OFFICIAL STATEMENT

New Issue

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

$19,855,000
STATE OF WISCONSIN
$17,975,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 1
Not Subject to Alternative Minimum Tax

$1,880,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 2
Subject to Alternative Minimum Tax (AMT)

Dated: Date of Delivery **Due: May 1 and November 1, as shown on the inside front cover**

Ratings	AA– Fitch Ratings Aa3 Moody's Investors Service, Inc. AA– Standard & Poor's Ratings Services
Tax Exemption	For both series of Bonds, interest is, for federal income tax purposes, excluded from gross income. For purposes of the federal alternative minimum tax, interest on the Series 1 Bonds is not an item of tax preference, but interest on the Series 2 Bonds is an item of tax preference. For both series of Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes—*See pages 12-13.*
Redemption	The Series 1 Bonds maturing on November 1, 2023 and the Series 2 Bonds are subject to optional redemption at par on May 1, 2018 or any date thereafter—*See page 3.* The Series 1 Bonds maturing on May 1, 2018 and bearing interest at 4.750% and the Series 2 Bonds are subject to mandatory sinking fund redemption at par—*See pages 3-4.* Both series of Bonds are subject to special redemption at par—*See pages 4-5.*
Security	General obligations of the State of Wisconsin.
Purpose	Proceeds are being used for the replacement refunding of certain outstanding general obligation bonds previously issued to fund veterans housing loans—*See page 2.*
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	November 1, 2008
Denominations	Multiples of $5,000
Closing/Settlement	On or about June 26, 2008
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry-Only Form	The Depository Trust Company—*See page 6.*
2007 Annual Report	This Official Statement incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007.

The prices and yields listed on the inside front cover were determined on June 10, 2008 at negotiated sale. The Series 1 Bonds were purchased at an aggregate purchase price of $17,975,000.00, and the Series 2 Bonds were purchased at a purchase price of $1,880,000.00.

Merrill Lynch & Co. **Loop Capital Markets, LLC**

June 11, 2008

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

$19,855,000

STATE OF WISCONSIN

$17,975,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 1

Not Subject to Alternative Minimum Tax

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L SV0	May 1, 2009	$ 160,000	2.300%	2.300%	100%	Not Callable	-
97705L SW8	November 1, 2009	180,000	2.350	2.350	100	Not Callable	-
97705L SX6	May 1, 2010	185,000	2.600	2.600	100	Not Callable	-
97705L SY4	November 1, 2010	190,000	2.650	2.650	100	Not Callable	-
97705L SZ1	May 1, 2011	195,000	2.950	2.950	100	Not Callable	-
97705L TA5	November 1, 2011	205,000	3.000	3.000	100	Not Callable	-
97705L TB3	May 1, 2012	210,000	3.250	3.250	100	Not Callable	-
97705L TC1	November 1, 2012	215,000	3.300	3.300	100	Not Callable	-
97705L TD9	May 1, 2013	220,000	3.450	3.450	100	Not Callable	-
97705L TE7	November 1, 2013	200,000	3.450	3.450	100	Not Callable	-
97705L TF4	May 1, 2014	235,000	3.600	3.600	100	Not Callable	-
97705L TG2	May 1, 2015	250,000	3.750	3.750	100	Not Callable	-
97705L TH0	May 1, 2016	100,000	3.875	3.875	100	Not Callable	-
97705L TJ6	May 1, 2017	175,000	4.000	4.000	100	Not Callable	-
97705L TK3	May 1, 2018	400,000	4.125	4.125	100	Not Callable	-
97705L TL1	May 1, 2018 [(a)]	14,680,000	4.750	4.750	100	Not Callable	-
97705L TM9	November 1, 2023	175,000	4.750	4.750	100	5/1/2018	100%

$1,880,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 2

Subject to Alternative Minimum Tax (AMT)

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L TN7	May 1, 2028 [(a)]	$ 1,880,000	5.500%	5.500%	100%	5/1/2018	100%

[(a)] These maturities are term bonds. For a schedule of the mandatory sinking fund redemption payments, see "THE BONDS; Redemption Provisions; *Mandatory Sinking Fund Redemption*" herein.

This document is the State's official statement about the offering of the Bonds; that is, it is the only document the State has authorized for providing information about the Bonds. This document is not 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 is not 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 are not 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.

In connection with the offering of the Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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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 Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 4, 2009
Senator Ted Kanavas	January 4, 2009
Senator Jeffrey Plale	January 2, 2011
Representative Dean Kaufert	January 4, 2009
Representative Phil Montgomery	January 4, 2009
Representative Jennifer Shilling	January 4, 2009
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	——
Mr. Dave Haley, State Chief Architect Department of Administration	——
Building Commission Secretary	
Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, Secretary Department of Administration	At the pleasure of the Governor
Mr. John A. Scocos, Secretary Department of Veterans Affairs	At the pleasure of the Wisconsin Board of Veterans Affairs

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
DOACapitalFinanceOffice@wisconsin.gov

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
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Mr. Lawrence K. Dallia
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(608) 267-7399
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Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@wisconsin.gov

SUMMARY DESCRIPTION OF BONDS

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

Principal Amount and Description:	$17,975,000 General Obligation Refunding Bonds of 2008, Series 1 Not Subject to Alternative Minimum Tax $1,880,000 General Obligation Refunding Bonds of 2008, Series 2 Subject to Alternative Minimum Tax (AMT)
Denominations:	Multiples of $5,000
Date of Issue:	Date of Delivery
Record Date:	April 15 and October 15
Interest Payment:	May 1 and November 1, commencing November 1, 2008
Maturities:	*Series 1 Bonds*—May 1 and November 1 on May 1, 2009 through May 1, 2014, inclusive, May 1, 2015, 2016, 2017, 2018, and November 1, 2023—*See inside front cover* *Series 2 Bonds*—May 1, 2028—*See inside front cover*
Redemption:	*Optional*—The Series 1 Bonds maturing on November 1, 2023 and the Series 2 Bonds are subject to optional redemption at par on May 1, 2018 or any date thereafter—*See page 3* *Sinking Fund*—The Series 1 Bonds maturing on May 1, 2018 and bearing interest at 4.750% and the Series 2 Bonds are subject to mandatory sinking fund redemption at par—*See pages 3-4* *Special*—Both series of Bonds are subject to special redemption at par—*See pages 4-5*
Form:	Book entry only—*See page 6*
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the Secretary of Administration. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of May 15, 2008, general obligations of the State were outstanding in the principal amount of $5,701,656,688.
Authority for Issuance:	The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18, 20, and 45 of the Wisconsin Statutes.
Purpose:	Proceeds are being used for the replacement refunding of certain outstanding general obligation bonds previously issued to fund veterans housing loans.
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, bankers, 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 personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	For both series of Bonds, interest is, for federal income tax purposes, excluded from gross income. For purposes of the federal alternative minimum tax, interest on the Series 1 Bonds is not an item of tax preference, but interest on the Series 2 Bonds is an item of tax preference—*See pages 12-13* For both series of Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes—*See page 13*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See APPENDIX B.*

OFFICIAL STATEMENT

$19,855,000

STATE OF WISCONSIN

$17,975,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 1

Not Subject to Alternative Minimum Tax

$1,880,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 2

Subject to Alternative Minimum Tax (AMT)

INTRODUCTION

This Official Statement provides information about the $17,975,000 General Obligation Refunding Bonds of 2008, Series 1 **(Series 1 Bonds)** and the $1,880,000 General Obligation Refunding Bonds of 2008, Series 2 **(Series 2 Bonds)** (the Series 1 Bonds and the Series 2 Bonds collectively are called the **Bonds)**, which are being 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 21, 2007 **(2007 Annual Report)**.

The Bonds are authorized by the Wisconsin Constitution and the Wisconsin Statutes and are issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on September 19, 2007.

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 20th 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, and makes changes and additions to, Parts II and III of the 2007 Annual Report. APPENDIX A includes a copy of a memorandum dated February 13, 2008 from the State's Legislative Fiscal Bureau **(LFB)** that presents revised projections of General Fund tax collections for the 2007-09 biennium, which include unfavorable changes from prior projections. APPENDIX A also includes information on the budget adjustment bill for the 2007-09 biennium that the Governor signed into law, with some vetoes, on May 16, 2008 (2007 Wisconsin Act 226).

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

Contact:	State of Wisconsin Capital Finance Office Department of Administration 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:	DOACapitalFinanceOffice@wisconsin.gov
Web site:	www.doa.wi.gov/capitalfinance

PLAN OF REFUNDING

Tax-exempt general obligations are issued from time to time to fund loans to veterans under the State's veterans housing loan program **(Tax-Exempt Veterans Mortgage Bonds)**.

The Bonds are being issued for the replacement refunding of certain Tax-Exempt Veterans Mortgage Bonds that are subject to optional and special redemption **(Refunded Bonds).** A summary of the Refunded Bonds is included as APPENDIX C to this Official Statement.

As a result of issuing the Bonds and the resulting replacement refunding, in which Bond proceeds will replace moneys on hand in the Veterans Mortgage Loan Repayment Fund (from prepayments of veterans housing loans) for the redemption of the Refunded Bonds, approximately $19,855,000 attributable to the Refunded Bonds will be used to fund future housing loans to veterans who are "qualified veterans" under current federal tax law.

THE BONDS

General

The inside front cover sets forth the maturity dates, amounts, and interest rates for both series of Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE BONDS; Book-Entry-Only Form".

The Bonds will be dated their date of delivery (expected to be June 26, 2008) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2008.

Interest on the Bonds will be computed on the basis of a 360-day year and twelve 30-day months. Payments of principal and interest for each Bond will be paid to the securities depository.

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.

Ratings

At the State's request, the following ratings have been assigned to the Bonds:

Rating	Rating Agency
AA–	Fitch Ratings
Aa3	Moody's Investors Service, Inc.[a]
AA–	Standard & Poor's Ratings Services

[a] On March 17, 2008, Moody's Investors Services, Inc. changed its rating outlook on the State's general obligations from "stable" to "negative".

Any explanation of what a rating means may only be obtained from the rating agency 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.

Redemption Provisions

Optional Redemption

The Series 1 Bonds maturing on November 1, 2023 and the Series 2 Bonds may be redeemed on May 1, 2018, or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and the Capital Finance Director may direct the amounts and maturities of the Bonds to be redeemed.

Mandatory Sinking Fund Redemption

The Series 1 Bonds due on May 1, 2018 and bearing interest at 4.75% **(Series 1 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 the respective amount of the Series 1 Term Bonds specified below:

Redemption Date	**Principal Amount**
November 1, 2013	$ 30,000
May 1, 2014	—
November 1, 2014	240,000
May 1, 2015	—
November 1, 2015	1,280,000
May 1, 2016	165,000
November 1, 2016	275,000
May 1, 2017	10,715,000
November 1, 2017	290,000
May 1, 2018[a]	1,685,000

[a] Stated Maturity

The Series 2 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 the respective amount of the Series 2 Bonds specified below:

Redemption Date	Principal Amount
November 1, 2026	$ 670,000
May 1, 2027	–
November 1, 2027	395,000
May 1, 2028[a]	815,000

[a] Stated Maturity

Optional or special redemption (or the purchase in lieu thereof) of the Series 1 Term Bonds and Series 2 Bonds (collectively, **Term Bonds)**, for which sinking fund installments have been established, shall be applied to reduce the sinking fund installments established for the respective Term Bonds so redeemed or purchased in such manner as the Capital Finance Director shall direct.

Special Redemption

Both series of Bonds (and all the outstanding Tax-Exempt Veterans Mortgage Bonds) are subject to special redemption before maturity (even if not subject to optional redemption as provided above), at the option of the Commission, on any date, in whole or in part, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from:

- Prepayments of veterans housing loans funded from or attributed to *any* series of Tax-Exempt Veterans Mortgage Bonds.
- Payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service on all Tax–Exempt Veterans Mortgage Bonds and other costs associated with the veterans housing loan program.
- Any unexpended money in the special loan subaccount that derives from the proceeds of the Refunded Bonds.

The first and second redemption provisions listed above are commonly referred to as a “cross-call”. In the event of a partial redemption, the Capital Finance Director shall direct the maturities and amounts of the Bonds to be redeemed.

Prepayments of mortgages originated with or attributed to any series of taxable general obligation bonds issued to fund loans to veterans under the State’s veterans housing loan program **(Taxable Veterans Mortgage Bonds)** may not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds, and prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds may not be used for special redemption of Taxable Veterans Mortgage Bonds.

The State has outstanding approximately $226 million of Tax-Exempt Veterans Mortgage Bonds. The table on the following page presents information on the outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption. Since this information is as of May 15, 2008, the Refunded Bonds are still included within the following table. See APPENDIX C.

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds. Part III of the 2007 Annual Report includes a summary of the prepayments received over the past three years. See APPENDIX A. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, then the State intends to use these prepayments to purchase or redeem Tax-Exempt Veterans Mortgage Bonds, as determined by the Commission.

Summary of Outstanding
Tax-Exempt Veterans Mortgage Bonds Subject to Special Redemption
(May 15, 2008)

Series	Dated Date	Original Principal Amount Subject to Special Redemption	Outstanding Principal Amount Subject to Special Redemption	Range of Interest Rates on Outstanding Bonds
1993 Series 6	10/15/93	$ 20,000,000	$ 11,615,000	5.15–5.30%
1993 Series 5	12/01/93	135,255,000	16,320,000	5.20–5.40
1994 Series 2	03/01/94	58,525,000	2,120,000	5.85–6.20
1995 Series B	02/15/95	29,265,000	670,000	6.50
1996 Series B	05/15/96	45,000,000	2,725,000	6.20
1996 Series D	10/15/96	30,000,000	2,715,000	6.00
1997 Series A	03/15/97	21,360,000	1,745,000	6.00
1997 Series 1	03/15/97	23,640,000	2,030,000	5.75
1997 Series C	09/15/97	45,000,000	7,855,000	5.40-5.50
1998 Series B	05/15/98	30,565,000	12,130,000	5.30-5.35
1998 Series E	10/15/98	6,155,000	5,270,000	4.60-4.80
1999 Series 1	05/01/99	15,790,000	8,455,000	4.70-5.30
2003 Series 2	04/01/03	13,740,000	12,630,000	3.20-5.00
2003 Series 3	10/30/03	67,890,000	58,395,000	3.50-5.00
2006 Series C	08/02/06	61,685,000	60,735,000	4.50-5.00
2007 Series 2	10/31/07	16,735,000	16,675,000	3.50-4.50
2007 Series 3	10/31/07	3,835,000	3,835,000	5.00
			$ 225,920,000	

Prior to calendar year 2002, it had been the working policy of the Department of Administration, on behalf of the Commission, to call Tax-Exempt Veterans Mortgage Bonds for special redemption based on the highest estimated market price, while taking into consideration the Legislature's mandate that the veterans housing loan program be self-amortizing. Since that time, this working policy has been modified from time to time to address both (1) the impact special redemption cross-calls have on the cash flow that supports all Tax-Exempt Veterans Mortgage Bonds and Taxable Veterans Mortgage Bonds (collectively, **Veterans Mortgage Bonds)**, and (2) compliance with applicable federal tax law restrictions. This working policy may be further modified from time to time and is subject to change at any time.

The most recent special redemption of Tax-Exempt Veterans Mortgage Bonds occurred on December 1, 2007. At that time, repayments in the amount of approximately $20 million were utilized in a replacement refunding that was part of the financing plan for two series of general obligations refunding bonds issued on October 31, 2007.

Selection of Bonds

So long as 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.

Notice of Redemption

So long as the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 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.

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.

Sources and Uses of Funds

The proceeds from the sale of the Bonds are expected to be used as follows:

Sources	
Principal Amount of the Bonds	$19,855,000.00
Uses	
Deposit to Bond Security and Redemption Fund	$19,855,000.00

Registration and Payment of Bonds

So long as the Bonds are in book-entry-only form, payment of principal will be made by wire transfer to the securities depository or its nominee by the **Paying Agent**—which is the Secretary of Administration. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

Book-Entry-Only Form

The Bonds will initially be issued in book-entry-only form. Purchasers of the Bonds will not receive bond certificates but instead will have their ownership in the Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Bonds. Ownership of the Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, and interest and any redemption premium on, the Bonds to DTC. Owners of the Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State will provide notices and other communications about the Bonds to DTC. Owners of the Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Redemption

If less than all of the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event the Bonds were not in book-entry-only form, how the Bonds are redeemed and paid would differ.

Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date to the registered owners of any Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Bonds would still be effective even if the notice were not mailed. A redemption notice could 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. Any revocation notice would 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, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the Bond were paid or money were provided for its payment.

Payment of principal would 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 would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

VETERANS HOUSING LOAN PROGRAM

General

The veterans housing loan program, operated by the State of Wisconsin Department of Veterans Affairs **(DVA)**, is one of the largest revenue-supported general obligation bonding programs of the State. Lending activities under the program began in 1974. The program is currently funded by Veterans Mortgage Bonds.

Veterans Housing Loan Program Requirements

A veteran who wishes to purchase, build, or purchase and rehabilitate a home that satisfies certain cost or value limitations in relation to the veteran’s income may apply for a veterans housing loan, which is also considered to be a primary mortgage housing loan. This 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. The loan must be secured by a first, or primary, mortgage on the home, and the shelter-cost ratio must generally be 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 veteran an origination fee of one point (approximately two points in the case of a construction loan and three points on the rehabilitation portion of a purchase-and-rehabilitation loan).

*Home Improvement Loan Program **(HILP)***

In addition to veterans housing loans that are considered primary mortgage housing loans, as described above, DVA also makes HILP loans that are funded solely with proceeds of Taxable Veterans Mortgage Bonds, or prepayments of loans previously funded with Taxable Veterans Mortgage Bonds. This program has a maximum loan amount of 90% of the equity in the home and is processed through county veterans service officers rather than lending institutions. HILP loans have terms of 5, 7, 10, or 15 years and have different loan interest rates for differing terms and differing loan-to-value ratios. HILP loans in excess of $3,000 are secured by either a first or second mortgage on the improved property and require a minimum equity position of 10% after considering the HILP loan. HILP loans under $3,000 may be guaranteed by a guarantor or secured by a first or second mortgage. HILP loans use the same basic underwriting standards as the primary mortgage housing loans but do not include loan-servicing charges.

Mortgage Interest Rates

It has been the policy of DVA to set the interest rate charged to a veteran 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 previously chosen to provide a subsidy for veterans primary mortgage housing loans, and some HILP loans, funded with some, but not all, of the Taxable Veterans Mortgage Bonds. The result is that the lending rate may be lower than the true interest cost rate on the Taxable Veterans Mortgage Bonds issued to fund those loans.

With respect to veterans housing loans, DVA has not determined whether any subsidy or similar arrangement will be available to such loans funded with future issues of Taxable Veterans Mortgage Bonds. With respect to HILP loans, DVA has a policy that requires the interest rate established for any HILP loan to include a minimum mark-up over the cost of money to make such loan, which would include a mark-up over the true interest cost rate on any future Taxable Veterans Mortgage Bonds issued to fund HILP loans. This policy includes provisions that DVA must complete in advance if it desires to deviate from this policy.

Default Risks and Other Information

For Veterans Mortgage Bonds issued prior to 1985, the estimated program cash flow assumed that a certain amount of prepayments would be made. No prepayments have been assumed in scheduling principal payments for Veterans Mortgage Bonds issued since 1985. Based on asset and liability balances as of June 30, 2007 and existing DVA assumptions, the cash flow of the mortgages on May 29, 2008 was sufficient to meet future debt service payments. A loan under the veterans housing loan program may be assumed only by another qualifying veteran.

After deducting a servicing charge (.375% per annum), the participating lender deposits the veteran's monthly loan repayments and any prepayments into the Veterans Mortgage Loan 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 obligations 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 the properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it also 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. As of April 30, 2008, of the 3,143 outstanding primary mortgage housing loans financed by the veterans housing loan program, there were 26 loans in an aggregate principal amount of approximately $1.6 million for which payments were 60 days or longer past due. The insurance reserve requirement (4% of the principal amount of outstanding loans) is currently satisfied.

OTHER INFORMATION

Limitations on Issuance of General Obligations

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and Statutes. There is an annual limit of three-quarters of one percent, and a cumulative limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual limit is $3,734,402,615, and the aggregate limit is $24,896,017,435. A funding or refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. As of May 15, 2008, general obligations of the State were outstanding in the principal amount of $5,701,656,688.

Borrowing Plans for 2008

General Obligations

The Bonds are the fourth and fifth series of general obligations to be issued in this calendar year. The State has previously issued (i) general obligation bonds in the par amount of $10 million to provide a subsidy for the State's Clean Water Fund Program, (ii) general obligation extendible municipal commercial paper in the par amount of $452 million to fund general obligation extendible municipal commercial paper issued under multiple series designations in previous calendar years, and (iii) general obligation bonds in the par amount of $165 million for general governmental purposes.

The Commission has authorized, in addition to the Bonds, the issuance of the following general obligations:

- Up to $509 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of general obligation refunding bonds depend on market conditions.
- Up to $45 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The State expects to sell to the State's Environmental Improvement Fund approximately $17 million of these general obligation subsidy bonds on or about June 17, 2008. The amount and timing of any additional general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to $25 million of general obligations for the veterans housing loan program, which may be in the form of bonds or extendible municipal commercial paper. The amount and timing of any additional issuance of general obligations depend on originations of veterans housing loans.
- Up to $21 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of additional general obligation refunding bonds for this purpose depend on market conditions.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of $646 million as of May 15, 2008. The amount and timing of any issuance of general obligations for this funding purpose depend on various factors.

Other Obligations

The Commission has authorized up to $200 million of transportation revenue obligations, in the form of bonds or commercial paper notes, to fund highway and transportation facility projects. The sale or placement of these transportation revenue obligations is expected in the second or third quarter of this calendar year. The Commission has authorized up to $250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The State has issued two series of clean water revenue bonds in this calendar year, one series in the par amount of $100 million to fund loans in the Clean Water Fund Program and one series in the par amount of $27 million to refund previously issued clean water revenue bonds. The Commission has authorized up to $50 million of clean water revenue bonds to fund additional loans in the Clean Water Fund Program. The amount and timing of any issuance of clean water revenue bonds depend on loan activity in the Clean Water Fund Program. The Commission has also authorized up to $98 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds.   The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

The State, acting by and through its Department of Administration, has issued three series of general fund annual appropriation refunding bonds in this calendar year in the aggregate par amount of $1.0 billion. These three series of bonds refund the portion of general fund annual appropriation bonds issued in 2003 in the form of auction rate certificates. Proceeds of the general fund annual appropriation bonds issued in 2003 were used to pay the State's unfunded accrued prior service (pension) liability and unfunded accrued liability for sick leave conversion credits.

The budget adjustment bill for the 2007-09 biennium (2007 Wisconsin Act 226) provides that the State may issue appropriation obligations to refund obligations previously issued in 2002 by the Badger Tobacco Asset Securitization Corporation and relating to tobacco settlement payments to be received by the State pursuant to the Master Settlement Agreement entered into among the participating cigarette manufacturers, 46 states, and six other U.S. jurisdictions in conjunction with the settlement of certain smoking-related litigation. These appropriation obligations may be sold, depending on market conditions, in the fourth quarter of this calendar year.

The State expects to issue operating notes in this calendar year for the 2008-09 fiscal year; the Commission has approved preliminary actions pertaining to the issuance of operating notes in an amount not to exceed $800 million but must take additional actions to authorize the issuance of the operating notes.

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Merrill Lynch & Co. is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the Bonds at an aggregate purchase price, not including accrued interest, of $19,855,000.00. The State has agreed, subject to certain conditions, to pay the Underwriters an underwriting fee in the aggregate amount of $146,418.83 (consisting of $130,185.61 for the Series 1 Bonds and $16,233.22 for the Series 2 Bonds). The Underwriters have agreed to reoffer the Bonds at the public offering prices or yields set forth on the inside front cover. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP.

Reference Information About the Bonds

Both the following tables and the tables on the inside front cover include information about the Bonds and are 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 Underwriters have provided the reoffering yields and prices. For each of the Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to first optional call date or the yield to the nominal maturity date.

$17,975,000
State of Wisconsin
General Obligation Refunding Bonds of 2008, Series 1
Not Subject to Alternative Minimum Tax

Dated Date: Date of Delivery
First Interest Date: November 1, 2008
Closing/Settlement: On or about June 26, 2008
Special Redemption: The Bonds are subject to special redemption at par. See "THE BONDS; Redemption Provisions".

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L SV0	May 1, 2009	$ 160,000	2.300%	2.300%	100%	Not Callable	-
97705L SW8	November 1, 2009	180,000	2.350	2.350	100	Not Callable	-
97705L SX6	May 1, 2010	185,000	2.600	2.600	100	Not Callable	-
97705L SY4	November 1, 2010	190,000	2.650	2.650	100	Not Callable	-
97705L SZ1	May 1, 2011	195,000	2.950	2.950	100	Not Callable	-
97705L TA5	November 1, 2011	205,000	3.000	3.000	100	Not Callable	-
97705L TB3	May 1, 2012	210,000	3.250	3.250	100	Not Callable	-
97705L TC1	November 1, 2012	215,000	3.300	3.300	100	Not Callable	-
97705L TD9	May 1, 2013	220,000	3.450	3.450	100	Not Callable	-
97705L TE7	November 1, 2013	200,000	3.450	3.450	100	Not Callable	-
97705L TF4	May 1, 2014	235,000	3.600	3.600	100	Not Callable	-
97705L TG2	May 1, 2015	250,000	3.750	3.750	100	Not Callable	-
97705L TH0	May 1, 2016	100,000	3.875	3.875	100	Not Callable	-
97705L TJ6	May 1, 2017	175,000	4.000	4.000	100	Not Callable	-
97705L TK3	May 1, 2018	400,000	4.125	4.125	100	Not Callable	-
97705L TL1	May 1, 2018 [(a)]	14,680,000	4.750	4.750	100	Not Callable	-
97705L TM9	November 1, 2023	175,000	4.750	4.750	100	5/1/2018	100%

$1,880,000
State of Wisconsin
General Obligation Refunding Bonds of 2008, Series 2
Subject to Alternative Minimum Tax (AMT)

Dated Date: Date of Delivery
First Interest Date: November 1, 2008
Closing/Settlement: On or about June 26, 2008
Special Redemption: The Bonds are subject to special redemption at par. See "THE BONDS; Redemption Provisions".

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L TN7	May 1, 2028 [(a)]	$ 1,880,000	5.500%	5.500%	100%	5/1/2018	100%

[(a)] These maturities are term bonds. For a schedule of the mandatory sinking fund redemption payments, see "THE BONDS; Redemption Provisions; *Mandatory Sinking Fund Redemption*" herein.

Quantitative Analyst

The State has employed cfX Incorporated to review, and to 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. In addition, cfX Incorporated has provided analysis on the plan of refunding and the structure of the Bonds.

Legal Investment

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

- Banks, trust companies, bankers, 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.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinions

Bond Opinion

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

Attorney General

As required by law, the office of 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. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

If certificated Bonds were issued, then a certificate of the Attorney General would be printed on the reverse side of each Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law and for both series of Bonds, interest is excluded from gross income for federal income tax purposes. For purposes of the federal alternative minimum tax imposed on all taxpayers, interest on the Series 1 Bonds is not an item of tax preference, but interest on the Series 2 Bonds is an item of tax preference.

As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials and others without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the authorizing resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service **(IRS)** or the courts, and it is not a guarantee of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the State legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability of the Bonds, and may cause the State or the owners of the Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

State of Wisconsin Income and Franchise Taxes

For both series of Bonds, interest is not excluded from current State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about 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 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)** for the State. 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. At this time, there is no SID for the State. Part I of the 2007 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
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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 11, 2008

STATE OF WISCONSIN

/S/ JIM DOYLE
Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN
Michael L. Morgan, Secretary
State of Wisconsin Department of Administration

/S/ DAVID W. HELBACH
David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and general obligations issued by the State, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2007 **(2007 Annual Report)**, which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part II of the 2007 Annual Report.

The changes or additions include information on the following:

- The budget adjustment bill for the 2007-09 biennium, as signed into law, with some vetoes, by the Governor on May 16, 2008 (2007 Wisconsin Act 226).
- Copy of a memorandum dated February 13, 2008 from the State's Legislative Fiscal Bureau **(LFB)** that presents revised projections of General Fund tax collections for the 2007-09 biennium, which include unfavorable changes from prior projections.
- Projected and actual General Fund cash flows, as of April 30, 2008.

Part II of the 2007 Annual Report contains general information about the State. More specifically, that part presents information about 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 2006-07
- State budget
- Potential effects of litigation
- 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 2007 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2007, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

Part III of the 2007 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2007 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)** and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2007 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2007 Annual Report, certain changes or events have occurred that affect items discussed in the 2007 Annual Report. Listed below, by reference to particular sections of Part II of the 2007 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs, some of which may be notices that describe matters other than listed material events under the State's Master Agreement on Continuing Disclosure.

Budget for 2007-08 and 2008-09 Fiscal Years (Part II; Pages 26-27). Add the following new sections:

Budget Adjustment Bill

Based on the projections included in the February 13, 2008 LFB memorandum, the Secretary of Administration made a determination on March 5, 2008 that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues and notified the Governor and Legislature.

In response to this determination, the Governor issued an executive order convening a special session of the Legislature to consider and act upon legislation relating to the projected budget shortfall. A budget adjustment bill was passed by the Senate and the Assembly and signed into law, with some vetoes, by the Governor on May 16, 2008 (2007 Wisconsin Act 226). A two-thirds vote in each house of the Legislature is required to override any veto and enact the vetoed portion into law. Action to override any veto may be taken before or after the effective date of the act.

The table on the following page provides the estimated General Fund condition statement for the 2007-08 and 2008-09 fiscal years, as of the effective date of 2007 Wisconsin Act 226. The following table also includes, for comparison, the estimated General Fund condition statement for the enacted budget for the 2007-09 biennium (2007 Wisconsin Act 20).

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget (which the Legislature has done, including for the 2007-09 biennium) and also requires that if final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take action to balance the budget in the succeeding fiscal year.

February 2008 General Fund Revenue Projections - LFB

On February 13, 2008, LFB released projections of General Fund tax collections for the 2007-09 biennium. These projections differ adversely from the projections of General Fund tax collections that were made in January 2007 and used in preparing the State's 2007-09 biennial budget (2007 Wisconsin Act 20). For the 2007-09 biennium, the LFB memorandum projected:

- A decrease of $240 million in estimated individual income tax collections.
- A decrease of $284 million in estimated general sale and use tax collections.
- A decrease of $124 million in estimated corporate income and franchise tax collections.

Estimated General Fund Condition Statement
2007-08 and 2008-09 Fiscal Years
(in Millions)

	2007-08 Fiscal Year		2008-09 Fiscal Year	
	2007 Act 20	Budget Adjustment Bill (2007 Act 226)	2007 Act 20	Budget Adjustment Bill (2007 Act 226)
Revenues				
Opening Balance	$ 66.3	$ 66.3	$ 67.0	$ 80.5
Taxes	13,100.1	12,868.3	13,626.2	13,286.5
Department Revenues				
Tribal Gaming	96.7	96.7	46.3	46.3
Other	428.2	643.1	435.0	514.2
Total Available	13,691.4	13,674.4	14,174.5	13,917.5
Appropriations				
Gross Appropriations	13,824.0	13,799.4	14,212.1	14,117.9
Compensation Reserves	62.8	62.8	156.6	132.6
Less: Lapses	(262.4)	(268.3)	(262.0)	(429.3)
Net Appropriations	13,624.4	13,593.9	14,106.8	13,821.2
Balances				
Gross Balance	67.0	80.5	67.7	106.2
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 2.0	$ 15.5	$ 2.7	$ 41.3

February 2008 General Fund Revenue Projections – LFB (Continued)

The LFB memorandum identified two administrative actions that the Secretary of Administration completed before the release of the LFB memorandum. These actions reduced the potential deficit by approximately $236 million for the 2007-09 biennium.

Taking into account the actions already completed by the Secretary of Administration, the LFB memorandum included an updated General Fund condition statement, which projected a gross ending General Fund balance for the end of the current fiscal year (June 30, 2008) of negative $77 million, and for the end of the current biennium (June 30, 2009) of negative $351 million, not including the statutory required reserve. With respect to the projected gross ending balance for the end of the current biennium, the amount is approximately $419 million less than the balance included in the enacted budget for the 2007-09 biennium.

The February 13, 2008 LFB memorandum identified other items that may impact the projections and information presented in such memorandum. These items include the following, which have been previously discussed in the 2007 Annual Report:

- Budgetary assumptions related to payment of amounts due in previous fiscal years from a tribal government, pursuant to amended gaming compacts in calendar year 2003.
- Litigation from calendar year 2007 related to the transfer of certain amounts from the State's Patient and Families Compensation Fund to the Medical Assistance Trust Fund.
- The Supreme Court's consideration of an appeal from the State of Wisconsin related to the taxability of computer software.

Additional details can be found in the complete copy of the LFB memorandum, which appears on the pages A-4 to A-19 of this Official Statement.

Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Email: Fiscal.Bureau@legis.wisconsin.gov
Telephone: (608) 266-3847 • Fax: (608) 267-6873

State of Wisconsin

February 13, 2008

Senator Mark Miller, Senate Chair
Representative Kitty Rhoades, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Miller and Representative Rhoades:

On January 24, 2008, I sent a letter to you that discussed preliminary information regarding general fund tax revenue estimates for the remainder of the 2007-09 biennium. In that letter, I noted that the December, 2007, tax collection report was considerably weaker than in previous months and thought that it would be prudent to wait until February before issuing our analysis of the condition of the general fund. This would allow us to examine sales taxes paid on purchases during the Christmas shopping season and determine if the weak December report was an anomaly or a trend in collections. It would also provide the opportunity to review the February economic forecast and more recent data on a variety of factors, including the potential effect of interest rate decisions by the Federal Reserve Board and the federal economic stimulus plan.

We have now completed our review. Unfortunately, the January, 2008, collections report and the February forecast both point to further weakness in general fund tax collections.

Based upon our analysis, we project the closing net general fund balance at the end of the biennium to be -$652.3 million. This is prior to decisions made by the Department of Administration (DOA) on February 12, 2008 (described below). The -$652.3 million is $655.0 million below the $2.7 million ending balance that was indicated upon enactment of the state's 2007-09 biennial budget (2007 Act 20).

The $655.0 million is the net result of a decrease in estimated tax collections of $586.5 million, a decrease in departmental revenues of $34.9 million (primarily due to lower interest earnings), and an increase in net expenditures (laws enacted after Act 20, sum sufficient appropriation reestimates, and lapse reestimates) of $33.6 million.

Yesterday, DOA announced two administrative actions aimed at reducing the magnitude of the potential deficit.

In a memorandum to state agency heads dated February 12, 2008, the Secretary of DOA indicated that the Department is taking two actions relating to state agency spending. First, the previously announced allocation of lapses to meet the required $200 million lapse provision under Act 20 will be modified by DOA, so that the entire $200 million will accrue from segregated funds or program revenue accounts. Second, acting under s.16.50 of the statutes, DOA will require GPR-funded agencies to lapse the $106 million previously identified as part of the $200 million lapse under Act 20, as well as an additional $5 million in 2008-09. The effect of these actions will be to improve the general fund's balance by $53 million in 2007-08 and $58 million in 2008-09 compared to the estimates used under Act 20.

The administration also indicates that it will use its existing authority to roll over short-term general obligation borrowing that otherwise would have been paid off in 2007-08 and 2008-09. This action will reduce GPR debt service expenditures by an estimated $63.6 million in 2007-08 and $61.8 million in 2008-09 compared to estimated GPR debt service under Act 20.

These two decisions of the administration are projected to reduce the $652.3 million deficit by a biennial total of $236.4 million to $415.9 million.

The following table reflects the estimated 2007-09 general fund condition statement, which incorporates the revenue and expenditure estimates of this letter and the February 12 actions of the administration.

TABLE 1

2007-09 General Fund Condition Statement

	2007-08	2008-09
Revenues		
Opening Balance, July 1	$66,288,000*	-$76,860,200
Estimated Taxes	12,868,300,000	13,271,500,000
Departmental Revenues		
Tribal Gaming Revenues	96,731,600	46,250,700
Other	467,103,700	472,175,900
Total Available	$13,498,423,300	$13,713,066,400
Appropriations and Reserves		
Gross Appropriations	$13,780,810,400	$14,171,612,500
Compensation Reserves	62,759,600	156,617,900
Less Lapses	-268,286,500	-264,286,400
Net Appropriations	$13,575,283,500	$14,063,944,000
Balances		
Gross Balance	-$76,860,200	-$350,877,600
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	-$141,860,200	-$415,877,600

*In addition, $55.6 million of the 2006-07 ending balance has been transferred to the budget stabilization fund pursuant to s. 16.518 of the statutes.

There are three items that deserve mention which could impact the figures shown in Table 1. Those items are discussed below.

First, the 2007-09 tribal gaming revenues shown in Table 1 ($96,731,600 in 2007-08 and $46,250,700 in 2008-09) include certain state payments under the Ho-Chunk Nation's 2003 gaming compact amendments. Under the amendments, the Ho-Chunk Nation was to provide certain lump-sum payments to the state in 2003-04 and 2004-05 and payments based on a percent of net casino win in subsequent years. The general fund revenue from tribal gaming indicated in Table 1 assumes the Ho-Chunk will pay, in 2007-08, the lump-sum payment of $30 million originally due in 2004-05, as well as percent-of-net-win payments associated with 2005-06 and 2006-07 casino earnings. In 2008-09, the general fund revenue amount assumes the Ho-Chunk will make a percent-of-net-win payment associated with its 2007-08 casino earnings. However, the timing of any Ho-Chunk payments may be affected by the outcome of litigation, currently pending in the federal court for the Western District of Wisconsin, relating to a dispute between the state and the Ho-Chunk Nation. It is unclear at this time how or when the disputed issues will be resolved.

Second, 2007 Act 20 authorized the transfer of $71.5 million SEG in 2007-08 and $128.5 million SEG in 2008-09 from the injured patients and families compensation fund (IPFCF) to the medical assistance trust fund (MATF), and increased SEG funding from the MATF and reduced GPR funding for MA benefits by corresponding amounts. In response to the Act 20 directive, the Department of Administration has made the 2007-08 transfer.

On October 29, 2007, the Wisconsin Medical Society filed an action in Dane County Circuit Court seeking, among other things, to permanently enjoin the transfer of monies out of the IPFCF, the immediate return to the IPFCF of all monies so transferred, along with lost earnings, and the recovery of the Medical Society's attorneys' fees and costs. The lawsuit remains pending and its ultimate impact on the state's finances, including the MATF, cannot be predicted at this time.

Finally, the tax revenue estimates shown in Table 1 do not include the potential effect of a decision issued by the Court of Appeals on January 25, 2007, in the case Wisconsin Department of Revenue v. Menasha Corporation, with respect to the taxability of computer software. Under state law, while prewritten computer software is subject to the state sales tax on tangible personal property, sales of custom computer software are exempt. In 1998, Menasha Corporation filed a refund claim with the Department of Revenue (DOR) for sales taxes paid on certain computer software that the company believed was custom software. DOR denied the refund claim, and Menasha Corporation appealed to the Tax Appeals Commission, which decided in favor of Menasha Corporation on December 1, 2003. The decision broadened the DOR interpretation of what computer software is to be considered nontaxable custom software. The case was appealed to the Circuit Court, which reversed the Tax Appeals Commission decision on October 26, 2004, and ruled that DOR was correct in collecting sales tax on the computer software in question. Menasha Corporation appealed the Circuit Court's decision to the Court of Appeals, which decided in favor of Menasha Corporation. DOR has appealed the Appeals Court decision, and the Supreme Court agreed to hear the case. Oral arguments were presented in late 2007 and a ruling is expected this spring.

Subsequent to the Appeals Court decision, DOR had estimated the fiscal effect of a final decision in favor of Menasha Corporation as a reduction in state sales tax revenues of approximately $28 million annually. In addition, the Department estimated related refund requests associated with years prior to 2007-08 of up to $221 million. Assuming that the final decision will be made closer to the end of 2007-08, and based on the Department's methodology, this estimate should be updated to approximately $265 million associated with refunds for years prior to 2008-09.

Generally, the statutes authorize claims for refunds to be filed for up to four years from the unextended due date of the claimant's income tax return for the year to which the claim relates. However, longer periods may apply under certain conditions, such as audits or protective claims for refunds. The Department's estimate of the cost of refund requests associated with Menasha Corporation is based on the assumption that refund claims will be filed for 50% of potential claims for 1999 through 2002 and 80% of potential claims for 2003 through the time of final determination of the case. Actual refund requests could be higher or lower than the Department's estimate. Assuming that a final determination of the case would be made prior to the end of 2007-08 or early in 2008-09, the Department expects that most refunds would be paid in the current biennium.

Given the uncertainty of the final determination of the case, the sales tax estimates shown above for the 2007-09 biennium do not incorporate the potential effect of the decision. However, should the Appeals Court decision represent the final determination of the case, it is projected that general fund revenues would be reduced by up to approximately $293 million prior to the end of the 2007-09 biennium ($265 million for refunds for fiscal years through 2007-08 and $28 million associated with computer software sales during 2008-09). While both the precise magnitude and timing of the fiscal effect are uncertain, the $293 million total is based on DOR's expectations for the combined effect of refunds and annual costs through the end of the biennium.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2007-09 biennium, including a discussion of the national economic forecast for 2008 and 2009 and general fund tax revenue projections for fiscal years 2007-08 and 2008-09.

National Economic Forecast. This office first prepared revenue estimates for the 2007-09 biennium in January, 2007, based on the January, 2007, forecast of the U.S. economy by Global Insight, Inc. At that time, positive economic growth was expected to continue in 2007, 2008, and 2009, although at a slower pace than that of 2006. The primary risks to the forecast were that the economy's excess production capacity was less than estimated and that foreign investors would diversify from the dollar in response to the large U.S. trade deficit, which would lead to an acceleration in inflation and interest rates and a lower level of economic growth.

In June, 2007, this office revised its fiscal year 2006-07 revenue estimates upward by $49 million (approximately 0.4%). The revision was based primarily on actual collections through May, 2007. However, because the more recent economic forecasts were somewhat weaker than the January, 2007, forecast, the estimates for 2007-08 and 2008-09 were not increased. Actual collections for 2006-07 exceeded the June estimates by an additional $22 million. However, individual income tax collections in 2006-07 were artificially high by approximately $75 million due to delays in paying refunds for tax year 2006 until 2007-08.

Despite considerable weakness in the housing market, high energy prices, and significant disruptions to credit markets, the economy continued to expand throughout 2007. After a sluggish first quarter of 0.6% real (inflation-adjusted) growth in gross domestic product (GDP), the second and third quarters showed real growth rates of 3.8% and 4.9%, respectively. However, it is believed that the economy slowed dramatically in the fourth quarter, with 0.6% real GDP growth. The slowdown in the fourth quarter reflects an accelerated decline in residential construction, slower consumption growth, and reduced growth in inventories following an unusually high accumulation in the third quarter. For the entire year, nominal (current-dollar) GDP growth is estimated at 4.9% and real growth is estimated at 2.2%. The nominal growth rate is 0.5% higher than projected last January, while the real growth rate is 0.1% lower. This discrepancy reflects a higher rate of inflation than was estimated last January, primarily due to increased prices for fuel.

The labor market was resilient in 2007. Personal income grew by an estimated 6.2% in 2007, compared to last January's estimate of 5.1%, which reflected higher than anticipated growth in both jobs and wages. The unemployment rate for 2007 is now estimated at 4.6%, compared to last January's estimate of 4.9%. The employment and income growth led to higher consumption expenditures, which increased by an estimated at 5.5%, compared to last January's projection of 4.7%. As anticipated, growth in corporate profits slowed significantly from the double-digit increases seen during 2002 through 2006. Growth in pre-tax profits in 2007 is now estimated at 4.2%, which is twice the rate of growth forecast last January.

As described above, by most measures, the economy performed better in 2007 than was anticipated last January, due to strength in the second and third quarters. However, as noted, growth slowed significantly in the fourth quarter, and the current (February, 2008) forecast assumes that the economy has begun to contract. Global Insight believes that the U.S. economy has entered into a recessionary phase that will last through the first half of this year. Real GDP growth is estimated at -0.4% in the first quarter and -0.5% in the second quarter. Positive growth is expected to resume in the third quarter of 2008, in part due to the effects of interest rate cuts and the federal stimulus package. Third-quarter growth is estimated at 3.4% and fourth-quarter growth is estimated at 2.7%. Significantly slower growth (0.7%) is expected in the first quarter of 2009 as the boost to consumer spending from the federal tax rebates diminishes. Real GDP growth is estimated at approximately 3% over the remainder of 2009.

For all of 2008 and 2009, the current forecast expects reduced levels of production, employment, income, profits, and consumption expenditures compared to last year's forecast. Nominal GDP growth is now estimated at 3.6% in 2008 and 4.0% in 2009, compared to last

January's estimates of 5.2% and 5.5%, respectively. Real GDP growth is now estimated at 1.4% in 2008 and 2.2% in 2009, compared to the previous forecast of 3.2% and 3.4%. As in recent months, the main areas of concern going forward are the housing and credit markets and high energy prices. However, new information regarding consumption expenditures, profits, and employment indicates a broader downturn has begun.

After increasing rapidly for several years, housing starts peaked at 2.1 million units in 2005, and then declined by 12.6% (to 1.8 million units) in 2006 and an estimated 25.8% (to 1.3 million units) in 2007. The forecast expects another significant decline in 2008, followed by a strong rebound in 2009. Housing starts are estimated at 0.9 million units in 2008 (a decrease of 33.0% from 2007) and 1.2 million units in 2009 (an increase of 31.1%). Sales of new and existing homes are expected to exhibit a similar pattern, with decreases of 9.5% in 2006, 14.6% in 2007, and 19.5% in 2008, followed by an increase of 10.2% in 2009. The recent declines in housing activity reflect high inventory levels and prices, along with reduced availability of credit. In addition, compared to historical trends, much of the demand for housing in 2004 and 2005 was from investors who did not intend to use the home as a primary residence. These former purchasers have now become sellers of homes, which has contributed to the imbalanced housing market.

The forecast expects housing activity to bottom out in the first half of 2008 and then begin to rebound as the excess inventory is sold off, interest rates decrease, and affordability improves as housing prices decline. Nationwide, housing prices (as measured by the constant-quality price index) decreased by 0.2% in 2007 and are expected to decrease by 5.1% in 2008 and 1.7% in 2009. Beginning in 2010, modest price increases are expected to resume. Median and average prices of new and existing homes are also expected to continue declining at least through 2009. All of these measures of housing activity have been revised downward since last January. As discussed later, a key risk to the baseline forecast is that the housing market will deteriorate further.

Closely tied to the housing market are the credit markets, which experienced significant uncertainty and financial losses during 2007, primarily due to weakness in subprime mortgage loans. In recent years, relaxed lending standards by banks and other lenders have allowed more families to become homeowners and to purchase homes that previously had been beyond their means. These loans often were made with small or no down-payments, and low initial interest rates, which would later adjust upward to reflect market rates. As housing price appreciation slowed and interest rates reset, delinquencies and foreclosures began to rise dramatically, leading to large losses by lenders and by investors who had purchased mortgage-backed securities. Toward the end of 2007, there was also a significant increase in delinquencies on prime-rate mortgages, auto loans, and credit card debt. In response, lending standards have been tightened and there has been a "flight to quality" as investors increased their purchases of less risky assets such as U.S. Treasury securities.

Since last September, the Federal Reserve Board has cut the federal funds rate five times by a total of 225 basis points (from 5.25% to 3.0%). The most recent rate cuts occurred on January 22nd (75 basis points) and January 30th (50 basis points). The January 22nd reduction followed an international stock sell-off based, in part, on fears of a U.S. recession. However, market rates on corporate bonds, mortgage loans, and other types of private-sector debt have not fallen by the same amounts due to increased risk-aversion by lenders. The forecast anticipates that the Federal Reserve will continue to cut rates in order to prevent or mitigate a recession. Specifically, it is expected that the federal funds rate will be reduced by an additional 100 basis points (to 2.0%) by the end of April, 2008, where it will remain through the rest of the year. It is expected that rates will be increased slightly beginning in the first quarter of 2009. Other interest rates are expected to fall by approximately 40 to 70 basis points over the next seven months and then begin rising slowly in the fourth quarter of 2008.

On February 7th, Congress approved a $168 billion economic stimulus package, which included tax rebates for individuals and tax reductions for businesses. As of this writing, the President has not signed the bill, but it is expected that he will do so this week. The plan will provide rebate checks of up to $600 for individuals and up to $1,200 for married couples, with an additional payment of $300 per child and a minimum payment of $300 for individuals who pay less than that amount in federal income taxes. The rebates will be phased out for higher-income taxpayers (individuals with incomes of at least $75,000 and married couples with incomes of at least $150,000). It is anticipated that the Treasury Department will begin distributing the checks in early May after federal income tax returns have been processed. The plan will also allow businesses to depreciate equipment purchases more quickly and increase the amount of capital expenses that small businesses can immediately deduct for tax purposes. The legislation will also increase the loan limits for Fannie Mae, Freddie Mac, and the Federal Housing Administration.

The stimulus package is very similar to, but somewhat larger than, what was assumed by Global Insight in the February forecast (a total package of approximately $150 billion). As noted, it is anticipated that the rebate checks will result in increased consumer spending in the second half of 2008 (6.5% growth in the third quarter and 3.9% growth in the fourth quarter compared to rates of 3.0% and 1.2% in the first and second quarters, respectively). Lower growth rates are expected in the first part of 2009 as the impact of the rebates fades. Global Insight believes that the business tax provisions will affect the timing of certain investments but not have a significant impact on overall economic growth.

After falling in the last quarter of 2006 and first quarter of 2007, oil prices again increased significantly during the remainder of 2007 and early 2008. Crude oil prices had receded to an average of $58 per barrel during the first quarter of 2007, but then rose to approximately $100 per barrel early this year (close to the inflation-adjusted record price of $102.81 per barrel in April, 1980). Prices have since receded to between $90 and $95 per barrel. Global Insight believes that the recent high oil prices reflect temporary geopolitical events and speculation, rather than fundamental supply and demand, and that the slowing economy will result in reduced demand for oil and lower prices in the coming months. Oil prices are expected to decline to approximately $73 per barrel by the fourth quarter of 2008, and then remain between $70 and $75 per barrel throughout the rest of that year and 2009.

As with crude oil, gasoline prices also rose significantly in 2007, from a national average price of $2.43 per gallon in the first quarter to $3.01 per gallon in the fourth quarter. Prices are expected to remain at approximately $3.00 per gallon in the first half of this year and then begin falling in the third quarter. The U.S. average price is expected to be between $2.60 and $2.80 per gallon in the fourth quarter of 2008 and in 2009. However, even with the anticipated decreases later this year, oil and gasoline prices are expected to be significantly higher than in last January's forecast. Natural gas prices are expected to increase by approximately 11.1% during 2008 and 10.2% in 2009. A significant risk to the baseline forecast is that the recent high oil prices will be sustained because they are more reflective of ongoing supply difficulties than speculative buying.

The overall consumer price index (CPI) increased by 2.9% in 2007, primarily due to rising prices for oil and other energy commodities. The CPI for energy commodities rose by 8.2%. Lower levels of inflation are forecast for 2008 and 2009 as the economy slows and oil prices fall. The overall CPI is now estimated at 2.5% in 2008 and 1.6% in 2009. The 2007 figure exceeded last January's forecast by 1.1%; the estimates for 2008 and 2009 are very close to last year's projections. Food prices also rose faster than overall inflation in 2007, with an increase of 4.0%. Food price inflation is estimated at 4.1% in 2008 and 2.1% in 2009. Inflation would be significantly higher (2.9% in 2008 and 3.1% in 2009) if oil prices do not fall as assumed in the baseline forecast.

As noted, personal income growth is estimated at 6.2% in 2007, which is 1.1% above last January's forecast of 5.1%. The higher rate of growth reflects a higher level of both jobs and wages. Other major sources of personal income (farm income, dividends, interest, and transfer payments) also exceeded expectations in 2007. Non-farm proprietors' income was lower than forecast. Personal income growth is now projected to be 4.1% in 2008 and 4.4% in 2009. These growth rates are lower than last January's forecast by 1.4% and 1.8%, respectively. Reduced rates of growth are expected for most components of personal income as overall economic growth slows.

Employment growth is estimated at 1.1% in 2007, which is slightly higher than the 1.0% growth projected last January. However, the projections for 2008 and 2009 have been reduced since last January's forecast. The current forecast anticipates employment growth of 0.3% in 2008 and 0.7% in 2009, compared to the previous estimates of 1.3% and 1.6%. Relative to last January, lower employment growth is expected for nearly all sectors of the economy, with particular weakness in construction jobs. Consistent with the jobs numbers, the unemployment rate is now projected to be higher than estimated last January. The current forecast is for an unemployment rate of 5.3% in 2008 and 5.6% in 2009, compared with last January's projection of 4.9% and 4.6%, respectively.

The forecast for personal consumption expenditures shows a similar pattern, with higher than anticipated growth in 2007, but a less optimistic forecast for 2008 and 2009. Consumption expenditures increased by an estimated 5.5% in 2007, compared to last year's estimate of 4.7%. As in recent years, areas of strength were concentrated in items that are generally not subject to the state sales tax, such as food (6.1% growth), gasoline (6.1%), heating fuel (16.6%), and services (6.0%). Purchases of items that are generally taxable grew more slowly. Sales of motor vehicles and parts increased by 1.6% and sales of other durable goods increased by 3.8%. Sales of nondurable goods, excluding food and fuel, increased by 4.1%.

Overall consumption growth is expected to slow to 4.1% in 2008 and 3.8% in 2009 due to lower personal income growth, tighter credit, and continued weakness in the housing market. The growth rate in 2008 would be even lower if the federal stimulus package had not been approved. As in 2007, higher rates of growth are forecast for food and services. However, due to falling prices, sales of gasoline are expected to show only a modest increase in 2008 and a small decrease in 2009. Sales of motor vehicles and parts are expected to be especially weak in 2008, with a decrease of 4.9%. However, a 4.9% increase is estimated for 2009 as employment and overall economic growth improve. Sales of other durable goods are forecast to rise by 0.5% in 2008 and fall by 0.4% in 2009, while sales of nondurable goods (excluding food and fuel) are expected to increase by 2.9% in 2008 and 3.7% in 2009.

Exports have been an area of strength for the U.S. economy in recent years and are expected to continue showing considerable growth in 2008 and 2009. Without the assumption of strong export growth, the baseline forecast would anticipate a longer and deeper recession. Exports increased by double-digit growth rates in each year from 2004 through 2007. An important factor in this growth has been the reduced value of the dollar relative to the currencies of the nation's major trading partners (more than 30% since early 2002), which makes U.S. products more affordable in foreign markets. In addition, the economies of Asian nations and other trading partners have experienced relatively robust growth. Export growth is estimated at 11.6% in 2008 and 8.6% in 2009, as the dollar continues to weaken throughout the first three quarters of this year before rising in the fourth quarter and stabilizing in 2009. Despite strong export growth, the U.S. trade deficit rose each year between 2002 and 2006. This occurred primarily due to increased imports of consumer goods and oil. As oil prices moderate and U.S. exports of other goods and services continue to show strong growth, it is expected that the trade deficit will decrease in 2008 and 2009.

After double-digit increases in 2005 and 2006, growth in business investment spending moderated to 6.1% in 2007, but was still an area of relative strength for the economy. Spending on nonresidential structures was particularly strong in 2007, with growth of 16.8%. However, investment in software and equipment was much weaker, with 1.7% growth. The forecast anticipates a significant slowdown in business investment as credit markets tighten and overall demand slows. Total business investment is expected to increase by 1.9% in 2008 and decrease by 0.2% in 2009. Investment in structures is expected to grow by 2.9% in 2008 and decrease by 9.5% in 2009, while investment in equipment and software is expected to increase by 1.4% and 4.3%, respectively.

The federal stimulus package will allow a first-year "bonus depreciation" deduction equal to 50% of the adjusted basis of qualified property placed into service during 2008 (the applicable time period is extended through 2009 for certain types of property). In addition, the stimulus package will increase the amount of investment that may be immediately expensed by small businesses (section 179 property) from $128,000 to $250,000, beginning in tax year 2008.

Under current law, the $128,000 amount is reduced by the amount by which the cost of the qualifying property exceeds $510,000. The new federal provisions will increase the $510,000 threshold to $800,000.

Global Insight does not expect the federal bonus depreciation and expensing provisions to have a significant impact on business investment. In effect, the bonus depreciation amounts to an interest-free loan from the government because the beneficial cash-flow impact is reversed in later years. The forecast assumes that business spending will be more influenced by weakening demand than by the federal tax changes, although it is believed that some investments will be moved forward from early 2009 to 2008 before the new provisions expire. As discussed below, the new provisions will result in a significant decrease in before-tax book profits in 2008 and a an offsetting increase in 2009.

Following several very strong years, growth in corporate profits slowed to 4.2% in 2007. Pre-tax book profits are expected to fall by 14.8% in 2008 and increase by 20.9% in 2009. However, these growth rates are distorted by the expensing and depreciation provisions of the federal stimulus package. Economic profits, which are not affected by federal tax law changes, grew by 3.1% in 2007 and are estimated to increase by 0.2% in 2008 and 3.4% in 2009. The double-digit growth rates of recent years were driven in large part by productivity gains, which slowed considerably in 2007. The lower levels of profits also reflect continued weakness in housing-related businesses, large losses in the financial sector, high oil prices, and a general reduction in demand for goods and services as the economy slows.

Global Insight has also prepared two alternative forecasts, one more optimistic and one more pessimistic than the baseline forecast. In the optimistic scenario, productivity growth, business investment, and foreign economic growth are all stronger than under the baseline forecast, and energy prices are lower. These factors lead to lower inflation and to increased domestic production, investment, and housing starts. The federal budget deficit is also lower than under the baseline forecast due to stronger revenue growth and reduced expenditures for transfer payments. Under this alternative forecast, which is assigned a probability of 25%, there is no recession in 2008 and, compared to the baseline forecast, real GDP growth is higher by 0.8% in that year and in 2009.

The pessimistic alternative (also 25% probability) assumes a deeper contraction in the housing market and higher oil prices than under the baseline forecast. Housing starts and prices are significantly lower, which leads to reduced consumption expenditures. In turn, the lower consumer demand leads to reduced production and investment by businesses. Under this scenario, employment drops for five consecutive quarters and industrial production falls for seven quarters. Real GDP declines in the first two quarters of 2008, then rebounds slightly in the second half (less than 1% growth), before decreasing again in the first quarter of 2009. Real GDP growth is estimated at -0.1% in 2008 and 0.4% in 2009, compared to the baseline estimates of 1.4% and 2.2%, respectively. The pessimistic scenario in last January's forecast, which had a probability of 20%, called for a lower level of economic growth but no recession in 2007 through 2009.

Table 2 shows a summary of national economic indicators drawn from the February, 2008, forecast by Global Insight.

TABLE 2

Summary of National Economic Indicators
Global Insight, Inc., February, 2008
($ in Billions)

	2006	2007	2008	2009
Nominal Gross Domestic Product	$13,194.7	$13,843.0	$14,335.2	$14,902.5
Percent Change	6.1%	4.9%	3.6%	4.0%
Real Gross Domestic Product	11,319.4	11,567.3	11,724.3	11,978.4
Percent Change	2.9%	2.2%	1.4%	2.2%
Consumer Price Index	3.2%	2.9%	2.5%	1.6%
Personal Income	10,983.4	11,667.3	12,144.7	12,676.3
Percent Change	6.6%	6.2%	4.1%	4.4%
Personal Consumption	9,224.5	9,732.0	10,128.0	10,511.3
Percent Change	5.9%	5.5%	4.1%	3.8%
Economic Profits	1,553.7	1,601.9	1,604.8	1,659.7
Percent Change	13.2%	3.1%	0.2%	3.4%
Unemployment Rate	4.6%	4.6%	5.3%	5.6%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2007-09 biennium. The estimates are based on the February, 2008, forecast of the U.S. economy by Global Insight, and incorporate all of the tax law changes included in Act 20.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

Source	2006-07 Actual	Budget Estimates (Act 20) 2007-08	Budget Estimates (Act 20) 2008-09	Revised Estimates February 2008 2007-08	Revised Estimates February 2008 2008-09
Individual Income	$6,573.8	$6,758.8	$7,105.5	$6,660.0	$6,965.0
General Sales and Use	4,158.6	4,310.0	4,479.4	4,210.0	4,295.0
Corporate Income & Franchise	890.1	887.8	860.3	810.0	815.0
Public Utility	284.9	297.2	314.4	295.6	316.2
Excise					
Cigarette	296.1	456.5	531.0	448.9	523.7
Liquor and Wine	42.7	42.5	43.0	42.5	43.0
Tobacco Products	17.5	28.9	41.2	28.9	41.2
Beer	9.5	9.4	9.4	9.4	9.4
Insurance Company	141.4	141.0	144.0	150.0	160.0
Estate	121.1	95.0	25.0	140.0	30.0
Miscellaneous Taxes	82.2	73.0	73.0	73.0	73.0
Total	$12,617.9	$13,100.1	$13,626.2	$12,868.3	$13,271.5
Change from Prior Year					
Amount		$482.2	$526.1	$250.4	$403.2
Percent Change		3.8%	4.0%	2.0%	3.1%

As shown in Table 3, general fund tax revenues are estimated to total $12,868.3 million in 2007-08 and $13,271.5 million in 2008-09. These amounts are lower than the Act 20 estimates by $231.8 million in the first year and $354.7 million in the second year, for a total decrease of $586.5 million. The estimates for the three major taxes (individual income, general sales and use, and corporate income and franchise) have all been revised downward significantly. The cigarette tax estimates have also been decreased, while the estimates for the estate tax and insurance company taxes have been increased.

Individual Income Tax. State individual income tax revenues were $6,573.8 million in 2006-07 and are currently estimated at $6,660.0 million in 2007-08 and $6,965.0 million in 2008-09. The current estimates are lower than the Act 20 estimates by $98.8 million in the first year and $140.5 million in the second year. The current estimates reflect growth of 1.3% for 2007-08 and 4.6% for 2008-09. It should be noted that the growth rate for 2007-08 is affected by a delay that occurred in the payment of approximately $75 million in individual income tax refunds for the 2006 tax year from 2006-07 to 2007-08. As a result of the delay, collections for 2006-07 were artificially high and collections in 2007-08 will be, correspondingly, artificially low. In addition, the growth rates for both years are affected by a number of law changes, primarily the implementation of the 100% income tax exclusion for social security benefits starting in 2008. In the absence of the refund delay and the effects of the law changes, growth in individual income tax revenues would be estimated at 4.6% for 2007-08 and 4.5% for 2008-09.

Based on preliminary collections information through January, 2008, individual income tax revenues for the current fiscal year are 3.1% higher than such revenues through the same period in 2006-07. However, if the additional $75 million in refunds for tax year 2006 had not been paid in 2007-08, then collections for this fiscal year through January would be 5.1% higher than the previous year. Based on the delay in refunds and law changes referred to above, as well as the forecast reduction in personal income growth in 2008, growth in collections is expected to slow during the remaining months of the fiscal year, resulting in the projections described above for actual growth in 2007-08 of 1.3% and adjusted growth of 4.6%.

General Sales and Use Tax. In 2006-07, state sales and use tax collections were $4,158.6 million, which was a 0.8% increase over the prior year. State sales and use tax revenues are currently estimated at $4,210.0 million in 2007-08 and $4,295.0 million in 2008-09, which represent growth of 1.2% in the first year and 2.0% in the second year. These estimates are $100.0 million lower in the first year and $184.4 million lower in the second year than the Act 20 estimates of $4,310.0 million in 2007-08 and $4,479.4 million in 2008-09. The reductions in the estimates are based, in part, on 1.5% growth in sales and use tax collections year-to-date through January, 2008, and in part on the most recent forecast of growth in taxable personal consumption expenditures. As previously noted, the estimates do not include the impact of the Court of Appeals decision in the Menasha Corporation case.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $890.1 million in 2006-07. Collections are projected to be $810.0 million in 2007-08 and $815.0 million in 2008-09. These amounts represent an annual decrease of 9.0% in 2007-08, and a slight increase of 0.6% in 2008-09. The new estimates are lower than the Act 20 estimates by $77.8 million in the first year and $45.3 million in the second year.

The new estimates reflect decreased year-to-date corporate income and franchise tax collections, which were 9.3% lower through January, 2008. The lower collections mirror the slowdown in the U. S. economy. Decreasing consumption expenditures, business investment, and industrial production are depressing corporate earnings, as the effect of the housing recession and credit restrictions spread through the economy. However, exports are projected to be a significant contributor to corporate sales and profits over the forecast period. Economic profits are forecast to increase by 0.2% in 2008, before rebounding somewhat to increase by 3.4% in 2009.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including the phase-in of single-sales factor apportionment, repeal of the manufacturers' sales tax credit, enactment of new tax credits, such as the dairy investment, dairy manufacturing facility, Internet equipment, Health Insurance Risk-Sharing Plan assessments, and ethanol and biodiesel fuel pump tax credits, and for the collection of back taxes from banks.

Public Utility Taxes. Public utility tax revenues were $284.9 million in 2006-07, and are currently projected at $295.6 million in 2007-08 and $316.2 million in 2008-09. Relative to the Act 20 estimates, these figures are lower than the 2007-08 estimate by $1.6 million but higher than the 2008-09 estimate by $1.8 million. Utility tax collections are currently expected to increase by 3.8% in 2007-08 and by 7.0% in 2008-09, rather than by 4.3% in 2007-08 and 5.8% in 2008-09, as had been estimated under Act 20.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $365.8 million in 2006-07. Under Act 20, total excise tax revenues were reestimated at $537.3 million in 2007-08 and $624.6 million in 2008-09, to reflect the Act 20 increases in the tax rates on cigarettes and other tobacco products as well as additional modifications to taxes on other tobacco products, which took effect January 1, 2008.

Data is not yet available to reflect the actual impact of the cigarette and other tobacco products tax law changes under Act 20. However, while the January, 2007, estimates of cigarette tax revenues under prior law had assumed a slight increase in revenues, collections through December, 2007, had decreased by 1.25% compared to the prior year. Based on the reduced collections through December, 2007, and the current forecast for slower growth in personal income and personal consumption expenditures, it is now anticipated that cigarette tax revenues will be lower than the Act 20 estimates by $7.6 million in 2007-08 and $7.3 million 2008-09.

No changes are projected from the Act 20 estimates for the remaining excise taxes. Therefore, excise tax revenues are currently estimated at $529.7 million in 2007-08 and $617.3 million in 2008-09.

Insurance Premiums Taxes. Insurance premium taxes were $141.4 million in 2006-07. Premiums tax collections are projected to be $150.0 million in 2007-08 and $160.0 million in 2008-09. The projected increase in 2007-08 is primarily based on year-to-date monthly premiums tax collections, which are 4.6 % higher through January, 2008, and expected increased premiums in response to lower investment income. The estimated increase in 2008-09 reflects expected continued growth in insurance premiums. The new estimates exceed the Act 20 estimates by $9.0 million in 2007-08 and $16.0 million in 2008-09.

Estate Tax. In 2006-07, state estate tax revenues were $121.1 million. Under Act 20, estate taxes were estimated at $95.0 million in 2007-08 and $25.0 million in 2008-09. However, based on collections to date in 2007-08, estate taxes are reestimated at $140.0 million in 2007-08 and $30.0 million in 2008-09. The revised estimates are $45.0 million higher in 2007-08 and $5.0 million higher in 2008-09 than the Act 20 estimates.

The significant reduction in the estimates for 2008-09 under both Act 20 and the current revision is the result of statutory provisions that effectively eliminated the state estate tax for deaths on or after January 1, 2008. Such provisions specify that, for deaths on or after January 1, 2008, the state estate tax is based on a federal credit for state death taxes paid under federal estate tax law. However, current federal law does not provide such a credit, which is the reason that the state estate tax is eliminated. It should be noted, however, that the relevant federal provisions are scheduled to sunset on December 31, 2010. As a result, in the absence of a federal law change, Wisconsin's estate tax will again apply with respect to estates of decedents dying after December 31, 2010.

Estate taxes are typically paid nine months after the date of death. Therefore, it is expected that the state will receive estate tax revenues through September, 2008, for deaths occurring in the last nine months of 2007.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $82.2 million in 2006-07, and are estimated at $73.0 million in both 2007-08 and in 2008-09. These estimates are unchanged from the Act 20 estimates.

Approximately 85% of miscellaneous tax revenues are from the real estate transfer fee (RETF). State RETF collections, which have fluctuated along with the strength of the housing market in recent years, reached a peak of $80.6 million in 2005-06 before declining to $71.7 million in 2006-07. RETF revenues are estimated to further decline to $62.5 million in 2007-08 before stabilizing at that level in 2008-09.

Transportation Fund

In addition to the discussion of the condition of the state's general fund, the following information is provided on the condition of the transportation fund.

Typically, the Department of Transportation, in cooperation with this office, prepares revised estimates of the transportation fund condition each spring. This year, the Department expects to produce this estimate in early April, utilizing February economic forecasts from Global Insight, Inc., as well as other, state-specific forecasts developed by the Department of Revenue. Of particular interest for this estimate will be the impact on transportation fund revenue collections of the economic downturn that has affected general fund revenue collections. Although it is still too early to fully evaluate the precise magnitude of the impact, based on preliminary indications, including actual collections through the first six months of the biennium, it appears that the transportation fund could have a biennium-ending deficit of as much as $25 million to $40 million.

The primary area of concern for transportation fund collections is vehicle registration and titling. The Act 20 revenue estimates were based on projections made in the spring of 2007, covering the three-year period from 2006-07 through 2008-09. Actual collections of vehicle registration revenue for 2006-07, however, were lower than the projections by $16.0 million. Although these reductions were offset in that year by higher collections in other areas, including motor fuel taxes, the relative weakness of vehicle registration revenue, particularly from heavy trucks, appears to have continued into the 2007-09 biennium.

Motor fuel tax collections, which are the other major component of transportation fund revenues, appear, through the first six months of the biennium, to be close to budget projections.

The Joint Committee on Finance may have two opportunities in the coming months to address any projected transportation fund deficit. First, under current law, the Department of Transportation is required to submit a plan to the Co-Chairs to allocate additional federal highway aid among its appropriations if the amount of aid received in a given federal fiscal year is greater than the amounts estimated in the state budget by 5% or more. Last week, the Federal Highway Administration notified the Department that the state will receive $718.3 million in federal fiscal year 2008, an amount that exceeds budget estimates by $76.2 million, or 11.9%. In addition, the state received an additional $23.4 million in federal fiscal year 2007 funds for expenditure in state fiscal year 2007-08, for a total of $99.6 million in additional funds. Under the statutory provision that requires the Department to submit a plan allocating these additional funds, the plan may adjust any DOT appropriation. Consequently, the plan could be used to reduce certain SEG appropriations to eliminate a projected deficit. In considering the Department's plan, the Committee may approve or modify and approve the adjustments, including any adjustments to the Department's SEG appropriations.

In addition to being required to submit a plan to make adjustments to allocate additional federal aid, a provision of Act 20 requires the Department to develop a plan to eliminate a projected deficit by reducing SEG appropriations whenever the deficit is projected to exceed $30 million. If the Department's spring estimate indicates that the deficit triggers this requirement, the Department will be required to submit a plan to the Committee. As with the federal funds allocation plan, the Committee may approve or modify and approve the plan.

We will continue to monitor economic forecasts, revenues, and expenditures and keep you informed of any modifications that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 36-44).

The following tables provide updates and additions to various tables containing General Fund information for the 2007-08 fiscal year, which are presented on either a cash basis or agency recorded basis. The projections and estimates in the following tables, unless noted, reflect the projected General Fund revenues released by LFB on February 13, 2008. The tables contain information through April 30, 2008.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month.

The following tables may show negative balances on a cash basis. The Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Constitution, however, requires the Legislature to enact a balanced biennial budget, and if final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take actions to balance the budget in the succeeding fiscal year.

Table II-7; Actual and Projected General Fund Cash Flow (Part II - Page 39). Replace with the following updated table:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2007 TO APRIL 30, 2008
PROJECT GENERAL FUND CASH FLOW; MAY 1, 2008 TO JUNE 30, 2008[(a)]

(In Thousands of Dollars)

	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008
BALANCES[(b)]												
Beginning Balance	$ 49,148	$ 349,749	$ 638,780	$ 723,620	$ 1,417,676	$ 1,131,328	$ 446,854	$ 1,364,065	$ 1,117,488	$ (212,538)	$ 412,897	$ 481,425
Ending Balance [(c)]	349,749	638,780	723,620	1,417,676	1,131,328	446,854	1,364,065	1,117,488	(212,538)	412,897	481,425	(60,368)
Lowest Daily Balance [(c)]	39,257	(441)	159,554	606,183	783,121	(285,238)	435,780	1,048,982	(212,538)	(648,410)	262,233	(629,136)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 682,211	$ 500,798	$ 651,858	$ 695,206	$ 521,419	$ 459,790	$ 1,112,129	$ 574,257	$ 578,486	$ 1,193,252	$ 516,321	$ 694,028
Sales & Use	414,387	413,404	401,674	396,967	385,034	345,203	421,814	323,947	310,458	358,240	341,914	372,771
Corporate Income	35,238	20,042	154,364	51,110	31,669	174,535	21,726	30,498	188,247	49,678	20,533	144,972
Public Utility	20	20	509	1,871	148,786	987	56	20	94	1,111	149,221	908
Excise	30,620	34,376	36,523	27,764	36,994	26,518	28,435	74,544	47,280	51,023	59,967	61,596
Insurance	584	1,777	33,083	489	1,004	31,518	2,096	23,510	26,594	33,065	1,912	34,686
Inheritance	12,784	17,121	14,108	14,117	15,580	10,886	4,291	11,192	18,117	10,360	13,088	12,896
Subtotal Tax Receipts	$ 1,175,844	$ 987,538	$ 1,292,119	$ 1,187,524	$ 1,140,486	$ 1,049,437	$ 1,590,547	$ 1,037,968	$ 1,169,276	$ 1,696,729	$ 1,102,956	$ 1,321,857
NON-TAX RECEIPTS												
Federal	$ 579,248	$ 553,559	$ 479,277	$ 518,519	$ 557,015	$ 504,290	$ 650,871	$ 609,628	$ 553,043	$ 450,485	$ 553,100	$ 586,100
Other & Transfers	397,510	231,439	414,249	418,712	264,756	215,831	457,837	507,579	230,775	315,770	269,400	617,400
Note Proceeds[(d)]	594,000	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,570,758	$ 784,998	$ 893,526	$ 937,231	$ 821,771	$ 720,121	$ 1,108,708	$ 1,117,207	$ 783,818	$ 766,255	$ 822,500	$ 1,203,500
TOTAL RECEIPTS	$ 2,746,602	$ 1,772,536	$ 2,185,645	$ 2,124,755	$ 1,962,257	$ 1,769,558	$ 2,699,255	$ 2,155,175	$ 1,953,094	$ 2,462,984	$ 1,925,456	$ 2,525,357
DISBURSEMENTS												
Local Aids	$ 1,088,886	$ 170,143	$ 841,399	$ 120,205	$ 928,976	$ 1,293,374	$ 244,301	$ 255,745	$ 1,358,278	$ 113,409	$ 185,800	$ 1,962,700
Income Maintenance	554,657	462,141	430,767	475,577	408,147	473,582	425,771	484,702	438,158	484,009	417,660	228,516
Payroll and Related	293,794	439,220	257,475	384,708	457,197	272,879	447,230	491,507	258,898	398,933	460,002	279,832
Tax Refunds	114,634	89,140	53,251	63,034	69,419	157,306	100,895	567,085	409,708	384,057	131,279	164,100
Debt Service	95,411	5,720	170,526	-	3,239	-	-	1,500	330,346	-	27,037	-
Miscellaneous	294,406	317,141	347,387	387,175	381,627	256,891	563,847	450,369	331,924	301,106	478,700	432,002
Note Repayment[(d)]	4,213	-	-	-	-	-	-	150,844	155,808	156,035	156,450	-
TOTAL DISBURSEMENTS	$ 2,446,001	$ 1,483,505	$ 2,100,805	$ 1,430,699	$ 2,248,605	$ 2,454,032	$ 1,782,044	$ 2,401,752	$ 3,283,120	$ 1,837,549	$ 1,856,928	$ 3,067,150

(a) The projections in this table reflect the updated General Fund revenues estimates released by LFB on February 13, 2008, the budget for the 2007-09 biennium (2007 Wisconsin Act 20), and the budget adjustment bill for the 2007-09 beinnium (2007 Wisconsin Act 226). The projections in this table also assume that the State will receive approximately $124 million pursuant to the amended gaming compacts with tribal governments. This amount reflects (i) $72 million, which is the estimate of all payments due in the 2007-08 fiscal year, and (ii) $52 million, which is an estimate of payments due in previous years from a tribal government that are expected to be made in the 2007-08 fiscal year. With respect to the amount that was due in previous years, the timing may be affected by the outcome of litigation currently pending in a federal district court. The State and this tribal government also continue arbitration with respect to the tribal government's amended gaming compact. This table does not include interfund borrowings. Comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from $191 to $324 million during the 2007-08 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $22 million during the 2007-08 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on the enacted budget bill and budget adjustment bill, this amount is approximately $690 million for the 2007-08 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $414 million for the 2007-08 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

(d) Includes $600 million of proceeds from an operating note issue that was issued on July 2, 2007 and impoundment payments made or to be made on February 29, 2008, March 31, 2008, April 30, 2008, and May 30, 2008. The February 29, 2008 impoundment payment reflected the premium that was received on July 2, 2007 and deposited into the Operating Note Redemption Fund.

Table II-8; General Fund Cash Receipts and Disbursements Year to Date; Compared to Estimates and Previous Fiscal Year. (Part II-Page 40). Replace with the following updated table.

2007-08 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[a]
(Cash Basis)
As of April 30, 2008
(Amounts in Thousands)

	FY07 through April 2007	FY08 through April 2008				
	Actual	Actual	Estimate[b]	Variance	Adjusted Variance[c]	Difference FY07 Actual to FY08 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 6,611,527	$ 6,969,406	$ 6,652,730	$ 316,676	$ 316,676	$ 357,879
Sales	3,744,327	3,771,128	3,709,587	61,541	61,541	26,801
Corporate Income	837,417	757,107	741,179	15,928	15,928	(80,310)
Public Utility	149,428	153,474	156,894	(3,420)	(3,420)	4,046
Excise	296,996	394,077	428,072	(33,995)	(33,995)	97,081
Insurance	141,494	153,720	155,389	(1,669)	(1,669)	12,226
Inheritance	100,033	128,556	81,145	47,411	47,411	28,523
Total Tax Receipts	$ 11,881,222	$ 12,327,468	$ 11,924,996	$ 402,472	$ 402,472	$ 446,246
Non-Tax Receipts						
Federal	$ 5,179,255	$ 5,455,935	$ 5,424,046	$ 31,889	$ 31,889	$ 276,680
Other and Transfers	3,565,510	3,454,458	3,807,888	(353,430)	(353,430)	(111,052)
Note Proceeds[d]	-	594,000	594,000	-	-	594,000
Total Non-Tax Receipts	$ 8,744,765	$ 9,504,393	$ 9,825,934	$ (321,541)	$ (321,541)	$ 759,628
TOTAL RECEIPTS	$ 20,625,987	$ 21,831,861	$ 21,750,930	$ 80,931	$ 80,931	$ 1,205,874
DISBURSEMENTS						
Local Aids	$ 6,091,248	$ 6,414,716	$ 6,508,882	$ 94,166	$ 94,166	$ 323,468
Income Maintenance	4,470,451	4,637,442	4,456,192	(181,250)	(181,250)	166,991
Payroll & Related	3,643,284	3,701,841	3,822,180	120,339	120,339	58,557
Tax Refunds	1,756,913	2,008,529	1,749,504	(259,025)	(259,025)	251,616
Debt Service	541,214	606,742	633,455	26,713	26,713	65,528
Miscellaneous	3,508,555	3,631,942	3,664,846	32,904	32,904	123,387
Note Repayment[d]	-	466,900	469,350	2,450	2,450	466,900
TOTAL DISBURSEMENTS	$ 20,011,665	$ 21,468,112	$ 21,304,409	$ (163,703)	$ (163,703)	$ 1,456,447
VARIANCE FY08 YEAR-TO-DATE				$ (82,772)	$ (82,772)	

[a] None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

[b] The estimates in this table (i) through the month of September 2007 reflect the Governor's proposed budget for the 2007-08 fiscal year, (ii) for the period of October 2007 to January 2008 reflect the enacted budget (2007 Wisconsin Act 20), (iii) for the period of February 2008 to March 2008 reflect the enacted budget and the updated General Fund revenue estimates released by LFB on February 13, 2008, and (iv) for April 2008 and subsequent months reflect the enacted budget, the updated General Fund revenue estimates released by LFB on February 13, 2008, and the budget adjustment bill for the 2007-09 biennium (2007 Wisconsin Act 226).

[c] Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed and results in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

[d] Operating notes were not issued for the 2006-07 fiscal year but were issued for the 2007-08 fiscal year.

Source: Wisconsin Department of Administration

Table II-9; General Fund Monthly Position (Part II - Page 41). Replace with the following updated table:

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2005 through April 30, 2008 – Actual
May 1, 2008 through June 30, 2008 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
2005	July	$ (193,683)	(d)	$ 1,826,490	$ 2,049,886
	August	(417,079)	(d)	1,862,861	1,309,154
	September	136,628	(d)	2,279,058	2,106,633
	October	309,053		1,832,855	1,323,363
	November	818,545		1,850,883	2,082,660
	December	586,768	(d)	1,829,742	2,535,436
2006	January	(118,926)	(d)	2,453,770	1,452,062
	February	882,782		2,082,942	1,820,094
	March	1,145,630		1,949,288	2,979,887
	April	115,031	(d)	2,316,434	1,600,131
	May	831,334		2,035,524	1,496,923
	June	1,369,935	(d)	2,033,941	3,399,313
	July	4,563	(d)	1,920,630	2,121,122
	August	(195,929)	(d)	1,695,545	1,391,455
	September	108,161	(d)	2,288,498	2,041,092
	October	355,567		2,130,549	1,373,404
	November	1,112,712		1,856,520	2,086,743
	December	882,489	(d)	1,791,636	2,501,552
2007	January	172,573		2,570,733	1,717,796
	February	1,025,510		1,949,875	1,947,201
	March	1,028,184		1,869,287	2,934,724
	April	(37,253)	(d)	2,548,712	1,896,578
	May	614,881		2,009,550	1,525,908
	June	1,098,523	(d)	2,307,089	3,356,463
	July	49,149		2,746,602	2,446,001
	August	349,750	(d)	1,772,536	1,483,505
	September	638,781		2,185,645	2,100,805
	October	723,621		2,124,755	1,430,699
	November	1,417,677		1,962,257	2,248,605
	December	1,131,329	(d)	1,769,558	2,454,032
2008	January	446,855		2,699,255	1,782,044
	February	1,364,066		2,155,175	2,401,752
	March	1,117,489	(d)	1,953,094	3,283,120
	April	(212,537)	(d)	2,462,984	1,837,549
	May	412,898		1,925,456	1,856,928
	June	481,426	(d)	2,525,357	3,067,150

(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).

(b) The projections in this table reflect the updated General Fund revenues estimates released by LFB on February 13, 2008, the budget for the 2007-09 biennium (2007 Wisconsin Act 20), and the budget adjustment bill for the 2007-09 biennium (2007 Wisconsin Act 226).

(c) Operating notes were not issued for the 2005-06 and 2006-07 fiscal years but were issued for the 2007-08 fiscal year.

(d) At some period during this month, the General Fund was in a negative cash position. The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately $690 million for the 2007-08 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $414 million for the 2007-08 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

Source: Wisconsin Department of Administration

Table II-10; Balances in Funds Available for Interfund Borrowing (Part II - Page 42). Replace with the following updated table.

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[(a)]
July 31, 2005 to April 30, 2008 – Actual
May 31, 2008 to June 30, 2008 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation, or interfund borrowing. The first table does not include balances in the Local Government Investment Pool **(LGIP)**. Though the LGIP is available for interfund borrowing, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State. The Secretary of Administration may not exercise the authority to complete interfund borrowing if this temporary reallocation would jeopardize the cash flow of any fund or account from which interfund borrowing would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2005	2006	2007	2008
January		$ 1,118	$ 1,048	$ 1,203
February		1,041	1,131	1,265
March		1,188	1,154	1,298
April		957	1,114	1,210
May		912	1,202	912
June		1,074	1,208	1,074
July	$ 1,048	932	1,141	
August	1,100	1,052	1,204	
September	1,176	1,067	1,204	
October	1,115	925	1,110	
November	1,167	966	1,229	
December	1,135	1,019	1,244	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2005	2006	2007	2008
January		$ 4,232	$ 4,509	$ 4,943
February		4,237	4,773	5,255
March		4,476	4,860	5,453
April		3,981	4,593	5,273
May		3,708	4,408	3,708
June		3,940	4,536	3,941
July	$ 4,193	4,218	4,862	
August	3,823	3,978	4,383	
September	3,746	3,845	4,264	
October	3,361	3,361	3,900	
November	3,370	3,477	4,017	
December	3,692	3,764	4,141	

[(a)] The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund has a negative balance and is subject to interfund borrowing.

Source: Wisconsin Department of Administration

Table II-11; General Fund Recorded Revenues (Part II - Page 43). Replace with the following updated table:

GENERAL FUND RECORDED REVENUES[(a)]
(Agency Recorded Basis)
July 1, 2007 to April 30, 2008 compared with previous year[(b)]

	Annual Fiscal Report Revenues 2006-07 FY[(c)]	Projected Revenues 2007-08 FY[(d)]	Recorded Revenues July 1, 2006 to April 30, 2007[(e)]	Recorded Revenues July 1, 2007 to April 30, 2008[(f)]
Individual Income Tax ....……..	$ 6,573,778,000	$ 6,758,800,000	$ 5,177,238,939	$ 5,318,582,539
General Sales and Use Tax ……..	4,158,612,000	4,310,000,000	3,091,594,945	3,160,756,558
Corporate Franchise and Income Tax ....………	890,056,000	887,775,000	728,396,540	632,314,740
Public Utility Taxes ....…….	284,940,000	297,200,000	141,636,488	146,498,916
Excise Taxes ....…….	365,848,000	537,300,000	270,019,919	364,120,240
Inheritance Taxes ....……….	121,114,000	95,000,000	96,609,123	126,583,629
Insurance Company Taxes ……..	141,405,000	141,000,000	93,685,522	102,755,816
Miscellaneous Taxes ....…………	82,244,000	73,000,000	80,627,377	76,140,922
SUBTOTAL...........…………	12,617,997,000	13,100,075,000	9,679,808,852	9,927,753,360
Federal and Other Inter-Governmental Revenues[(g)] ....…	6,505,269,000	6,239,071,300	5,210,875,680	5,525,125,105
Dedicated and Other Revenues[(h)] ....…….	4,000,158,000	4,548,254,700	3,732,493,832	3,650,233,471
TOTAL..................…………	$ 23,123,424,000	$ 23,887,401,000	$ 18,623,178,364	$ 19,103,111,936

(a) The revenues in this table are presented on an agency recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts shown do not include revenues for the 2006-07 fiscal year that were recorded by state agencies during the months of July and August, 2007.

(c) The amounts are from the Annual Fiscal Report (budgetary basis) for 2006-07 fiscal year, dated October 15, 2007.

(d) The projections in this table reflect the projected General Fund revenues released by LFB on January 30, 2007 and the budget for the 2007-08 fiscal year (2007 Wisconsin Act 20). The projections do not reflect the updated estimates of General Fund revenues released by LFB on February 13, 2008 nor the budget adjustment bill for the 2007-08 fiscal year (2007 Wisconsin Act 226).

(e) The amounts shown are 2006-07 fiscal year revenues as recorded by state agencies.

(f) The amounts shown are 2007-08 general purpose revenues and program revenue taxes collected across all state agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in their monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(g) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

(h) Certain transfers between general fund appropriations are 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.

Source: Wisconsin Department of Administration

Table II-12; General Fund Recorded Expenditures by Function (Part II - Page 44). Replace with the following updated table:

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency Recorded Basis)
July 1, 2007 to April 30, 2008 compared with previous year[(b)]

	Annual Fiscal Report Expenditures 2006–07 FY[(c)]	Appropriations 2007–08 FY[(d)]	Recorded Expenditures July 1, 2006 to April 30, 2007[(e)]	Recorded Expenditures July 1, 2007 to April 30, 2008[(f)]
Commerce	$ 281,047,000	$ 294,328,200	$ 211,191,087	$ 195,378,099
Education	10,542,076,000	10,961,021,300	7,965,189,397	8,128,033,318
Environmental Resources	328,094,000	367,720,800	311,923,902	294,857,793
Human Relations & Resources	9,341,228,000	9,256,908,100	7,832,207,479	7,989,627,057
General Executive	720,467,000	947,430,200	682,611,287	727,885,011
Judicial	121,332,000	127,264,900	103,724,887	107,024,133
Legislative	63,372,000	71,124,100	48,744,124	50,025,121
General Appropriations	1,807,627,000	2,060,562,300	1,759,139,813	1,978,901,744
TOTAL	$ 23,205,243,000	$ 24,086,359,900	$ 18,914,731,976	$ 19,471,732,276

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) This table does not include the expenditures for the 2006-07 fiscal year that were recorded by State agencies during the months of July and August, 2007.

(c) The amounts are from the Annual Fiscal Report (unaudited and budgetary basis) for the 2006-07 fiscal year, dated October 15, 2007.

(d) The estimates in this table reflect the budget for the 2007-08 fiscal year (2007 Wisconsin Act 20) but do not reflect the budget adjustment bill for the 2007-08 fiscal year (2007 Wisconsin Act 226).

(e) The amounts shown are 2006-07 fiscal year expenditures as recorded by state agencies.

(f) The amounts shown are 2007-08 fiscal year expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

Appendix B

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)
STATE OF WISCONSIN
$17,975,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 1
$1,880,000 GENERAL OBLIGATION REFUNDING BONDS OF 2008, SERIES 2

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its $17,975,000 General Obligation Refunding Bonds of 2008, Series 1, dated the date hereof (**Series 1 Bonds**) and its $1,880,000 General Obligation Refunding Bonds of 2008, Series 2, dated the date hereof (**Series 2 Bonds**)(the Series 1 Bonds and the Series 2 Bonds are collectively called the **Bonds)**. The Bonds are being issued pursuant to Article VIII of the Wisconsin Constitution, Chapters 18, 20, and 45 of the Wisconsin Statutes (**Act**), and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on September 19, 2007 (**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 those 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.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes. It should be noted, however, that interest on the Series 1 Bonds is an not item of tax preference, but interest on the Series 2 Bonds is an item of tax preference, for purposes of the federal alternative minimum tax imposed on all taxpayers. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. This letter expresses no opinion about other federal tax law consequences regarding the Bonds.

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 change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

FOLEY & LARDNER LLP

Appendix C

STATE OF WISCONSIN REFUNDED BONDS

Series	Dated Date	Principal Amount		Interest Rate	Maturity	CUSIP	Proposed Date of Redemption	Redemption Price
1993 Series 5	12/1/1993	$ 5,900,000	[a]	5.20%	11/1/2010	977055 X72	8/1/2008	100%
		990,000		5.30	11/1/2013	977055 Z39	8/1/2008	100
		695,000	[a]	5.35	11/1/2016	977055 Z62	8/1/2008	100
1993 Series 6	10/15/1993	555,000	[a]	5.15	5/1/2010	977055 X64	8/1/2008	100
		1,830,000		5.25	5/1/2013	977055 Z21	8/1/2008	100
		1,400,000	[a]	5.30	11/1/2016	977055 Z54	8/1/2008	100
1994 Series 2	3/1/1994	305,000		6.10	5/1/2014	977055 4D1	8/1/2008	100
		925,000		6.20	5/1/2024	977055 4E9	8/1/2008	100
1995 Series B	2/15/1995	670,000		6.50	5/1/2025	977056 BR0	8/1/2008	100
1996 Series B	5/15/1996	1,210,000	[a]	6.20	11/1/2026	977056 FT2	8/1/2008	100
1997 Series 1	3/15/1997	2,030,000		5.75	5/1/2017	977056 JA9	8/1/2008	100
1998 Series E	10/15/1998	780,000		4.60	5/1/2012	977056 SX9	8/1/2008	100
		815,000		4.70	5/1/2013	977056 SY7	8/1/2008	100
		850,000		4.80	5/1/2014	977056 SZ4	8/1/2008	100
		900,000		4.75	5/1/2015	977056 TA8	8/1/2008	100
		$ 19,855,000						

[a] This amount represents only a portion of remaining balance of this maturity.