.500%	7.250%	79
Raleigh	North Carolina	4.750%	2.500%	7.250%	79
Toledo	Ohio	5.750%	1.500%	7.250%	79
Cincinnati (h)	Ohio	5.750%	1.250%	7.000%	82
Fayetteville	North Carolina	4.750%	2.250%	7.000%	82
Fort Wayne	Indiana	7.000%	0.000%	7.000%	82
Indianapolis	Indiana	7.000%	0.000%	7.000%	82
Lincoln	Nebraska	5.500%	1.500%	7.000%	82
Omaha (i)	Nebraska	5.500%	1.500%	7.000%	82
Hialeah	Florida	6.000%	1.000%	7.000%	82
Jacksonville	Florida	6.000%	1.000%	7.000%	82
Miami	Florida	6.000%	1.000%	7.000%	82
Pittsburgh	Pennsylvania	6.000%	1.000%	7.000%	82
St. Petersburg	Florida	6.000%	1.000%	7.000%	82
Greensboro	North Carolina	4.750%	2.000%	6.750%	93
Winston-Salem	North Carolina	4.750%	2.000%	6.750%	93
Jersey City	New Jersey	6.625%	0.000%	6.625%	95
Newark	New Jersey	6.625%	0.000%	6.625%	95
Orlando	Florida	6.000%	0.500%	6.500%	97
Boston	Massachusetts	6.250%	0.000%	6.250%	98
Chesapeake (a)	Virginia	5.300%	0.700%	6.000%	99
Norfolk (a)	Virginia	5.000%	1.000%	6.000%	99
Virginia Beach (a)	Virginia	5.300%	0.700%	6.000%	99
Baltimore	Maryland	6.000%	0.000%	6.000%	99
Boise	Idaho	6.000%	0.000%	6.000%	99
Des Moines	Iowa	6.000%	0.000%	6.000%	99
Detroit	Michigan	6.000%	0.000%	6.000%	99

TABLE 1, CONTINUED.

State and Local Sales Tax Rates in Cities with Populations above 200,000, as of July 1, 2019

City	State	State	Local	Total	Rank
Grand Rapids	Michigan	6.000%	0.000%	6.000%	99
Lexington	Kentucky	6.000%	0.000%	6.000%	99
Louisville	Kentucky	6.000%	0.000%	6.000%	99
Washington	District of Columbia	6.000%	0.000%	6.000%	99
Milwaukee	Wisconsin	5.000%	0.600%	5.600%	110
Madison	Wisconsin	5.000%	0.500%	5.500%	111
Richmond (a)	Virginia	5.300%	0.000%	5.300%	112
Honolulu (g, j)	Hawaii	4.000%	0.500%	4.500%	113
Anchorage	Alaska	0.000%	0.000%	0.000%	114
Portland	Oregon	0.000%	0.000%	0.000%	114

(a) California and Virginia levy mandatory statewide add-on sales taxes at the local level; these are included in their state sales tax rates. Northern Virginia and Hampton Roads, Virginia have an additional 0.7 percent rate, which is treated here as a local tax.

(b) Most of Birmingham is in Jefferson County and is subject to a 10 percent sales tax. However, part of the city is in Shelby County and is subject to a total rate of 9 percent.

(c) Most of Atlanta is in Fulton and DeKalb Counties and is subject to an 8.9 percent sales tax. However, part of the city is in Cobb County and is subject to a total rate of 6 percent.

(d) Most of Oklahoma City is in Oklahoma County and is subject to an 8.625 percent sale tax. However, part of the city is in Cleveland County and is subject to a total rate of 8.875 percent.

(e) Most of Kansas City is in Jackson and Platte Counties and is subject to an 8.6 percent sales tax. However, part of the city is in Clay County and is subject to a total rate of 8.475 percent.

(f) Most of Aurora is in Adams County and is subject to an 8.5 percent sales tax. However, part of the city is in Arapahoe County and is subject to a total rate of 8 percent.

(g) The sales taxes in Hawaii and New Mexico have broad bases that include many services.

(h) Most of Cincinnati is in Hamilton County and is subject to a 7 percent sales tax. However, part of the city is in Claremont County and is subject to a total rate of 6.75 percent.

(i) Most of Omaha is in Douglas County and is subject to a 7 percent sale tax. However, part of the city is in Sarpy County and is subject to a total rate of 5.5 percent.

(j) In the table, "Honolulu" refers to the incorporated portion of the larger City and County of Honolulu.

Source: Sales Tax Clearinghouse; city ordinances; state revenue and auditing departments.