

State of Wisconsin

Notice of **Listed Material Event** #2006-23
Dated October 11, 2006

Information Cover Sheet

This page is the cover sheet to the attached document that is being submitted to and filed with each of the Nationally Recognized Municipal Securities Information Repositories and the Municipal Securities Rulemaking Board. At this time, no State Information Depository has been established for the State of Wisconsin. This page is not intended to be part of the filing; rather, it is intended to only assist with the filing and classification of the attached submittal.

Issuer: State of Wisconsin Petroleum Inspection Fee Revenue Bonds
(State of Wisconsin)

CUSIP Numbers: 977109 Prefix (All)

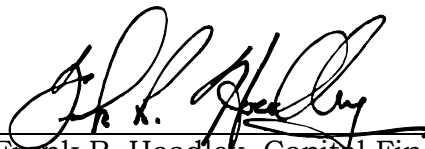
This filing relates to all securities issued by the State of Wisconsin that contain this six-digit base CUSIP number.

Type of Filing: Electronic. The following submission is also available on the State of Wisconsin Capital Finance web site at:

www.doa.state.wi.us/capitalfinance

Type of Information: Notice of a Material Event Pursuant to Rule 15c2-12
Rating Changes

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office (which is the office of the State of Wisconsin responsible for providing annual reports and giving notice of listed material events when notice is required by the State's Master Agreement on Continuing Disclosure) and is authorized to distribute this information publicly.



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This filing is being made pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12. The bonds listed in this notice are subject to SEC Rule 15c2-12 regarding an agreement to provide continuing disclosure. This filing constitutes a listed material event as defined by the rule. This page is part of the official filing, and is intended to provide additional comment or information on the attached material

Type of Information: Notice of a Material Event Pursuant to Rule 15c2-12
Rating Changes

Effective October 5, 2006, Standard & Poor's Ratings Services upgraded their rating on the State of Wisconsin Petroleum Inspection Fee Revenue Bonds from "AA-" to "AA". The outlook remains stable. Attached is the **rating report provided by Standard & Poor's Rating Services.**

The State of Wisconsin has electronically filed this notice with each Nationally Recognized Municipal Securities Information Repository through DisclosureUSA. This filing is also available on the State of Wisconsin Capital Finance Office web site at:

www.doa.state.wi.us/capitalfinance/

RESEARCH

Summary:

Wisconsin; CP; Gas Tax

Publication date: 05-Oct-2006
Primary Credit Analyst: Peter Block, Chicago (1) 312-233-7040;
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Credit Profile**UPGRADED**

\$140.470 mil. Wisconsin petroleum inspection fee rev bnds (FSA)

To	From
AAA/AA(SPUR)	AA-

AFFIRMED

\$142.300 mil. Wisconsin petroleum inspection fee rev extd muni comm pap

A-1+

\$62.300 mil. Wisconsin petroleum inspection fee rev extendible mun cml pap due 07/01/2020

A-1+

OUTLOOK:

STABLE

Rationale

The long-term rating on Wisconsin's petroleum inspection fee (PIF) revenue bonds has been raised to 'AA' from 'AA-', reflecting the revision of Standard & Poor's Ratings Services' special tax criteria. The 'A-1+' ratings on the state's PIF revenue CP has been affirmed. The special tax criteria revision places greater emphasis on fundamental economic factors and less on legal features regarding additional debt issuance and reserve funds. Additionally, the stability of fuel sales during recent and previous price spikes shows that fuel demand is relatively inelastic, even during periods of high fuel prices.

The 'AA' rating on Wisconsin's PIF revenue bonds reflects the strength of the pledged revenue stream, consisting of a statewide, single-tax source that is relatively inelastic to economic cycles. The 'A-1+' rating on the PIF extendible municipal commercial paper (EMCP) reflects the general creditworthiness and historical market access of the PIF revenue bond program, the senior-lien status of EMCP interest, and bonding capacity sufficient to cover maturing EMCP principal. Additional credit factors of the PIF revenue bond program include:

- The underlying strength of Wisconsin's diverse economy;
- Pro forma debt service coverage (DSC) of about 2x through bond maturity, assuming no growth in PIF revenues;
- Adequate legal provisions, including a 2x additional bonds test and a variable-rate bond take-out capacity test; and
- Strong oversight by the state of the Petroleum Environmental Clean-up Fund Award (PECFA) program and PIF debt program by the state department of administration.

The potential for dilution of DSC through the legislative reduction of petroleum inspection fees combined with the potential for substantial variable-rate debt exposure offsets these factors.

Effective April 1, 2006, PIFs were reduced by 33%, or 1 cent/gallon to 2 cents/gallon from 3 cents/gallon pursuant to legislative action under 2005 Assembly Bill 100. In December 2005, Standard & Poor's affirmed the rating on the bonds and revised the outlook to stable from negative, reflecting projected coverage of maximum annual debt service (MADS) in excess of 2x. The state mitigated the PIF fee reductions' effect on coverage of MADS by legally defeasing two large bond maturities due in 2007 and 2008 totaling \$30 million, which effectively increased coverage of MADS to no less than 2x for the life of the bonds, including a worst-case five-year amortization of outstanding EMCP through a capital

appreciation bond structure. The state funded the defeasance escrow with cash on hand under the program and will reduce pay-as-you-go funding of remediation reimbursements of PECFA claims over the upcoming year.

Proceeds of the PIF revenue bonds fund remediation costs related to soil and groundwater contamination and are administered under the PECFA program. Approximately \$49 million of authorized but unissued bonding capacity remains under the PIF program. The PIF bonds and PIF EMCP are secured solely by PIF revenues and funds and accounts under the program bond resolution. PIFs are taxes collected by the state from suppliers of petroleum products received for sale in the state and remitted to the trustee for payment of PIF bonds. PIF revenues not retained by the trustee are used up to the amount authorized by statute to pay claims under the PECFA program for pay-as-you go financing of claims.

Outlook

The stable outlook reflects Standard & Poor's expectation of balanced operations in the Petroleum Inspection Trust Fund, strong and active state oversight of all aspects of the PECFA program, and maintenance of debt service coverage levels consistently exceeding 2x. Any deterioration of debt service coverage below this level, whether due to legislative action or economic reasons, will likely lead to a negative rating action.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

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