OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

$20,000,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES D (TAXABLE)

Dated: June 15, 2001 **Due: November 1, as shown below**

Ratings	AA+ Fitch Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Taxable Bonds	Interest on the Bonds is subject to federal income and State of Wisconsin income and franchise taxes—*See pages 12-14*.
Redemption	The Bonds maturing on or after November 1, 2012 are callable at par on or after November 1, 2011—*See page 3*. The Bonds maturing on November 1, 2011, 2016, 2021, and 2031 are subject to mandatory sinking fund redemption at par—*See pages 2-3*. The Bonds are subject to special redemption at par—*See pages 3-5*.
Security	General obligations of the State of Wisconsin.
Purpose	Proceeds from the Bonds are being used to fund veterans primary mortgage home loans—*See pages 1-2*.
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	May 1, 2002
Denominations	$5,000
Closing/Settlement	June 26, 2001
Bond Counsel	Foley & Lardner
Registrar/Paying Agent	State Treasurer
Issuer Contact	Wisconsin Capital Finance Office–(608) 266-2305; capfin@doa.state.wi.us
Book-Entry-Only Form	The Depository Trust Company—*See pages 6-8*.
Annual Report	This Official Statement incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000.

The Bonds were sold at competitive sale on June 5, 2001. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year (November 1)	Principal Amount	Interest Rate	First Optional Redemption Date	Call Price
977056 H52	2002	$ 320,000	4.50%	Not Callable	-
977056 H60	2003	255,000	5.00	Not Callable	-
977056 H78	2004	265,000	5.30	Not Callable	-
977056 H86	2005	280,000	5.50	Not Callable	-
977056 H94	2006	295,000	5.60	Not Callable	-
977056 J27	2007	315,000	5.75	Not Callable	-
977056 J35	2008	330,000	5.90	Not Callable	-
977056 J43	2011 [(a)]	1,110,000	6.20	Not Callable	-
977056 J50	2016 [(a)]	2,390,000	6.60	11/1/2011	100%
977056 J68	2021 [(a)]	3,305,000	6.90	11/1/2011	100
977056 J76	2031 [(a)]	11,135,000	7.05	11/1/2011	100

Purchase Price: $19,849,561.74

[(a)] This maturity is a term bond. For a schedule of the installment payments, see "THE BONDS; Redemption Provisions; *Mandatory Sinking Fund Redemption*" herein.

June 5, 2001

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This document is the "official" statement—that is, it contains the only authorized information about the offering of the Bonds. This document isn't an offer or solicitation for the Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document isn't a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document aren't hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE BONDS

BUILDING COMMISSION MEMBERS

Voting Members	**Term of Office Expires**
Governor Scott McCallum, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Mark Meyer	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Timothy Hoven	January 6, 2003
Representative Jeffrey Plale	January 6, 2003
Representative Daniel Vrakas	January 6, 2003
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. George Lightbourn, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	——
Mr. Wilbert King, State Chief Architect Department of Administration	——

Building Commission Secretary

Mr. Robert G. Cramer (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
capfin@doa.state.wi.us

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
frank.hoadley@doa.state.wi.us

Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
larry.dallia@doa.state.wi.us

Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@doa.state.wi.us

SUMMARY DESCRIPTION OF THE BONDS

Selected information is presented on this page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin General Obligation Bonds of 2001, Series D (Taxable)
Principal Amount:	$20,000,000
Denominations:	$5,000 and integral multiples
Date of Issue:	June 15, 2001
Record Date:	April 15 or October 15
Interest Payment:	May 1 and November 1, commencing May 1, 2002
Maturities:	November 1, 2002-2008, 2011, 2016, 2021, and 2031—*See front cover*
Redemption:	*Optional*—The Bonds maturing on or after November 1, 2012 are subject to optional redemption at par beginning November 1, 2011—*See page 3*
	Mandatory Sinking Fund—The Bonds maturing on November 1, 2011, 2016, 2021, and 2031 are subject to mandatory sinking fund redemption at par—*See page 2-3*
	Special— The Bonds are subject to special redemption at par—*See pages 3-5*
Form:	Book entry only—*See pages 6-8*
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the State Treasurer. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Bonds are general obligations. As of April 30, 2001, there were $4,159,833,079 of outstanding general obligations of the State.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18, 20, and 45 of the Wisconsin Statutes.
Purpose:	Proceeds from the Bonds are being used to fund veterans primary mortgage home loans—*See pages 1-2*
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all executors, administrators, guardians, trustees, and other fiduciaries; for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Taxable Bonds:	*Federal income tax*—Interest on the Bonds is included in gross income for federal income tax purposes.
	Wisconsin state income and franchise taxes—Interest on the Bonds is subject to State of Wisconsin income and franchise taxes—*See pages 12-14*
Legal Opinion:	Validity opinion to be provided by Foley & Lardner—*See Appendix B*

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OFFICIAL STATEMENT

$20,000,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES D (TAXABLE)

INTRODUCTION

This Official Statement sets forth information concerning the $20,000,000 General Obligation Bonds of 2001, Series D (Taxable) **(Bonds)** issued by the State of Wisconsin **(State)**. This Official Statement includes by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 **(2000 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes as well as an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on November 22, 2000.

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration **(Department of Administration)**.

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which includes by reference Part II and Part III of the 2000 Annual Report.

Requests for additional information about the State may be directed to.

Contact:	Capital Finance Office
	Attn: Capital Finance Director
Phone:	(608) 266-2305
Mail:	101 East Wilson Street, FLR 10
	P.O. Box 7864
	Madison, WI 53707-7864
E-mail:	capfin@doa.state.wi.us

THE BONDS

Plan of Finance

The Bonds are being used to fund primary mortgage home loans to veterans, without regard to whether they are "qualified veterans" under federal tax law, for the purpose of acquiring residences **(Taxable Veterans Mortgage Bonds**).

The State intends to provide a subsidy for veterans primary mortgage home loans funded with proceeds of the Bonds. The source of the subsidy will be excess proceeds of eligible mortgage pools, including available equity of the veterans primary mortgage housing loan program, repayments of veterans primary mortgage home loans funded with tax-exempt general obligation bonds (**Tax-Exempt Veterans Mortgage Bonds**), or excess amounts in the Insurance Reserve Account. Under federal tax law, each of these sources is eligible for such use.

General

The front cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the Bonds.

The Bonds will be dated June 15, 2001 and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2002.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Bond will be paid to the registered owner of the Bonds. The Bonds are being issued in book-entry-only form, so the registered owners will be a securities depository–initially, a nominee of The Depository Trust Company, New York, New York **(DTC)**. See "THE BONDS; Book-Entry-Only Form".

The Bonds are issued as fully registered bonds without coupons in principal denominations of $5,000 or multiples of $5,000.

Security

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds as the Bonds mature and become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Redemption Provisions

Optional Redemption

The Bonds are subject to optional redemption before their maturity date. The Bonds maturing on or after November 1, 2012 may be redeemed on November 1, 2011 or any date after that date, in whole or in part in multiples of $5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and it may direct the amounts and maturities of the Bonds to be redeemed.

Mandatory Sinking Fund Redemption

The Bonds due on November 1, 2011 **(2011 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100%) of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments that are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2011 Term Bonds specified below:

Redemption Date (November 1)	Principal Amount
2009	$350,000
2010	370,000
2011[(a)]	390,000

[(a)] Stated Maturity

The Bonds due on November 1, 2016 **(2016 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100%) of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments that are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2016 Term Bonds specified below:

Redemption Date (November 1)	Principal Amount
2012	$420,000
2013	445,000
2014	475,000
2015	510,000
2016[a]	540,000

[a] Stated Maturity

The Bonds due on November 1, 2021 **(2021 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100%) of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments that are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2021 Term Bonds specified below:

Redemption Date (November 1)	Principal Amount
2017	$575,000
2018	615,000
2019	660,000
2020	700,000
2021[a]	755,000

[a] Stated Maturity

The Bonds due on November 1, 2031 **(2031 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100%) of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory sinking fund installments that are required to be made in amounts sufficient to redeem on November 1 of each year the respective amount of the 2031 Term Bonds specified below:

Redemption Date (November 1)	Principal Amount
2022	$ 805,000
2023	860,000
2024	920,000
2025	985,000
2026	1,055,000
2027	1,130,000
2028	1,210,000
2029	1,295,000
2030	1,390,000
2031[a]	1,485,000

[a] Stated Maturity

Optional redemption (or the purchase in lieu thereof) of the 2011 Term Bonds, 2016 Term Bonds, 2021 Term Bonds, or 2031 Term Bonds will be applied to reduce the sinking fund installments established for such Term Bonds redeemed or purchased in such manner as the Commission may direct.

Special Redemption–Unexpended Proceeds

The Bonds are subject to special redemption before maturity, on any date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date, from unexpended Bond proceeds. This redemption is at the option of the

Commission, and it may direct the amount and maturities of the Bonds to be redeemed; however, the Commission intends to apply amounts from this source as a pro rata redemption on all applicable outstanding maturities of the Bonds, subject to rounding.

Special Redemption–Prepayments

The Bonds are subject to special redemption before maturity, on any date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date, from repayments of veterans primary mortgage home loans or interest or income on investments in certain accounts, funded from or attributed to the Bonds. This redemption is at the option of the Commission and it may direct the amount and maturities of the Bonds to be redeemed; however, the Commission intends to apply amounts from this source as a pro rata redemption on all applicable outstanding maturities of the Bonds, subject to rounding.

Prepayments of mortgage loans or loans originated with or attributed to any other series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of the Bonds. Prepayments of mortgage loans or loans originated with or attributed to any series Tax-Exempt Veterans Mortgage Bonds shall not be used for special redemption of Taxable Veterans Mortgage Bonds, and prepayments of mortgage loans or loans originated with or attributed to any series of Taxable Veterans Mortgage Bonds shall not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds.

Expected Average Life Table

The following table summarizes the expected average life of the Bonds, based on various assumptions. The following table was prepared by cfX Incorporated, the firm the State has employed to review and provide quantitative analysis about the cash flow of the veterans primary mortgage housing loan program. In creating the following table, cfX Incorporated used the following assumptions:

- Average origination date of October 1, 2001.
- Level amortization of the primary mortgage home loans based on a 30-year term at a 7.00% mortgage loan rate.
- Principal amount due on the Bonds on a particular date is payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond, as determined by the successful bidder.
- Special redemption available solely from unexpended proceeds of the Bonds or from prepayments of veterans primary mortgage home loans funded by or interest or income on investments in certain accounts attributed to the Bonds.
- Early special redemptions done on a semi-annual periodicity.
- Prepayment speed of 0% relative to the prepayment models prepared by Federal Housing Authority **(FHA)** and Public Securities Association **(PSA** and currently called The Bond Market Association**)** assumes that no prepayments will occur.

Average Life Summary (In Years)

Prepayment Speed (FHA)

	0%	25%	50%	75%	100%	150%	200%	300%	400%
Serial Bonds (2002-08)	4.43	4.36	4.26	4.18	4.09	3.93	3.80	3.54	3.34
2011 Term Bond	9.38	8.90	8.44	8.03	7.68	7.02	6.41	5.54	4.87
2016 Term Bond	13.47	12.37	11.43	10.54	9.79	8.47	7.50	6.06	5.17
2021 Term Bond	18.48	16.33	14.54	13.00	11.72	9.70	8.26	6.42	5.39
2031 Term Bond	26.41	21.95	18.48	15.78	13.70	10.68	8.80	6.68	5.66
Aggregate	20.37	17.37	15.00	13.10	11.61	9.39	7.94	6.20	5.30

Prepayment Speed (PSA)	0%	25%	50%	75%	100%	150%	200%	300%	400%
Serial Bonds (2002-08)	4.43	4.37	4.28	4.21	4.13	3.99	3.85	3.63	3.42
2011 Term Bond	9.38	8.94	8.63	8.19	7.91	7.22	6.70	5.80	5.10
2016 Term Bond	13.47	12.52	11.57	10.86	10.10	8.93	7.93	6.41	5.45
2021 Term Bond	18.48	16.53	14.88	13.42	12.18	10.19	8.72	6.81	5.62
2031 Term Bond	26.41	22.28	19.06	16.47	14.40	11.36	9.34	6.98	5.75
Aggregate	20.37	17.61	15.40	13.60	12.13	9.92	8.39	6.51	5.44

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. Information in the above table for the FHA prepayment speed was prepared using the June 30, 1991 table entitled "Survivor and Decrement Tables for HUD/FHA Home Mortgage Insurance Program". The PSA prepayment model represents an assumed monthly rate of repayment of the then outstanding balance of a pool of new mortgage loans. The PSA prepayment model does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction on the anticipated rate of prepayment of any pool of mortgage loans. A prepayment speed of 100 percent PSA assumes prepayment rates of 0.2 percent per year of the then unpaid principal balance of mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples are calculated from this prepayment rate series; for example, 200 percent PSA assumes prepayment rates will be 0.4 percent per year in the first month, 0.8 percent in the second month, reaching 12 percent per year in the 30th month and remaining constant at 12 percent per year thereafter.

Information contained in the above table is based on data and assumptions obtained by cfX Incorporated from various sources, including the State. cfX Incorporated has made no verification, independent investigation, or review of the truth or accuracy of such data and assumptions. The average life summary in the above table is also based on assumptions as to quantitative and other factors, including assumptions with respect to incomplete information, which are inherently subject to significant economic and other uncertainties and contingencies. Different assumptions could have a material effect upon the results in the above table. cfX Incorporated makes no representation, express or implied, as to the accuracy, timeliness, or completeness of the aforementioned data or the accuracy or reasonableness of any of the aforementioned assumptions.

No assurance can be given that prepayments of principal on the primary mortgage home loans underlying the Bonds will conform to any prepayment projections or schedule, including the above table, or that prepayments will be available to be applied to redemption of the Bonds. The State has not undertaken to provide ongoing information to bondholders with respect to the aforementioned assumptions or the extent that actual results have been consistent with such assumptions.

Selection of Bonds

If less than all the Bonds of a particular maturity are to be redeemed, the selection of Bonds to be redeemed depends on whether the Bonds are in book-entry-only form or are in certificated form. See "THE BONDS; Book-Entry-Only Form". If the Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules. If the Bonds are not in book-entry-only form, selection will be by lot.

Notice of Redemption

If the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 45 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

If the Bonds are not in book-entry-only form and registered in the names of multiple owners, any redemption notice will be published between 30 and 45 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice will also be mailed, postage prepaid, between 30 and 45 days before the redemption date to the registered owners of any Bonds to be redeemed. The mailing, however, will not be a condition to the redemption; any proceedings to redeem the Bonds will still be effective even if the notice is not given. A redemption notice may be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. The revocation notice will also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, will not be a condition to the revocation; the revocation will still be effective even if the notice is not given.

In the event the Bonds are not in book-entry-only form and registered in the name of a single owner, any redemption notice will be mailed, postage prepaid, between 30 and 45 days before the redemption date to the registered owner. The mailing, however, will not be a condition to the redemption; any proceedings to redeem the Bonds will still be effective even if the notice is not given. A redemption notice may be revoked by mailing a notice, postage prepaid, to the registered owner at least 15 days prior to the proposed date of redemption.

Interest on any Bond called for redemption will cease to accrue on the redemption date so long as the Bond is paid or money is provided for its payment.

Registration and Payment of Bonds

How the Bonds are paid depends on whether or not they are in book-entry-only form.

If the Bonds are in book-entry-only form, payment of principal will be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the Bonds at the principal office of the Paying Agent–which is the State Treasurer. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

If the Bonds are not in book-entry-only form, payment of principal will be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the Bonds will be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the 15th day (whether or not a business day) of the calendar month before the interest payment date **(Record Date)**.

Book-Entry-Only Form

DTC will act as securities depository for the Bonds. The State Treasurer will register all Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the same law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities

Exchange Act of 1934, as amended. DTC holds securities that its participants **(Direct Participants)** deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly **(Indirect Participants)**. The rules applicable to DTC and its Direct and Indirect Participants—that is, Participants—are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond **(Beneficial Owner)** is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To make the system work more smoothly, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This doesn't affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the Bonds are; its records show only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co. is the registered owner of the Bonds as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

Notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any legal requirements.

The State will send redemption notices to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants.

The State will make payments on the Bonds to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participant and not of the State or DTC, subject to any legal requirements. The State is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at the State's expense.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If that happens, bond certificates will be printed and delivered at the State's expense.

The information in this section about DTC and DTC's book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the Bonds. The State is not responsible for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that the State designates a successor securities depository, the successor may establish different procedures.

Application of Bond Proceeds

Bond proceeds are being used to fund veterans primary mortgage home loans. Bond proceeds will be deposited into the Capital Improvement Fund. Bond proceeds will be spent pursuant to rules and procedures adopted by the Wisconsin Department of Veterans Affairs **(DVA)** and approved by the Commission. Until the money is spent, the State of Wisconsin Investment Board will invest the Bond proceeds.

Ratings

At the State's request, several rating agencies have rated the Bonds:

Rating	*Rating Agency*
AA+	Fitch
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

OTHER INFORMATION

Veterans Housing Loan Program

The veterans housing loan program, operated by the DVA, is the largest revenue-supported program of the State. Lending activities under the program began in 1974. Except for four revenue bond issues (which have all been redeemed), the program has been funded by State general obligation bond issues that have been either Tax-Exempt Veterans Mortgage Bonds or Taxable Veterans Mortgage Bonds. These bonds are collectively referred to as **Veterans Mortgage Bonds**.

Primary Mortgage Housing Loan Program Requirements

Veterans who wish to purchase, build, or purchase and rehabilitate homes that satisfy certain cost or value limitations in relation to the veteran's income may apply for a veterans primary mortgage home loan. The home loan may be for the purchase of an existing home, for a construction loan, for refinancing the balance due on a construction period loan, bridge loan, or other financing with a term of 24 months or less, or for a combined purchase and rehabilitation loan of up to 95% of the home's value for a term not exceeding 30 years. A loan application is reviewed first by a local lending institution and then by DVA. If the application is approved, the local lending institution originates the loan as agent for DVA and acts as loan servicer thereafter. There are numerous other standards required to be satisfied as part of underwriting, including a first, or primary mortgage, and a shelter-cost ratio of generally less than 25% of income. This ratio may go up to as much as 33% under certain favorable credit circumstances or must be reduced if certain credit risks are present. The originator of the home loan may charge the borrower an origination fee of one point (approximately two points in the case of construction loans and three points on the rehabilitation portion of purchase-rehabilitation loans).

Mortgage Interest Rates

It has been the policy of DVA to set the interest rate charged to a borrower at a level sufficient to pay the debt service on the Veterans Mortgage Bonds funding the loan, the cost of program administration and, if deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below).

In setting the interest rate, DVA has chosen to provide a subsidy for veterans primary mortgage loans funded with the Bonds. While the State intends to use the above practice for these Bonds, it has not determined if any subsidy or similar arrangement will be available for veterans primary mortgage home loans funded with future issues of Taxable Veterans Mortgage Bonds.

Other

Tax-Exempt Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for Veterans Mortgage Bonds issued since 1985. Based on May 1, 2000 balances and existing DVA assumptions, the cash flow of the mortgages is sufficient to meet future debt service payments even if no mortgages are prepaid. Program loans may be assumed only by other qualifying veteran borrowers.

After deducting a servicing charge (.375% per annum), the participating lender deposits the veteran's monthly loan repayments and any prepayments into the Repayment Fund, a segregated statutory fund. An irrevocable appropriation is provided by law as a first charge on assets of the Repayment Fund in a sum sufficient to provide for the repayment of principal of, premium, if any, and interest on State general obligation debt issued to fund the program.

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of such properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it expects that such losses will not require recourse to the State's General Fund but rather will be covered by the Insurance Reserve Account within the Fund. The insurance reserve requirement (4% of outstanding loans) is currently satisfied in full.

Borrowing Plans for 2001

General Obligations

This is the fourth series of general obligation bonds to be issued in this calendar year. The Commission has previously sold $15 million of general obligation bonds for the veterans housing loan program and $92 million of general obligation bonds for general governmental purposes. The Commission also intends to deliver on June 19, 2001 an additional $92 million of general obligation bonds for general governmental purposes.

The Commission has authorized up to $275 million of general obligations to refund general obligations previously issued for general governmental purposes. The amount and timing of any general obligation refunding bonds depend on market conditions.

In addition, the State also expects the following general obligations to be issued this calendar year, although the Commission has not yet acted to authorize the issuance of these general obligations:

- Additional general obligations in the form of fixed-rate bonds or variable-rate notes in the fourth quarter for general governmental purposes.
- Additional taxable general obligation bonds in the fourth quarter to fund veterans housing loans and home improvement loans.
- Additional general obligation subsidy bonds sold to the Environmental Improvement Fund, which provides funds for the Clean Water Fund Loan Program.

Other Obligations

There remain approximately $76 million of authorized but unissued authority for transportation revenue bonds to fund projects in the transportation revenue bond program. The Commission has authorized up to $244 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any transportation revenue refunding bonds depend on market conditions. The Commission has also authorized $155 million of transportation revenue bonds for the refunding of outstanding transportation revenue commercial paper notes. This authorization is required pursuant to a credit agreement with the banks providing a letter of credit for security on the transportation revenue commercial paper notes. At this time, the State does not intend to refund the currently outstanding transportation revenue commercial paper notes.

The Commission has also authorized up to $84 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any clean water revenue refunding bonds depend on market conditions.

The Commission has authorized up to $125 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any such issue depends on market conditions.

The State expects to issue master lease certificates of participation in the third quarter of this calendar year.

The Commission has authorized up to $800 million of operating notes. The amount of operating notes to be issued depends on general-fund cash flow projections. The State expects to issue these operating notes in the third quarter.

Underwriting

The Bonds were purchased through competitive bidding on June 5, 2001 by the following account **(Underwriters)**: Dain Rauscher, Inc., book-running manager; ABN Amro Financial Services Inc. and Griffin, Kubik, Stephens & Thompson, Inc., managers; and Howe Barnes Investments, Inc.

The purchase price paid by the Underwriters was $19,849,561.74. The true interest cost rate to the State, after the State adjusted the amortization of the Bonds as provided for in the Official Notice of Sale, was 6.958679%. The sale of the Bonds was awarded based on a true interest cost rate of 6.965523%, determined before the State adjusted the amortization of the Bonds.

Reference Information About the Bonds

The table below—as well as the table on the front cover—includes information about the Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriter has provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. The price at issuance is the lower of the price to maturity or the price to call.

$20,000,000
State of Wisconsin
General Obligation Bonds of 2001, Series D (Taxable)

Dated Date: June 15, 2001
First Interest Date: May 1, 2002
Closing/Settlement: June 26, 2001
Special Redemption: The Bonds are subject to special redemption at par. See "THE BONDS; Redemption Provisions".

CUSIP	Year (November 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977056 H52	2002	$ 320,000	4.50%	4.58%	99.891%	Not Callable	-
977056 H60	2003	255,000	5.00	5.00	100.000	Not Callable	-
977056 H78	2004	265,000	5.30	5.35	99.841	Not Callable	-
977056 H86	2005	280,000	5.50	5.60	99.610	Not Callable	-
977056 H94	2006	295,000	5.60	5.70	99.536	Not Callable	-
977056 J27	2007	315,000	5.75	5.80	99.728	Not Callable	-
977056 J35	2008	330,000	5.90	6.00	99.403	Not Callable	-
977056 J43	2011 [a]	1,110,000	6.20	6.25	99.613	Not Callable	-
977056 J50	2016 [a]	2,390,000	6.60	6.65	99.512	11/1/2011	100%
977056 J68	2021 [a]	3,305,000	6.90	7.00	98.911	11/1/2011	100
977056 J76	2031 [a]	11,135,000	7.05	7.06	99.862	11/1/2011	100

[a] This maturity is a term bond. For a schedule of the installment payments, see "THE BONDS; Redemption Provisions; *Mandatory Sinking Fund Redemption*" herein.

Quantitative Analyst

The State has employed cfX Incorporated to review, and provide quantitative analysis regarding, the cash flow of the veterans housing loan program to assure fulfillment of the legislative mandate that the program be self-amortizing.

Legal Investment

State law provides that the Bonds are legal investments for the following:

- Banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Executors, administrators, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinion

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the approval of Foley & Lardner (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in APPENDIX B. If certificated Bonds are issued, the opinion will be printed on the reverse side of each Bond.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. In the event certificated Bonds are issued, a certificate of the Attorney General will be printed on the reverse side of each Bond.

Tax Matters

Federal Income Tax

The following discussion is a summary of certain United States federal income tax considerations relevant to the purchase, ownership, and disposition of the Bonds by owners thereof, based upon current provisions of the Code, judicial decisions, and administrative interpretations. This summary does not purport to be a complete analysis of all the potential federal income tax effects relating to the purchase, ownership, and disposition of the Bonds, and without limiting the generality of the foregoing, it does not address the effect of any foreign, state, or local tax laws, or the special rules applicable to certain types of purchasers (including dealers in securities, insurance companies, financial institutions, and tax-exempt entities and persons who hold Bonds as part of a straddle, hedge, or conversion transaction). In addition, this discussion is limited to owners who hold Bonds as capital assets within the meaning of Section 1221 of the Code. Each prospective purchaser of the Bonds is strongly urged to consult its own tax advisor with respect to its particular tax situation and possible changes in the tax laws.

Except in the case of an owner who is a foreign person and who is not subject to federal income tax on income derived from a Bond (see discussion below regarding foreign persons), the interest paid on a Bond will be included in the owner's gross income for federal income tax purposes at the time that the interest is paid or accrued, in accordance with the owner's method of accounting for federal income tax purposes.

Although certain Bonds are being issued at prices that are less than their respective principal amounts, these Bonds are not treated as having original issue discount for federal income tax purposes, because the amount of discount is less than the applicable *de minimis* amount.

If an owner purchases a Bond at a cost that is greater than the stated redemption price at maturity of the Bond, the excess will be treated as "bond premium" under Section 171 of the Code, and the owner may elect to treat the portion of the excess that is allocable to each taxable year as being an offset to the interest income derived from the Bond in that taxable year. If such an election is made, the amount of each such offset to interest income will result in a corresponding reduction in the owner's adjusted tax basis of the Bond.

A Bond will be deemed to have "market discount" in the hand of an owner if:

- The owner's tax basis in such Bond immediately after acquisition is less than the Bond's adjusted issue price, and
- The amount of this difference **(market discount)** exceeds a specified *de minimis* amount.

If a Bond has market discount in the hand of an owner, then unless an election is made to include such discount in gross income for federal income tax purposes on an accrual basis over the remaining life of the Bonds, any gain recognized by an owner upon the sale or other disposition (including payment at maturity) of this Bonds will be treated as ordinary income to the extent that this gain does not exceed the amount of "market discount" that has accrued on the Bonds while held by the owner. If interest is paid or accrued by the owner on indebtedness incurred or maintained to purchase or carry a Bond with market discount, the deduction for the portion of the owner's interest expense that is allocable to the accrued market discount may be deferred.

In the case of a sale or exchange (including a redemption) of a Bond, the owner will recognize gain or loss equal to the difference, if any, between the amount received and the owner's adjusted tax basis in the Bonds. Any such gain or loss will be treated as a capital gain or loss, except to the extent that any gain is treated as ordinary income under the "market discount" rules as described above.

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership of Bonds by a nonresident alien (other than a former United States citizen described in Section 877(a) of the Code or a former resident of the United States described in Section 877(e) or 7701(b)(10) of the Code), a foreign corporation, a foreign partnership, a foreign trust, or a foreign estate **(foreign person)**. Owners of Bonds who are foreign persons are urged to consult their own tax advisers regarding the specific tax consequences to them of owning Bonds.

Interest and any original issue discount earned on a Bond by an owner who is a foreign person will be considered "portfolio interest" and will not be subject to United States federal income tax or withholding if:

- such foreign person is neither a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, nor a bank that is purchasing Bonds pursuant to an extension of credit made in the ordinary course of its trade or business,
- the certification requirements described below are satisfied, and
- the interest is not effectively connected with the conduct of a trade or business within the United States by the foreign person.

The certification requirements will be satisfied if either (i) the beneficial owner of the Bond timely certifies to the State, under penalties of perjury, that such owner is a foreign person and provides its name and address, or (ii) a custodian, broker, nominee, or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Bonds in such capacity timely certifies to the State, under penalties of perjury, that such statement has been received from the beneficial owner of the Bonds by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to the State a copy thereof. The foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable, or any successor forms, duly executed under penalties of perjury. With respect to the certification requirement for Bonds that are held by an entity that is classified for United States federal income tax purposes as a foreign partnership, the applicable Treasury Regulations provide that, unless the foreign partnership has entered into a withholding agreement with the Internal Revenue Service, the foreign partnership will be required, in addition to providing an intermediary Form W-8IMY, to attach an appropriate certification by each partner.

Any interest or original issue discount (other than “portfolio interest”) earned on a Bond by a foreign person will be subject to United States federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty) if this interest or original issue discount is not effectively connected with the conduct of a trade or business within the United States by this foreign person.

All interest and original issue discount earned on a Bond, and any gain realized on a sale or exchange (including redemption) of a Bond, that is effectively connected with the conduct of a trade or business with the United States by a foreign person will be subject to United States federal income tax at regular graduated rates (and if the foreign person is a corporation, may also be subject to a United States branch profits tax). Such income will not be subject to United States income tax withholding, however, if the foreign person furnishes the proper certificate to the withholding agent.

Any gain realized by a foreign person on a sale or exchange (including a redemption) of a Bond will not be subject to United States federal income tax or withholding if (1) the gain is not effectively connected with the conduct of a trade or business within the United States, and (2) in the case of a foreign individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or exchange.

For United States estate tax purposes, the gross estate of a nonresident alien individual who holds a debt obligation of a United States person is not deemed to include such debt obligation if all of the interest on the obligation constitutes “portfolio interest”.

A 31% backup withholding tax applies to certain payments of interest and principal on, and any proceeds of a sale or exchange (including a redemption) of the Bonds. In the case of an owner that is not a foreign person, backup withholding generally will apply only if such owner fails to furnish its correct taxpayer identification number, is notified by the Internal Revenue Service that such owner has failed to report properly payments of interest or dividends, or fails to provide a required certification under penalties of perjury.

In the case of an owner that is a foreign person, backup withholding generally will not apply to payments made on the Bonds if such owner has provided the required certification under penalties of perjury that it is a foreign person, as defined above, or has otherwise established an exemption, provided in each case that the State does not have actual knowledge that the payee is not a foreign person. The State must report annually to the Internal Revenue Service and to each owner who is a foreign person any interest, including original issue discount, on the Bonds that is subject to withholding or that is exempt from United States withholding tax pursuant to a tax treaty or the "portfolio interest" exemption. Copies of these information returns may also be made available to the tax authorities of the country in which the foreign person resides.

Any amounts withheld from payment under the backup withholding rules will be allowed as a credit against an owners United States federal income tax liability and may entitle such owner to a refund, provided that the required information is furnished to the Internal Revenue Service.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is subject to State of Wisconsin income and franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By approximately December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository **(NRMSIR)** and to any state information depository **(SID).** The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board **(MSRB)**, and to any SID. As of the date of this Official Statement, no SID has been established. Part I of the 2000 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRs, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: June 5, 2001

STATE OF WISCONSIN

/s/ SCOTT MCCALLUM
Governor Scott McCallum, Chairperson
State of Wisconsin Building Commission

/s/ GEORGE LIGHTBOURN
George Lightbourn, Secretary
State of Wisconsin Department of Administration

/s/ ROBERT G. CRAMER
Robert G. Cramer, Secretary
State of Wisconsin Building Commission

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APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin **(State)**. Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2000 **(2000 Annual Report)** are included by reference as part of this APPENDIX A.

Part II to the 2000 Annual Report contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 1999-2000
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2000 Annual Report are the audited general purpose financial statements for the fiscal year ending June 30, 2000, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

Part III to the 2000 Annual Report contains information concerning general obligations issued by the State. That part presents a discussion of the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations), data pertaining to the State's outstanding general obligation debt, and the portion of that general obligation debt that is revenue-supported general obligation debt.

The 2000 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. Copies of the 2000 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Parts II and III of the 2000 Annual Report can also be found on the world wide web respectively at:

www.doa.state.wi.us/debf/capfin/2000dis2.pdf

www.doa.state.wi.us/debf/capfin/2000dis3.pdf

After publication and filing of the 2000 Annual Report, certain changes or events have occurred that affect items discussed in the 2000 Annual Report. Listed below, by reference to particular sections of the 2000 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs.

However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget (pages 25-28). Add the following:

Budget for 2000-01

On May 15, 2001, the Legislative Fiscal Bureau reduced the estimate of general fund tax revenues for the current 2000-01 fiscal year by $129 million. The memorandum from the Legislative Fiscal Bureau that contains these revised revenues appears on pages A-4 to A-10 of this Official Statement. As a result of these revised tax revenue estimates and other factors, including expenditure estimates, the ending balance on June 30, 2001 is now estimated to be $165 million. This balance is approximately $19 million less than the enacted budget and $113 million less than the balance projected by the Legislative Fiscal Bureau on January 25, 2001.

Proposed Budget for 2001-03

Governor's Proposed Budget

On February 20, 2001, the Governor introduced the executive budget for the 2001-02 and 2002-03 fiscal years. The following tables summarize this proposed executive budget for each fiscal year on a general-fund basis and all-funds basis. Additional information on the executive budget for the 2001-02 and 2002-03 fiscal years can be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

Proposed Executive Budget
General-Fund Basis
(Amounts in Millions)

	Proposed Budget 2001-02	Proposed Budget 2002-03
Beginning Balance	$ 293	$ 237
Tax Revenues	10,789	11,436
Tobacco Securitization Proceeds	350	N/A
Nontax Revenues	7,777	8,198
Total Amount Available	$19,209	$19,870
Total Disbursements/Reserves	$18,973	$19,726
Estimated Balance	237	144
Required Statutory Reserve*	140	143
Undesignated (Net) Balance	$ 97	$ 1

* Current law requires a Statutory Reserve of 1.2% of general purpose revenue (GPR) appropriations for the 2001-02 fiscal year, 1.4% for the 2002-03 fiscal year, and 1.6% for the 2003-04 fiscal year. This table reflects the proposed executive budget, which changes the current law so that the Statutory Reserve would be 1.2% for the 2002-03 fiscal year yet leaves in place the scheduled increase to 1.6% in the 2003-04 fiscal year.

Proposed Executive Budget
All-Funds Basis
(Amounts in Millions)

	Proposed Budget 2001-03	Proposed Budget 2002-03
Beginning Balance	$ 293	$ 237
Tax Revenues	10,789	11,436
Tobacco Securitization Proceeds	350	N/A
Nontax Revenues	19,829	20,008
Total Amount Available	$31,261	$31,680
Total Disbursements/Reserves	$31,025	$31,536
Estimated Balance	237	144
Required Statutory Reserve*	140	143
Undesignated (Net) Balance	$ 97	$ 1

* Current law requires a Statutory Reserve of 1.2% of general purpose revenue (GPR) appropriations for the 2001-02 fiscal year, 1.4% for the 2002-03 fiscal year, and 1.6% for the 2003-04 fiscal year. This table reflects the proposed executive budget, which changes the current law so that the Statutory Reserve would be 1.2% for the 2002-03 fiscal year yet leaves in place the scheduled increase to 1.6% in the 2003-04 fiscal year.

Revised Revenue Estimates

On May 15, 2001, the Legislative Fiscal Bureau also provided revised general fund tax revenue estimates for each year of the 2001-03 biennium. Based on these estimates, the general fund tax revenues are projected to be less than the amounts used in the executive budget. More specifically:

- General fund tax revenues are now estimated to be $180 million less for the 2001-02 fiscal year.
- General fund tax revenues are now estimated to be $311 million less for the 2002-03 fiscal year.

The Legislature is currently considering the executive budget for the 2001-02 and 2002-03 fiscal years. The memorandum from the Legislative Fiscal Bureau that contains these revised revenue estimates appears on pages A-4 to A-10 of this Official Statement. Based on these revised revenue estimates and legislative committee actions taken as of May 15, 2001, expenditures exceed revenues in the proposed executive budget by $195 million in the 2001-02 fiscal year and by $594 million in the 2002-03 fiscal year. See Table 3 (page A-9) in the memorandum from the Legislative Fiscal Bureau. The State Constitution requires the Legislature to enact a balanced budget.

A detailed summary of the executive all-funds budget is on page A-11 and a detailed summary of the executive general-fund budget is on page A-12. ***These detailed summaries on pages A-11 and A-12 do not reflect the revised revenue estimates.***

Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Telephone: (608) 266-3847 • Fax: (608) 267-6873

State of Wisconsin

May 15, 2001

Senator Brian Burke, Senate Chair
Representative John Gard, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

In January, 2001, this office prepared estimates of general fund tax collections for 2000-01 and the two years of the 2001-03 biennium. These figures were incorporated into the Governor's 2001-03 budget bill.

Last week, tax collections data through April became available. In addition, the May, 2001, national economic forecast by Standard and Poor's Data Resources, Inc. (DRI) was released. Based upon our review of the collections data and economic forecast, we now believe that general fund tax revenues will be lower than the amounts estimated last January by $129 million in 2000-01, $180 million in 2001-02 and $311 million in 2002-03. The three-year reduction in the estimates totals $620 million, or approximately 1.9%.

The decrease is primarily due to lower individual income, sales and corporate income tax revenues. Actual year-to-date collections of these taxes are lower than anticipated and the forecast of personal income, taxable consumption expenditures and corporate profits has been reduced considerably since January. Estimated cigarette tax and estate tax revenues have also been decreased, based on collections data. The public utility and insurance premiums taxes have been increased slightly in the current year.

Table 1 presents the revised tax revenue estimates and Table 2 outlines the May, 2001, economic forecast by DRI. The tax revenue estimates in Table 1 reflect current law and do not incorporate any of the law changes recommended by the Governor in the budget bill. The sections following these tables provide additional detail regarding the economic forecast and the new revenue estimates.

TABLE 1

Projected General Fund Tax Collections
($ in Millions)

	1999-01 Biennium		2001-03 Biennium	
	1999-00 Actual	2000-01 Estimated	2001-02 Estimated	2002-03 Estimated
Individual Income	$5,962.0	$5,110.0	$5,445.0	$5,685.0
General Sales and Use	3,501.7	3,620.0	3,745.0	3,965.0
Corporate Income & Franchise	644.6	564.0	586.0	600.0
Public Utility	259.9	236.0	244.0	250.0
Excise				
Cigarettes	247.6	244.0	241.0	239.0
Liquor and Wine	34.6	35.3	35.9	36.8
Tobacco Products	10.3	11.7	12.2	13.0
Beer	9.4	9.4	9.5	9.5
Insurance Company	86.9	87.0	90.0	92.0
Estate	133.3	85.0	110.0	120.0
Miscellaneous Taxes	55.6	54.1	56.6	60.3
TOTAL	$10,945.9	$10,056.5	$10,575.2	$11,070.6
Change from Prior Year		-$889.4	$518.7	$495.4
Percent Change		-8.1%	5.2%	4.7%

TABLE 2

Summary of National Economic Indicators
Standard and Poor's Data Resources, Inc.
May, 2001
($ in Billions)

	2000	2001	2002	2003
Nominal Gross Domestic Product	$9,963.1	$10,404.8	$10,876.9	$11,510.7
Percent Change	7.1%	4.4%	4.5%	5.8%
Real Gross Domestic Product	$9,318.5	$9,505.1	$9,734.9	$10,120.4
Percent Change	5.0%	2.0%	2.4%	4.0%
Consumer Price Index	3.4%	3.3%	2.0%	1.6%
Personal Income	$8,281.7	$8,664.3	$9,040.0	$9,553.4
Percent Change	6.3%	4.6%	4.3%	5.7%
Personal Consumption Expenditures	$6,757.3	$7,118.4	$7,467.6	$7,890.6
Percent Change	7.8%	5.3%	4.9%	5.7%
Corporate Profits Before Tax	$925.6	$879.6	$926.6	$989.4
Percent Change	12.5	-5.0%	5.3%	6.8%
Unemployment Rate	4.0%	4.7%	5.6%	5.6%

National Economic Forecast

Like the January DRI forecast (which was used for the previous estimates), the May forecast anticipates continued positive economic growth through 2003. A recession is not forecast at this time. Gross domestic product (GDP) is estimated to grow at 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003. Growth in real (inflation-adjusted) GDP is expected to be 2.0% in 2001, 2.4% in 2002 and 4.0% in 2003. While positive growth is anticipated, the expected rates of growth are significantly lower than has been experienced in recent years (GDP grew by 5.8% in 1999 and 7.1% in 2000). In addition, the May forecast is less favorable than the January forecast, which estimated GDP growth at 4.7% in 2001, 6.0% in 2002 and 6.6% in 2003.

Growth in personal income is projected at 4.6% in 2001, 4.3% in 2002 and 5.7% in 2003. The estimate for 2001 is almost the same as in the January forecast, while the projections for 2002 and 2003 are lower by 1.0% and 0.5%, respectively. Personal consumption expenditures are expected to increase by 5.3% in 2001, 4.9% in 2002 and 5.7% in 2003. The projection for 2001 is slightly higher than the January forecast, while the estimates for 2002 and 2003 are significantly lower (-1.0% and -0.6%). In addition, the new forecast anticipates that a greater share of spending will be for gasoline, which is not subject to the sales tax, with a smaller share spent on durable goods and other taxable items.

Following strong growth in 1999 and 2000 (8.5% and 12.5%), pre-tax corporate profits are expected to decline by 5.0% in 2001 and then grow by 5.3% in 2002 and 6.8% in 2003. These estimates are significant decreases from the January forecast. The reduction is 3.6% in 2001, 5.9% in 2002 and 0.1% in 2003.

Inflation is expected to remain relatively low, with the consumer price index at 3.3% in 2001, 2.0% in 2002 and 1.6% in 2003. The estimates for 2001 and 2002 are higher than the January forecast by 0.7% and 0.2%, respectively, while the 2003 estimate is 0.4% lower. Unemployment is expected to increase over the forecast period, from 4.0% in 2000 to 4.7% in 2001, and 5.6% in 2002 and 2003. The estimates for 2002 and 2003 are considerably higher than the January projections of 5.0% and 4.7%, respectively.

A number of factors contribute to the lower economic forecast. Employment dropped significantly in March and April, causing the unemployment rate to reach 4.5%. This rate is quite low by historical standards but is an increase over the 3.9% rate in the fall of 2000. These job losses, along with reduced household wealth due to the stock market's recent poor performance, are expected to cause continued declines in consumer confidence and decreased consumer spending. High gasoline prices are also expected to lead to reduced purchases of other goods and services. Business investment and profitability are also areas of weakness, particularly in the manufacturing and technology sectors, which are already believed to be in a recession. Weakness in overseas markets and a relatively strong dollar are also resulting in lower exports. Because the number of new workers is expected to exceed demand for employees in the near term, the unemployment rate is expected to increase to 5.6% in 2002 and 2003.

There are also some positive factors that are expected to prevent the overall economy from going into a recession (generally defined as at least two consecutive quarters of negative growth in real GDP). First, preliminary data indicates that real GDP growth in the first quarter of 2001 was 2.0%, which is slightly higher than DRI's estimate of 1.7% last January and significantly higher than more recent forecasts. Final sales also exceeded estimates in the first quarter and April. In addition, the housing market remains strong, which could help offset losses in household wealth from financial investments. Following recent increases, inflation is expected to moderate over the forecast period, with relatively high energy prices being offset by slow growth in wages. Finally, DRI believes that the stock market has bottomed out. Little net gain is anticipated over the next several months but improvement is expected later in 2001.

In addition to these positive developments, it is anticipated that monetary and fiscal policy will help prevent a recession. The forecast assumes that the Federal Reserve will decrease interest rates this month and again later this year. Specifically, it is expected that the federal funds rate will be reduced from 4.5% to 3.5% over the next several months. In terms of fiscal policy, a $100 billion federal tax rebate is assumed in the second half of 2001, followed by permanent tax cuts beginning in 2002 totaling $1.35 trillion over 10 years.

Although a recession is not predicted at this time, DRI believes that the odds of one occurring in 2001 or 2002 are close to even. As in the January forecast, the primary concern is that corporate earnings turn out to be weaker than expected, leading to further declines in the stock market and consumer confidence. This sequence of events, which DRI assigns a 40% probability, could result in a recession in 2001.

Revised General Fund Tax Estimates

Individual Income Tax. Individual income tax receipts are reestimated at $5,110.0 million in 2000-01, $5,445.0 million in 2001-02 and $5,685.0 million in 2002-03. The revised figures are lower than the January projections by $50.0 million in 2000-01, $55.0 million in 2001-02 and $135.0 million in 2002-03.

In January, we estimated that income tax collections would decrease in 2000-01 by 13.5% from the 1999-00 amount, primarily as a result of the income tax reductions enacted during the 1999-01 legislative session. The reestimate for 2000-01 is based on year-to-date collections and historical collection patterns. As of April, year-to-date income tax revenues have declined by 9.7% over last year (the year-to-date figure for 1999-00 has been adjusted to include April, 2000, withholding payments not recorded until May, 2000). Withholding collections are lower by 4.1% (after the same adjustment in withholding payments) and declaration payments are 4.5% higher. Tax refunds are 63.7% higher than at this time during the previous year. The increase in refunds is attributable to the fact that the withholding tables were not adjusted to reflect the lower tax rates until July 1, 2000, and to the reinstatement of the property tax/rent credit in 2000. Refunds and withholding payments made through August 15, 2001, that are attributable to the 2000-01 fiscal year will be in included in 2000-01 collection totals. It is expected that the withholding and refund patterns evidenced to date will continue through the remainder of the fiscal year and result in a decrease in income tax revenues for 2000-01 of 14.3%.

The income tax estimates for the 2001-03 biennium have been reduced as a result of the lower estimate for 2000-01 and of changes in the forecast for personal income growth for 2003. The reestimates assume growth rates for individual income tax revenues of 6.6% and 4.4% in 2001-02 and 2002-03, respectively (in January, growth was projected at 6.6% in 2001-02 and 5.8% in 2002-03). The reduced growth rate in the second year is based on a decline in the May forecast for personal income growth.

Sales Tax. Through April, 2001, total sales tax collections had grown over year-to-date collections as of April, 2000, by 3.3%. Our estimate in January, 2001, was for an annual increase of 3.9% at the close of the fiscal year. At this time, based on the year-to-date collections and a reduced forecast of taxable consumption expenditures, we believe that sales tax revenues will be lower than our January estimates by $20.0 million in 2000-01, by $65.0 million in 2001-02 and by $115.0 million in 2002-03. The revised estimates are $3,620.0 million, $3,745.0 million and $3,965.0 million, respectively. The downward revisions reflect current predictions for slower growth extending further into the 2001-03 biennium than anticipated at the time of our January forecast.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections are currently estimated to be $150.0 million, or $50.0 million a year from 2000-01 to 2002-03, lower than amounts forecast in January. Specifically, collections are now estimated to be $564.0 million in 2000-01, $586.0 million in 2001-02 and $600.0 million in 2002-03. January estimates were $614.0 million, $636.0 million and $650.0 million, respectively. The revised lower estimates reflect monthly collections which, through April, are almost 13% lower than collections for the same period in 1999-00. In addition, the economic forecast by DRI projects lower economic growth between 2001 and 2003 than was the case under the January, 2001, forecast. Corporate profits are expected to decrease 5.0% in 2001 and then gradually rebound but at lower levels than forecast in January. In addition, business investment is weak and the demand for computer and communications equipment has slumped. Business exports are also expected to decline over the next few years.

Estate Tax. Annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year. The January estimate assumed that estate tax revenues in 2000-01 would be 28.7% lower than the $133.3 million collected in 1999-00. However, based on year-to-date collections, estate tax revenues are reestimated at $85.0 million for 2000-01, which is a 36.2% decline from 1999-00. The estimates for 2001-03 have been reduced to $110.0 million in 2001-02 and $120.0 million in 2002-03. The reestimates for the three years are lower than the January figures by $10.0 million in 2000-01 and $5.0 million in each year of the 2001-03 biennium.

Excise Taxes. Through April, 2001, collections from the excise tax on cigarettes were down by approximately 1.65% relative to the year-to-date total in April, 2000, which is a larger decline than was anticipated in the January estimates. Based on this data, revenues from the cigarette tax are estimated to be lower than our January estimates by $3.5 million in 2000-01, by $4.7 million in 2001-02 and by $6.2 million in 2002-03.

Collections from the other excise taxes -- those levied on liquor and wine, beer, and tobacco products -- are consistent with our January projections.

Other General Fund Taxes. Based on year-to-date revenues, public utility and insurance tax collections have been revised upward by $3.0 million and $2.0 million, respectively, in 2000-01. As collections from the other general fund taxes are consistent with our January projections, no changes are estimated over the three-year period for these taxes.

Condition of the 2001-03 General Fund

Table 3 identifies the condition of the state's 2001-03 general fund. The table contains the provisions of the Governor's 2001-03 budget (SB 55) with the following modifications:

- The revised tax collection estimates contained in this letter.
- Executive actions, to date, by the Joint Committee on Finance on the Governor's 2001-03 budget recommendations. To date, actions by the Committee have improved the general fund balance by $24.0 million. Of that amount, $22.4 million is attributable to votes by the Committee and $1.6 million is contained within the list of items that the Committee's Co-chairs removed from the budget as policy items.

TABLE 3

2001-03 General Fund Condition Statement
($ in Millions)

	2001-02	2002-03
Revenues		
Opening Balance, July 1	$165	-$56
Estimated Taxes	10,610	11,125
Departmental Revenues		
Tobacco Settlement	153	155
Tobacco Securitization	350	0
Other	180	184
Total Available	$11,458	$11,408
Appropriations and Reserves		
Gross Appropriations	$11,585	$11,870
Compensation Reserves	28	83
Transfer to Tobacco Control Fund	12	21
Less Estimated Lapses	-111	-115
Net Appropriations	$11,514	$11,859
Balances		
Gross Balance	-$56	-$451
Less Required Statutory Balance	-139	-143
Net Balance, June 30	-$195	-$594

The purpose of Table 3 is to provide an indication of the status of the 2001-03 general fund at this point in the Finance Committee's budget deliberations. As shown, the 2001-03 budget reflects a projected general fund deficit of $594 million at the end of the biennium. This figure assumes that the $143 million statutory balance of SB 55 (1.2% of gross appropriations and compensation reserves) would be maintained.

On April 26, 2001, I prepared a memorandum which identified reestimates of some of the tax law changes, departmental revenues and appropriations of SB 55. Because the Finance Committee has not yet addressed these issues, they are not incorporated into Table 3.

We will continue to monitor tax collections data and economic developments and keep you apprised of any further modifications that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

Table II-3; State Budget–All Funds (Page 36). Update the table with the following:

State Budget–All Funds[a]

	Actual 1999-2000[b]	Budget 1999-2000	Budget 2000-2001	Governor's Proposed Budget 2001-2002	Governor's Proposed Budget 2002-2003
RECEIPTS					
Fund Balance from Prior Year	$ 701,293,000	$ 701,293,000	$ 658,784,800 [c]	$ 293,200,000	$ 236,279,200
Tax Revenue					
Individual Income	5,962,010,000	5,825,000,000	5,158,800,000 [d]	5,506,000,000	5,831,400,000
General Sales and Use	3,501,659,000	3,500,000,000	3,710,000,000	3,830,200,000	4,124,300,000
Corporate Franchise and Income	644,625,000	660,000,000	658,300,000	644,200,000	648,300,000
Public Utility	259,984,000	250,000,000	220,000,000 [e]	244,000,000	250,000,000
Excise					
Cigarette/Tobacco Products	257,896,000	258,000,000	255,200,000 [f]	257,900,000	258,200,000
Liquor and Wine	34,564,000	33,000,000	33,500,000	35,900,000	36,800,000
Malt Beverage	9,392,000	9,300,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift	133,261,000	95,000,000	75,000,000 [g]	115,000,000	125,000,000
Insurance Company	86,878,000	105,000,000	100,000,000	90,000,000	92,000,000
Other	1,075,169,000	58,000,000 [h]	61,000,000 [h]	56,600,000	60,200,000
Subtotal	11,965,438,000	10,793,300,000	10,281,100,000	10,789,300,000	11,435,700,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement	167,362,000	167,886,100	124,763,700	153,400,000	155,400,000
Tobacco Securitization	NA	NA	NA	350,000,000	NA
Other	257,040,000	260,087,900	190,946,100	178,200,000	182,200,000
Total Federal Aids	4,170,531,000	5,085,572,200	4,703,374,700	5,511,131,800	5,579,063,400
Total Program Revenue	2,633,267,000	2,658,535,300	2,734,917,200	2,976,114,400	3,020,662,200
Total Segregated Funds	4,194,291,000	2,275,967,300	2,292,791,500	3,048,332,800	2,798,507,800
Fund Transfers In	NA	64,000,000	NA	NA	NA
Bond Authority	702,676,000	458,000,000	400,000,000	500,000,000	383,000,000
Employee Benefit Contributions [i]	8,782,705,000	6,612,282,700	7,051,394,300	7,461,324,917	7,889,603,973
Subtotal	20,907,872,000	17,582,331,500	17,498,187,500	20,178,503,917	20,008,437,373
Total Available	$ 33,574,603,000	$ 29,076,924,500	$ 28,438,072,300	$ 31,261,003,917	$ 31,680,416,573
DISBURSEMENTS AND RESERVES					
Commerce	$ 570,282,000	$ 418,915,100	$ 415,866,300	$ 446,519,400	$ 456,008,200
Education	8,018,963,000	7,860,268,900	8,223,303,400	8,742,758,300	8,974,907,600
Environmental Resources	2,626,896,000	2,493,567,700	2,437,927,900	2,652,804,100	2,755,852,000
Human Relations and Resources	7,978,636,000	6,850,265,900	6,733,347,000	7,753,229,100	7,872,914,600
General Executive	3,741,255,000	673,415,700	669,656,800	776,913,000	784,419,000
Judicial	102,487,000	104,156,900	104,709,200	104,785,200	104,830,500
Legislative	59,820,000	60,511,900	59,086,500	63,972,100	63,246,900
General Appropriations	3,346,300,000	2,891,183,500	2,163,488,700	2,587,818,600	2,259,632,900
General Obligation Bond Program	505,472,000	458,000,000	400,000,000	500,000,000	383,000,000
Employee Benefit Payments [i]	2,311,624,000	2,504,993,800	2,695,311,400	3,377,515,809	3,830,081,149
Reserve for Employe Benefit Payments [i]	6,471,081,000	4,107,288,900	4,356,082,900	4,083,809,108	4,059,522,824
Subtotal	35,732,816,000	28,422,568,300	28,258,780,100	31,090,124,717	31,544,415,673
Less: (Lapses)	NA	(84,028,600)	(122,124,800)	(105,300,000)	(112,300,000)
Compensation Reserves	NA	56,100,000	117,750,000	27,900,000	82,500,000
Required Statutory Balance	NA	113,883,100	134,328,600	139,500,000	143,400,000
Transfer to Tobacco Control Board	NA	23,500,000	NA	12,000,000	21,200,000
Other	NA	NA	NA	NA	NA
Change in Continuing Balance	(3,030,496,000)	NA	NA	NA	NA
Total Disbursements & Reserves	$ 32,702,320,000	$ 28,532,022,800	$ 28,388,733,900	$ 31,164,224,717	$ 31,679,215,673
Fund Balance	$ 872,283,000	$ 544,901,700	$ 49,338,400	$ 96,779,200	$ 1,200,900
Undesignated Balance	$ 835,714,000	$ 658,784,800	$ 183,667,000	$ 236,279,200	$ 144,600,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.
(b) The amounts shown are unaudited and rounded to the nearest thousand.
(c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
(d) The decrease results from budgeted tax reductions becoming effective.
(e) The decrease results from the continued effect of prior years' tax changes.
(f) The decrease results from an anticipated decline in consumption.
(g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.
(h) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected $809 million of motor fuel taxes in the 1999-2000 fiscal year.
(i) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in the Annual Report.

Source: Wisconsin Department of Administration.

Table II-4; State Budget–General Fund (Page 37). Update the table with the following:

State Budget–General Fund[a]

	Actual 1999-2000 [b]	Budget 1999-2000	Budget 2000-2001	Governor's Proposed Budget 2001-2002	Governor's Proposed Budget 2002-2003
RECEIPTS					
Fund Balance from Prior Year	$ 701,293,000	$ 701,293,000	$ 658,784,800 [c]	$ 293,200,000	$ 236,279,200
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income	5,962,010,000	5,825,000,000	5,158,800,000 [d]	5,506,000,000	5,831,400,000
General Sales and Use	3,501,659,000	3,500,000,000	3,710,000,000	3,830,200,000	4,124,300,000
Corporate Franchise and Income	644,625,000	660,000,000	658,300,000	644,200,000	648,300,000
Public Utility	259,984,000	250,000,000	220,000,000 [e]	244,000,000	250,000,000
Excise					
Cigarette/Tobacco Products	257,896,000	258,000,000	255,200,000 [f]	257,900,000	258,200,000
Liquor and Wine	34,564,000	33,000,000	33,500,000	35,900,000	36,800,000
Malt Beverage	9,392,000	9,300,000	9,300,000	9,500,000	9,500,000
Inheritance, Estate & Gift	133,261,000	95,000,000	75,000,000 [g]	115,000,000	125,000,000
Insurance Company	86,878,000	105,000,000	100,000,000	90,000,000	92,000,000
Other	67,511,000	58,000,000	61,000,000	56,600,000	60,200,000
Subtotal	10,957,780,000	10,793,300,000	10,281,100,000	10,789,300,000	11,435,700,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement	167,362,000 [h]	167,886,100	124,763,700	153,400,000	155,400,000
Tobacco Securitization	NA	NA	NA	350,000,000	NA
Other	257,040,000	260,087,900	190,946,100	178,200,000	182,200,000
Program Revenue-Federal	4,170,531,000	4,453,148,300	4,121,351,700	4,815,882,800	4,840,184,700
Program Revenue-Other	2,633,267,000	2,658,535,300	2,734,917,200	2,629,077,200	3,020,662,200
Fund Transfers In	NA	64,000,000	NA	NA	NA
Subtotal	7,228,200,000	7,603,657,600	7,171,978,700	8,126,560,000	8,198,446,900
Total Available	$ 18,887,273,000	$ 19,098,250,600	$ 18,111,863,500	$ 19,209,060,000	$ 19,870,426,100
DISBURSEMENTS AND RESERVES					
Commerce	$ 209,393,000	$ 218,959,300	$ 220,214,600	$ 237,617,800	$ 242,674,600
Education	7,769,121,000	7,798,220,600	8,163,838,300	8,327,616,900	8,905,321,100
Environmental Resources	270,101,000	261,344,100	259,939,200	272,711,800	280,143,100
Human Relations and Resources	6,742,655,000	6,684,959,800	6,541,581,500	7,450,498,700	7,528,373,300
General Executive	631,485,000	634,410,900	569,934,100	637,937,300	648,783,600
Judicial	102,156,000	103,499,100	104,051,400	104,076,100	104,121,400
Legislative	59,820,000	60,511,900	59,086,500	63,972,100	63,246,900
General Appropriations	2,548,903,000	2,681,988,700	2,013,925,700	1,943,750,100	1,961,761,200
Subtotal	18,333,634,000	18,443,894,400	17,932,571,300	19,038,180,800	19,734,425,200
Less: (Lapses)	NA	(84,028,600)	(122,124,800)	(105,300,000)	(112,300,000)
Compensation Reserves	NA	56,100,000	117,750,000	27,900,000	82,500,000
Required Statutory Balance	NA	113,883,100	134,328,600	139,500,000	143,400,000
Transfer to Tobacco Control Board	NA	23,500,000	NA	12,000,000	21,200,000
Other	NA	NA	NA	NA	NA
Changes in Continuing Balance	(318,644,000)	NA	NA	NA	NA
Total Disbursements & Reserves	$ 18,014,990,000	$ 18,553,348,900	$ 18,062,525,100	$ 19,112,280,800	$ 19,869,225,200
Fund Balance	$ 872,283,000	$ 544,901,700	$ 49,338,400	$ 96,779,200	$ 1,200,900
Undesignated Balance	$ 835,714,000	$ 658,784,800	$ 183,667,000	$ 236,279,200	$ 144,600,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.
(b) The amounts shown are unaudited and rounded to the nearest thousand.
(c) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
(d) The decrease results from budgeted tax reductions becoming effective.
(e) The decrease results from the continued effect of prior years' tax changes.
(f) The decrease results from an anticipated decline in consumption.
(g) The decrease results from an expected one-time collection in the 1999-2000 fiscal year.

Source: Wisconsin Department of Administration.

Table II-8; General Fund Monthly Position (Page 37). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1998 through April 30, 2001 — Actual
May 1, 2001 through June 30, 2001 — Estimated[a]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[b]	Disbursements[b]
1998	July	442,704	1,641,655	1,750,960
	August	333,399	1,200,704	803,188
	September	730,915	1,607,957	1,283,254
	October	1,055,618	1,267,513	1,035,960
	November	1,287,171	1,408,782	1,619,285
	December	1,076,668	1,333,433	1,878,358
1999	January	531,743	1,745,237	953,828
	February	1,323,152	1,267,106	1,107,154
	March	1,483,104	1,491,320	2,232,696
	April	741,728	1,648,520	1,185,032
	May	1,205,216	1,488,763	1,027,762
	June	1,666,217	1,541,035	2,470,983
	July	736,269	1,441,009	1,836,987
	August	340,291	1,308,849	868,154
	September	780,986	1,547,229	1,292,942
	October	1,035,273	1,331,192	1,031,907
	November	1,334,558	1,433,801	1,794,197
	December	974,162	1,449,618	1,987,753
2000	January	436,027	2,095,798	1,693,313
	February	838,512	1,544,207	1,240,280
	March	1,142,439	1,526,625	2,143,437
	April	525,627	1,812,812	1,174,173
	May	1,164,266	1,580,865	1,172,474
	June	1,572,657	1,910,223	2,811,272
	July	671,608	1,405,811	1,674,899
	August	402,520	1,391,600	1,036,240
	September	757,880	1,716,848	1,540,488
	October	934,240	1,545,868	1,039,609
	November	1,440,499	1,451,918	1,886,868
	December	1,005,549	1,335,205	2,070,373
2001	January	270,381	2,143,861	1,190,946
	February	1,223,296	1,494,577	1,339,377
	March	1,378,496	1,381,012	2,312,836
	April	446,672	2,042,531	1,469,093
	May	1,020,110	1,501,632	1,278,674
	June	1,243,068	1,727,785	2,681,950

[a] The monthly receipt and disbursement projections for May 1, 2001 through June 30, 2001 are based on estimates provided by the Division of Executive Budget and Finance.

[b] The receipt amounts shown in July 1998 include the proceeds from the issuance of operating notes. See "OTHER OBLIGATIONS; Operating Notes" in Part II of the 2000 Annual Report. The disbursement amounts shown for February, March, April and May 1999 include impoundment payments required in connection with the operating notes. The State did not issue operating notes in the 1999-2000 or 2000-2001 fiscal years.

Source: Wisconsin Department of Administration.

Table II-9; Balances in Funds Available for Interfund Borrowing (Page 38). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[(a)]
July 1, 1998 to April 1, 2001 — Actual
May 1, 2001 to June 1, 2001 — Estimated[(b)]
(Amounts in Millions)

	1998	1999	2000	2001
January		$ 3,736	$ 3,735	$ 3,701
February		4,291	4,159	4,435
March		4,459	4,262	4,786
April		4,526	4,267	5,212
May		4,199	3,961	1,791[(b)]
June		3,957	3,636	1,608
July	$ 3,926	4,017	3,733	
August	4,236	4,245	4,084	
September	3,982	3,865	3,743	
October	3,822	3,820	3,796	
November	3,429	3,374	3,378	
December	3,465	3,411	3,489	

(a) Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

(b) Estimated balances for May 1, 2001 and succeeding months include only 20% of the amount estimated to be available for the local government investment pool. The local government investment pool is composed of funds deposited by local units of government that may be withdrawn without notice. Balances in the local government investment pool ranged from a low of $63 million on July 1, 1983 to a high of $4.426 billion on March 1, 1994. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the 2000-2001 budget, is approximately $554 million, and an additional 3% (approximately $332 million) for a period of up to 30 days.

Source: Wisconsin Department of Administration.

Table II-10; Revenues Deposited to the General Fund (Page 39). Update the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND[a]
July 1, 2000 to April 30, 2001 compared with previous year
(Unaudited)

	Actual Receipts 1999–2000 FY[b]	Projected Receipts 2000–01 FY	Actual Receipts July 1, 1999 to April 30, 2000	Actual Receipts July 1, 2000 to April 30, 2001
Individual Income Tax	$ 5,962,010,000	$ 5,158,800,000	$ 4,495,847,037	$ 4,129,556,266
General Sales and Use Tax	3,501,659,000	3,710,000,000	2,539,939,745	2,622,934,720
Corporate Franchise and Income Tax	644,625,000	658,300,000	506,944,943	442,370,194
Public Utility Taxes	259,984,000	220,000,000	160,691,788	123,470,188
Excise Taxes	301,852,000	298,000,000	224,678,291	223,371,310
Inheritance Taxes	133,261,000	75,000,000	122,651,181	70,255,881
Miscellaneous Taxes	154,389,000	161,000,000	106,484,767	107,982,028
SUBTOTAL	10,957,780,000	10,281,100,000	8,157,237,752	7,719,940,587
Federal Receipts	4,170,531,000	4,121,351,700	3,300,294,971	3,652,007,198
Dedicated and Other Revenues[c]	3,057,669,000	3,050,627,000	2,623,441,252	3,969,794,989
TOTAL	$ 18,185,980,000	$ 17,453,078,700	$ 14,080,973,974	$ 15,341,742,774

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the 2000 Annual Report.

(b) The amounts shown are the sum of all revenues for fiscal year 1999-2000 based on the data used in the preparation of the Annual Fiscal Report (Budgetary Basis) for the year ending June 30, 2000.

(c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis. As an example, this category includes $1.274 billion for an intergovernmental transfer that was processed in March 2001, and there was no comparable transaction in fiscal year 1999-2000.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Expenditures by Function (Page 40). Update the table with the following:

GENERAL FUND EXPENDITURES BY FUNCTION[(a)]
July 1, 2000 to April 30, 2001 compared with previous year
(Unaudited)

	Actual Expenditures 1999–2000 FY[(b)]	Appropriations 2000–01 FY	Actual Expenditures July 1, 1999 to April 30, 2000	Actual Expenditures July 1, 2000 to April 30, 2001
Commerce	$ 209,393,000	$ 220,214,600	$ 161,207,643	$ 160,699,725
Education	7,769,121,000	8,163,838,300	5,765,882,111	6,080,767,683
Environmental Resources	270,101,000	259,939,200	241,705,871	241,168,565
Human Relations & Resources [(c)]	6,742,655,000	6,541,581,500	4,946,926,284	6,270,182,511
General Executive	631,485,000	569,934,100	524,723,671	537,082,254
Judicial	102,156,000	104,051,400	86,119,072	89,671,725
Legislative	59,820,000	59,086,500	46,723,197	71,412,406
General Appropriations	2,548,903,000	2,013,925,700	2,374,107,670	2,359,983,505
TOTAL	$ 18,333,634,000	$ 17,932,571,300	$ 14,147,395,519	$ 15,810,968,374

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the 2000 Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1999-2000 based on the data used in the preparation of the Annual Fiscal Report (Budgetary Basis) for the year ending June 30, 2000.

(c) The actual expenditures in this category for July 1, 2000 to April 30, 2001 include $1.274 billion for an intergovernmental transfer that was processed in March 2001, and there was no comparable transaction in fiscal year 1999-2000.

Source: Wisconsin Department of Administration.

Appendix B

EXPECTED FORM OF LEGAL OPINION

Upon delivery of the Bonds, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner)
$20,000,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2001, SERIES D (TAXABLE)

We have served as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $20,000,000 General Obligation Bonds of 2001, Series D (Taxable), dated June 15, 2001 **(Bonds)**. The Bonds are being issued pursuant to Chapter 18, Wisconsin Statutes **(Act)** and a resolution adopted by the State of Wisconsin Building Commission **(Commission)** on November 22, 2000 **(Resolution)**.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to update this letter to reflect any facts or circumstances that later come to our attention or any subsequent changes in law.

Very truly yours,

FOLEY & LARDNER