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Original photograph by Peter Herman.

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The Sales Tax: Yesterday, Today, Tomorrow

A 20th-Century Tax In the 21st Century?

First imposed in 1962 as part of a property tax relief effort, the Wisconsin sales tax is now state government's second-largest source of tax revenue, trailing only the individual income tax. Although the tax evolved from a 3% selective tax in 1962 to a 5% general tax today, it has changed relatively little over the past three decades. In a 21st-century economy, some economists and tax researchers question whether the tax, in its current form, is out-of-date.

No tax is particularly popular with taxpayers. However, findings from a recent state survey mirror what prior surveys have found: the sales tax is more popular than income and property taxes. Taxpayers polled say the sales tax is more understandable—and more fair—than these other taxes.

Aware of its relative acceptability, interest groups have long lobbied for an earmarked piece of the sales tax pie. Whether for income tax reduction, property tax relief, or a "penny for schools," sales tax increases have been suggested as a revenue source for new or expanded programs.

With sales tax revenues increasing at a somewhat anemic pace over the past decade, proposals for expanded use beg the questions: What is ailing the sales tax? Are online retailers who fail to collect the tax to blame? Is a 20th-century tax on tangible goods ill-suited for a 21st-century service and information economy?

These kinds of questions have spurred calls for change. Among proposals floated from time to time are a higher sales tax rate, an expanded tax base, and a more fundamental overhaul of state sales tax law.

YESTERDAY'S SALES TAX

This is not to say that Wisconsin's sales tax remained unchanged since original enactment more than five decades ago. First tied to an effort to fund local property tax relief, the state sales tax is now Wisconsin's second-largest source of general fund (GPR) tax revenue. Along with its heftiest companion, the state's individual income tax, the sales tax helps pay for state programs, most notably health care, education, and corrections.

Introduction

Talk of a Wisconsin sales tax dates back to at least 1931, when the state assembly failed to act on a bill mandating a tax on "gross sales of retail merchants." Many legislators felt a sales tax would burden the poor and undermine the state's tradition of progressive taxation. Elected state

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officials continued to reject the sales tax for the next three decades, even though it was widely adopted elsewhere.

It was not until 1961 that, due to a growing postwar population, increasing demand for public services, and state budget deficits, a 3% selective sales tax was enacted. Because lawmakers were worried about the effect of the sales tax on low-income taxpayers, only "luxury" items, including alcohol, jewelry, cars, restaurant dining, hotel rooms, and movie tickets, were initially taxed. Wisconsin was the 36th state to adopt a state sales tax. Today, all but Alaska, Delaware, Montana, New Hampshire, and Oregon impose one.

Expansion

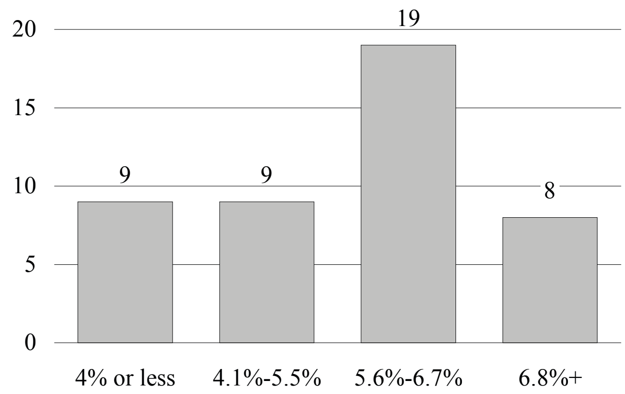
Because the selective sales tax relied on a limited tax base, it accounted for less than 15% of state tax collections in the mid-1960s. When a 1968 task force studied why Wisconsin's property taxes were historically high, it found it was partly due to Wisconsin's lesser use of the sales tax compared to other states.

In response, the sales tax rate was raised from 3% to 4% in 1969 and was changed from a selective to general tax. A general sales tax applies to sales of tangible personal property, unless exempt, and some services, if specified. The change resulted in a broader tax base, with specific exemptions for food purchased for home use, prescription drugs, and farm machinery. The combination of a broader tax base and higher rate generated an estimated $263 million more in revenue during 1969-71 than otherwise would have been collected.

The sales tax was raised for a final time from 4% to 5% in 1982 to help fill a state budget deficit principally brought on by back-to-back recessions. The increase was to last only from May 1, 1982, to June 30, 1983, but was made permanent by a new governor and legislature in 1983.

At 5%, Wisconsin's sales tax rate remains relatively low compared to that of other states. As of December 2010, state sales tax rates ranged from 2.9% in Colorado to 7.25% in California. Thirty states had tax rates higher than Wisconsin, including 19 with rates ranging from 5.6% to 6.7% (see Figure 1). Among neighboring states, Wisconsin's rate was lower than rates in Minnesota (6.875%), Illinois (6.25%), Michigan (6.0%), and Iowa (6.0%).

Figure 1: State Sales Tax Rates Vary
\# of States by Sales Tax Rate, Dec. 2010



TODAY'S SALES TAX

After undergoing modifications in its early years, the sales tax today remains largely unchanged from the early 1980s. The tax continues to be a major revenue source for state government, while debate over its fairness continues.

Revenues

While sales tax revenues here exceed $4 billion annually, they are increasing at a relatively slow pace.

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Greater use of exemptions and of online retailers both raise questions about the tax's ability to keep pace with state-local revenue demands.

State. In 2011, state sales tax revenues totaled \$4.1 billion, up from \$3.9 billion the prior year (see Table 1). Sales tax collections exceeded \$3.5 billion in each year since 2000.

The 4.2% increase this year followed declines of 4.3% and 3.4% in recessionary 2009 and 2010, respectively. Sales tax revenues have increased an average of just 1.5% per year since 2000. Even in years of economic expansion, sales tax growth never exceeded 4.3% (2004).

■ *Tax Share*. The sales tax accounted for 31.8% of total GPR taxes—those used to fund major state-local programs, including K-12 schools and Medicaid—in 2011, its smallest share since 1984 (30.4%). Although the sales tax is generally less affected by economic cycles than the individual and corporate income taxes, its contribution to GPR tax collections changes with the economy.

When a recession first hits, income taxes tend to fall faster than sales taxes, and sales taxes account for a larger share of the general fund total. The reverse is true during recovery. Individual income taxes increased 10% in 2011, rising from 50.2% of total GPR to 51.9%. Because sales taxes rose less than income taxes, they accounted for a declining share of collections.

■ *Compared Nationally*. The sales tax is a major component of the state-local revenue mix here. However, partly due to Wisconsin's above-average income and property taxes, it uses the sales tax to a lesser extent than most states. According to the latest census figures (2009), state sales tax collections accounted for 28.3% of state taxes in Wisconsin. Not only was that below the national average (32.0%), but also neighbors Iowa (31.5%), Illinois (31.9%), and Michigan (39.5%). In Minnesota, the sales tax accounted for 25.5% of state taxes in 2009.

A number of states permit local as well as state sales taxes, so it is useful to compare combined state and local sales tax collections as a share of state-local tax revenues. In 2009, general sales taxes accounted for 18.2% of state-local tax revenues here vs. 22.9% in the U.S. Only 16 states generated a smaller share of state-local tax revenues from the sales tax than did Wisconsin. Sales tax collections per capita here were 35th highest nationally in 2009.

County. Counties were first allowed to enact an optional 0.5% sales tax in 1969. However, because all sales tax revenues had to be distributed to underlying municipalities, counties were reluctant to impose it. In 1985, the law was changed to allow counties to keep the revenues for property tax relief. Barron and Dunn were the first Wisconsin counties to impose a sales tax, in 1986. Within five years, 40 counties had enacted the tax.

By law, the county sales tax is intended to provide property tax relief. However, a 2002 WISTAX study found only 21¢ of every county sales tax dollar was likely used to lower taxes. Of 49 counties examined at that time, 21 showed no evidence of tax relief.

Sixty-two of the state's 72 counties currently impose a local sales tax. Those not imposing it are Brown (Brown County has a 0.5% stadium tax), Calumet, Kewaunee, Manitowoc, Menominee, Outagamie, Racine, Sheboygan, Waukesha, and Winnebago. The county sales tax is piggybacked on the state sales tax, meaning the same items are taxable and collections are distributed by the state.

County sales tax collections exceeded \$276 million in 2010. Counties received \$271.7 million of that, with the Department of Revenue (DOR) keeping a small fee for administration, collection, and enforcement. County revenues were highest in Milwaukee (\$60.1 million) and Dane (\$40.5 million) counties, while all other counties reported less than \$10 million each in revenue. Sparsely populated Florence

Table 1:
Wis. Sales Tax Shrinks as Share of GPR Taxes
State Sales Tax Collections (Rev's in \$ Millions)

Fiscal Year	Rev's.	Annual Chg.	% GPR Taxes	Per Capita
1970	\$272.6		24.7%	\$62
1980	853.9	12.1%	28.7	181
1990	1,983.8	8.8	35.1	406
2000	3,501.7	5.8	32.0	653
2001	3,609.9	3.1	35.9	672
2002	3,695.8	2.4	36.9	684
2003	3,737.9	1.1	36.6	686
2004	3,899.3	4.3	36.3	712
2005	4,038.7	3.6	35.4	732
2006	4,127.6	2.2	34.3	744
2007	4,158.6	0.8	32.9	746
2008	4,268.0	2.6	32.7	761
2009	4,084.0	-4.3	33.7	724
2010	3,944.2	-3.4	32.5	696
2011	4,109.0	4.2	31.8	722

and Pepin raised the least from the sales tax, at less than $360,000 each. Per capita revenues ranged from $111 in Sauk and $103 in Door to $36 in Clark and $35 in Oconto.

Who Pays, Collects?

The nearly $4.4 billion collected here from state and local sales taxes is generated mostly from in-state taxpayers. Yet who those taxpayers are, and how much they pay, is often a concern.

The poorest 20% of taxpayers paid between 3.3% and 4.0% of income on sales taxes in 2001, while the top 1% paid between 1.5% and 1.9%.

Economists use the term "regressive" to describe a tax whose share of income is higher at low income levels than at higher levels. A progressive tax is one where burden relative to income rises as income rises. Regressive taxes are often viewed as less fair than progressive ones.

Even though a majority of taxpayers surveyed call the sales tax "fair," many researchers criticize its regressivity. The tax rate is constant for all payers, but low-income taxpayers tend to spend a larger percentage of income on taxable goods than do high-income individuals.

Tax analysts often view exempting of services from tax as adding to sales tax regressivity, because those with high incomes typically spend more on services than those with low incomes. For example, veterinary services for pets are not taxed, though moderate- to high-income taxpayers are more likely to use veterinarians.

Individuals. The last time Wisconsin took a comprehensive look at its tax burden was in a 2004 tax incidence study completed by the DOR. The report concluded Wisconsin's state-local tax burden appeared to be proportional to slightly progressive. The state's individual income tax was the main reason the state's tax system was not regressive.

The sales tax, however, was found to be regressive over all income groups. The poorest 20% of taxpayers paid between 3.3% and 4.0% of income on sales taxes in 2001, while the top 1% paid between 1.5% and 1.9%.

Economists are quick to add that the sales tax is probably less regressive when viewed over a lifetime, because consumption changes less than income over many years. In other words, as taxpayers earn more money, a smaller share of their income is consumed by the sales tax.

Industry. A majority of sales taxes is collected by large businesses. In 2009, less than 9% of businesses had taxable receipts over $500,000, yet they collected nearly 90% of all state sales taxes. State law allows collectors of the sales tax to retain a small amount—known as the retailer's discount—to help cover compliance and administration costs.

Retail and service industries collect most state sales tax revenues. In calendar year 2009, they collected 72.3% of total sales taxes, while those industries accounted for 77.3% of sales tax filers. Among retailers, more than 40% of taxes were collected by either motor vehicle and parts dealers or general merchandise stores.

TOMORROW'S SALES TAX

Slow-growing collections combined with the tax's debated fairness could spur legislators to consider future law changes. Issues often discussed touch not only on what to tax, when to tax, and where to tax, but also on the viability of the sales tax given shifting consumption patterns in the 21st century.

What to Tax: Base

Tax rates alone do not determine what taxpayers pay. Each state has a slightly different tax base. For example, nonprescription drugs are tax-exempt in Minnesota, while they are taxed in Wisconsin. Illinois, on the other hand, is the only state to tax prescription drugs. Seven states—Delaware, Massachusetts, Minnesota, New Jersey, Pennsylvania, Rhode Island, and Vermont—wholly or partially exempt clothing.

Figure 2:
Services Account for Increasing Share of Consumption
Goods & Services as % of Personal Consumption Nationally

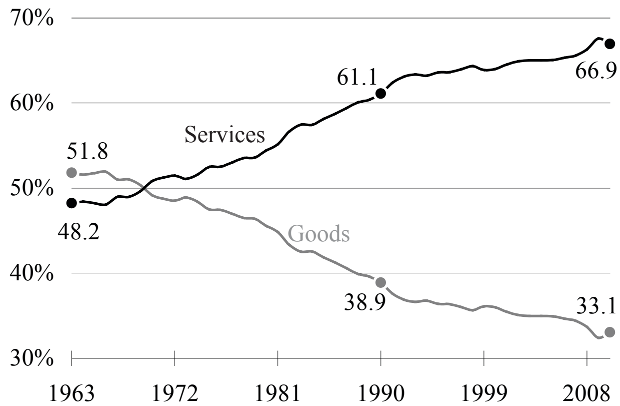

Table 2:
Exemptions Reduce Sales Tax Revenues
Select Exemptions and Nontaxed Services, 2010 Est.
Effect ($ Millions)

Exemption	Tax Cost
Food	$533.8
Labor input into construction	459.0
Motor fuels	434.3
Manufacturing machinery & equipment	190.8
Personal property and supplies used in farming	187.6
Sales to religious, charitable, scientific, and educational organizations	142.1
Fuel & electricity for residential use	136.7
Prescription medication	135.6
Services	
Health	581.1
Computer	148.0
Legal	114.5

Many experts agree that the combination of a broad base and a low rate is good tax policy. This allows revenue to be generated from a wide and diverse number of items at a lower tax rate than would be needed with many exemptions and a narrow tax base. Research confirms that a shrinking tax base results in higher rates on remaining taxable items.

Consumption. As mentioned, Wisconsin taxes mainly goods, along with a few select services. Meanwhile, consumption has evolved in recent decades. Goods are accounting for a declining share of personal consumption, while the share claimed by services is rising.

When the Wisconsin sales tax was first adopted, services accounted for less than half of personal consumption nationally, while goods accounted for 51.8% (see Figure 2). Today, services represent more than two-thirds of consumption, while goods—those items generating the majority of sales tax revenues—have dropped to 33.1%. The decline in goods consumption is partly responsible for slow-growing sales tax collections here.

Changing consumption patterns and growth in government have some suggesting a broad sales tax on services. However, economists warn of "pyramiding," which occurs when an item already taxed is further taxed again before reaching final consumption. For example, suppose Mr. and Mrs. Smith use an accountant to prepare income taxes. If services are taxed, the accountant would add a 5% sales tax to their invoice. But what happens if the accountant uses an advertising agency to promote his tax preparation services? And what if the agency in turn relies on a law firm to review the legality of its advertising claims?

In this example, the law firm would collect a 5% sales tax from the ad agency, which in turn would collect the tax from the accountant, who in turn would add 5% to the Smith's final bill for tax services. Due to pyramiding, the 5% sales tax would be applied multiple times on the lawyer's and ad agency's services *and* the sales taxes they paid.

Goods. The state has many sales tax exemptions, some of which are intended to make the tax less burdensome for low-income taxpayers. The most common exemptions are for "essential goods," according to the Legislative Fiscal Bureau (LFB).

■ *Food*. Wisconsin taxes food purchased at restaurants, but exempts food (and food ingredients) purchased for home consumption (see Table 2). DOR estimates that without the food exemption, 2010 sales taxes would have been $533.8 million, or 13.5% higher.

Alternatively, a revenue-neutral change would have taxed food but returned the additional revenue through a lower tax rate or a tax credit. It is possible

SPECIAL TAXES

In addition to generating state and local tax revenues, sales taxes are also used for quasi-private purposes.

Stadium. Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties impose a 0.1% sales tax to pay for Miller Park, home to the Milwaukee Brewers. In FY 2011, the tax generated $25.7 million. Similarly, Brown County has a 0.5% sales tax used to maintain and improve the Green Bay Packers' Lambeau Field. Tax collections totaled about $20.4 million in 2011.

Expo. Taxpayers in Milwaukee County are subject to a local exposition tax imposed by a special district. Resulting tax collections have been used to acquire and manage exposition facilities in Milwaukee since the special district was created in 1994. The local exposition tax includes a 0.5% food and beverage tax, a 3% car rental tax, a 2.5% basic room tax, and a 7% additional room tax in the City of Milwaukee. Tax collections exceeded $25 million in 2011.

PRAT. Bayfield, Eagle River, Lake Delton, and Wisconsin Dells are allowed to collect premier resort area taxes (PRAT). About $6.3 million was generated in 2011 from the 1% sales tax in Wisconsin Dells and Lake Delton and the 0.5% tax in Bayfield and Eagle River. Proceeds from the tax must be used to pay for infrastructure expenses.

that even low-income taxpayers would benefit from such a change. According to a state of New Mexico study, the tax on food could be more than offset by a lower tax rate on all other taxable items they purchase. As Table 3 shows, Wisconsin is one of 32 states exempting groceries from tax.

According to a 2007 national survey of 168 different services, Wisconsin taxed more than all but 10 states.

■ *Prescription Drugs*. Another popular sales tax exemption is for prescription drugs. Prescribed medication is not subject to Wisconsin sales tax; if it were, it would have generated an estimated $135.6 million. Unlike in 10 states, non-prescription drugs are taxed here.

■ *Motor Fuels*. The state imposes a 32.9¢ per gallon gas tax, but it does not apply the sales tax to motor fuel. Applying the tax to gasoline would have generated over $400 million for state government in 2010, according to DOR estimates. The Badger State was one of 37 states at least partially exempting motor fuel from the state sales tax.

■ *Other*. Although some exemptions reduce annual government revenues by millions, others have little effect. For example, repealing the exemption for U.S. and state flags would have minimal fiscal effect. Eliminating the tax exemption for admission to certain historical museums would generate just $26,000 in state taxes.

Table 3:
Tax Exemptions Vary by State
\# of States Exempting Goods from Tax, Dec. 2010

Item	# Exempt	Wis. Treatment
Goods		
Grocery food	32	Exempt
Nonpresc. Drugs	10	Taxable
Clothing	7	Taxable
Res. energy	30	Exempt
Newspapers	36	Exempt
Gasoline	37	Exempt
Services		
Cleaning	29	Exempt
Medical	45	Exempt
Pers./Profess.	40	Exempt
Repair	24	Taxable
Transportation	34	Taxable

Note: "Exempt" includes states that exempt items wholly or in part. For example, residential energy is exempt from Wisconsin tax only during November through April. The District of Columbia is included in the table above.

Such items as these generate little revenue when taxed, but the cumulative effect of many minor exemptions can confuse taxpayers and increase compliance costs, particularly for small businesses. Unlike large companies, small businesses are unlikely to have the knowledge, professional staff, or software tools that ease compliance.

Services. Services here are taxed only if specified in law. For example, the state taxes vehicle repair services but not health services (services by physicians, dentists, etc.). If taxed, health services would have added an estimated $581.1 million in state tax revenues. Computer and legal services, which are also not taxed, would have generated more than $100 million each in 2010 if the state sales tax had been applied.

The Federation of Tax Administrators (FTA) surveys states on taxation of 168 different services. According to FTA, only two states (Hawaii and New Mexico) had "broad-based sales taxes" in 2007 (the most recent year available) that included most of the services FTA included in their survey.

Wisconsin taxed 72 of 168 services in 1996, 74 in 2004, and 76 in 2007. In all three years, the state ranked 11th nationally in the number of services taxed. Overall, states taxed an average of 54.7, 55.2, and 55.6 services in those three years, respectively.

Of the 15 services relating to admissions/amusement, Wisconsin taxed 14—tied for the most with New Mexico, Hawaii, Iowa, and Florida.

Tax Holidays. In addition to permanently exempting items from sales tax, some states use temporary sales tax "holidays" to provide relief. New York imposed the first sales tax holiday in 1997, while 17 states used them from January through August 2011, and 19 did so during 2010.

Although holiday length and items affected varied by state, clothing was the item most often exempted from tax during these periods. Other sales tax holidays related to hurricane preparedness items (Virginia) and firearms, ammunition, and hunting supplies (Louisiana).

Wisconsin has not used sales tax holidays but did return a revenue surplus to taxpayers through what was called a "sales tax rebate" in 2000. The rebate totaled $688.2 million and was distributed to

2.5 million households based on income tax filing. Rebate amounts ranged from $184 to $267 for single filers and $360 to $534 for married couples filing joint, according to LFB.

Internet Sales

The growing popularity of Internet sales affects both the paying and collecting of Wisconsin sales tax. The issue has received more attention in recent years as consumers have transitioned from making occasional to frequent purchases on the Internet. E-commerce sales nationally increased nearly 14% from the third quarter of 2010 to the third quarter of 2011.

Use Tax. In the 1992 *Quill* decision, the U.S. Supreme Court ruled companies do not have to collect sales taxes in states where they do not have a significant physical presence. Since states define goods differently and over 7,000 districts tax sales nationally, requiring companies to apply the law of each jurisdiction constitutes an undue burden according to the court.

Although some retailers may not be forced to collect sales tax, Wisconsin law requires taxpayers to pay a "use" tax on purchases where sales tax was not collected.

Wisconsin's use tax is based on the storage, use, or other consumption of tangible personal property or taxable services that have not been subject to the sales tax. Its purpose is to prevent evasion by purchasing items outside the state and having them shipped into the state to avoid taxation. While taxpayers are required to pay the use tax on their individual income tax returns, less than 1% do so.

Revenue Losses. According to one estimate, Internet sales reduce sales tax revenues nationally by $7 billion. In Wisconsin, estimates of uncollected revenue because of online sales range from $60 million to $160 million annually.

DOR estimates revenue lost from e-commerce at about $62 million in 2012. A review of online retailers found 18 of the 20 largest retailers nationally currently collect Wisconsin sales tax on Internet purchases.

A University of Tennessee study (last updated in 2009) estimated that state-local sales tax revenues not collected here due to Internet sales will range from $124 million to $158 million in 2012, more than double the DOR estimate.

If one assumes Wisconsin state-local governments collect about $4.5 billion annually in sales tax revenues, taxing all Internet sales would increase collections between 1.4% and 3.5%, based on DOR and Tennessee estimates.

SSTP. In response to *Quill* and revenue losses, the Streamlined Sales Tax Project (SSTP) was created by states to make it easier for online retailers to comply with sales tax laws in multiple states. SSTP is aimed at simplifying and creating uniform sales tax guidelines.

SSTP has two key provisions. The first concerns how goods are defined. For example, many states collect the sales tax on candy, but they all define "candy" differently, creating confusion for interstate business. Under SSTP, "candy" would be defined the same way in all member states. They would still be free to choose whether to tax it, but companies would know whether an item is "candy" in all SSTP states.

The second provision to the SSTP is uniform taxation within states. States are still able to choose what is and is not taxable, but local taxing authorities must abide by the decision as well. This prevents multiple tax rules within a state.

Wisconsin became party to the multistate streamlined sales tax agreement in October 2009. There are currently 21 full participants in the project.

QUESTIONS TO CONSIDER

The state sales tax evolved during its early years but changed little over the past three decades. With consumption changing, the tax base shrinking, and tax revenue growth slowing, it may be time for elected officials to review the sales tax and its sustainability in a 21st-century economy. Questions for state leaders include:

- With services accounting for an increasing share of consumption, should the state consider taxing more of them?
- Would taxpayers prefer that some tax exemptions be repealed if the sales tax rate were lowered as a result?
- Would the repeal of some tax exemptions relating to "nonnecessity" items help make the state's sales tax less burdensome for low-income taxpayers? □

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WISTAX NOTES

■ **Budget Shortfall.** State general fund tax collections for 2011-13 will be lower than originally projected last May, according to a new report from the nonpartisan Legislative Fiscal Bureau. The general fund is now expected to have a $143 million deficit when the current biennium ends mid-2013.

Original projections showed general fund revenues up 4.0% in 2012 and 3.6% in 2013. Reestimates dropped those figures to 2.2% and 3.1%, respectively. The revisions largely reflect the changed outlook for U.S. growth in gross domestic product (GDP). Last May, real (inflation-adjusted) GDP was expected to grow 2.9% in 2012 and 3.1% in 2013. Most recent February estimates have those figures at 2.1% and 2.3%, respectively.

In percentage terms, the most significant drop in tax estimates here came in corporate income tax collections, where annual growth rates fell to between 0% and 1%. Based on the new projected deficit, the LFB notes a budget repair bill may be necessary. However, the governor's office says it has many tools available to address the deficit. These tools could include debt refinancing or restructuring.

■ **State Bond Ratings.** Eighteen states had their general obligation (GO) bond ratings change by at least one of the three major bond houses between April 2010 and December 2011, while Wisconsin's remained unchanged. States receiving rating upgrades from Moody's, S&P, or Fitch included Alaska, Idaho, Indiana, Louisiana, Massachusetts, Nebraska, Oregon, South Dakota, West Virginia, and Wyoming. States having their GO debt downgraded were Arizona, Connecticut, Hawaii, Illinois, Kentucky, Minnesota, Nevada, and New Jersey.

Credit ratings affect the interest rates governments are able to receive on bonds. The Badger State's bond ratings have not rebounded since being downgraded by all three major bond houses in the late 1990s and early 2000s. Wisconsin's GO ratings currently stand at Aa2 (Moody's), AA (S&P), and AA (Fitch).

■ **Education Pays.** Individuals with college degrees not only earn more than those with only high school degrees but are also more likely to be employed. According to a College Board report, the median earnings of college graduates were nearly $22,000 more than the earnings of high school grads in 2008. People with only a high school education also had unemployment rates more than two times higher than those with a college education in 2009.

College-educated individuals were also found to live healthier lifestyles than others. Not only were college graduates less likely than high school grads to be obese, but they were also less likely to smoke. During 1998-2008, the smoking rate dropped 5 percentage points among college graduates vs. just 2 percentage points for others.

■ **Home Sales.** Wisconsin home sales increased slightly in 2011, as 51,512 sales were reported vs. 51,392 the prior year. The median sales price dropped 6.4%, from $141,000 in 2010 to $132,000 in 2011, according to the Wisconsin REALTORS® Association. Regionally, sales over the past year were strongest in the southeast and northern regions of the state. □